THE POLITICAL ECONOMY ANALYSIS OF DISTRICT DEVELOPMENT BUDGET IN MZIMBA DISTRICT

MASTER PUBLIC ADMINISTRATION AND MANAGEMENT THESIS

REBECCA LIWAWA MATOPE

UNIVERSITY OF MALAWI

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BY

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Submitted to the Department of Political and Administrative Studies Faculty of Social Science, in partial fulfillment of the requirements for the degree of Master of Public Administration and Management.

UNIVERSITY OF MALAWI

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DECLARATION

I the undersigned hereby declare that this thesis is my own original work which has not been submitted to any other institution for similar purposes. Where other people's work has been used acknowledgements have been made.

REBECCA LIWAWA MATOPE

Full Legal Name

Signature

Date

CERTIFICATE OF APPROVAL

The undersigned certify that this thesis represents the student's own work and effort and has been submitted with our approval.

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DEDICATION

To my Omnipotent God through whom all things are possible

To my children Orama, Okotelha and Ongani for enduring my absence while I got committed to studying this programme.

To George for his support, care and encouragement

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ABSTRACT

This study is a political economy analysis of Development Budget in Mzimba District. The study employed a qualitative research design and used several data collecting tools for analysis. The tools used included review of documents, key informant interviews and Focus Group discussions. This approach enabled me to assess roles of critical players at central and local levels and their interests, incentives and influence. The role of politics was equally analyzed. The study also used Public Choice Theories to explain actors' behavior in decision making which revealed some of the problems with projects identification. The study established that there have been different initiatives for development in Malawi since decentralization reforms in 1995. Such initiatives include Malawi Social Action Fund (MASAF), Local Development Fund (LDF) and Constituency Development Fund (CDF). Public financial management reforms have also been established, and local communities have been empowered to facilitate development. However, these initiatives have not yielded significant outcomes as stories about mismanagement of development funds and lack of improved basic infrastructure have become order of the day as indicated by reports and media. The study revealed numerous underlying factors which include diversity of interests and influence by stakeholders, politics, and weakness of institutions governing District Development Budget implementation which has effects on the relationship among various actors/players. The study, therefore, concludes that regardless of all reforms and initiatives to promote local development, factors such as formal and informal institutions, political influence and minimal community participation suppress the performance of such initiatives. The study, thus proposes further research to understand the degree of community involvement in District Development Budget (DDB) resource allocation and implementation.

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LIST OF ACRONYMS AND ABBREVIATIONS

ADC	Area Development Committee
AIP	Annual Implementation plan
CDF	Constituency Development Fund
CEO	Chief Executive Officer
DC	District Commissioner
DEC	District Executive Committee
DDB	District Development Budget
DDPF	District Development Planning Framework
DDPS	District Development Planning System
DFID	Department for International Development
DoC	Drivers of Change
FGD	Focus Group Discussion
GoM	Government of Malawi
KII	Key Informant Interview
LATF	Local Authorities Transfer Fund
LGA	Local Government Act
MGDS	Malawi Growth and Development Strategy
MLGRD	Ministry of Local Government and Rural Development
MoFED	Ministry of Finance and Economic Development
MP	Member of Parliament
NGO	Non-Governmental Organization
NLGFC	National Local Government Finance Committee
ORT	Other Recurrent Transactions
PEA	Political Economy Analysis
SEP	Socio Economic Profile
UNDP	United Nations Development Programme
USAID	United States Aid Agency for International Development
VDC	Village Development Committee

CHAPTER ONE
INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 Introduction

Fiscal decentralization (FD) is not a new phenomenon. In the recent past, developing countries have shifted public spending power from national to lower levels with the assumption that government is more effective when it is in close proximity to citizens when implementing its policies (World Bank, 2007). This is the case because Fiscal Decentralization involves rearrangement of institutional configuration of government, relationships and responsibilities between and of different levels of government, as well as reallocation of resources (Bjornestad, 2009). Thus, transferring of fiscal powers to local authorities is attributed to improved governance, efficient and accountable dealings on the basis that there is a clear distinction between spheres of government and its subnational levels.

There is also an understanding that sub-national levels are better placed as they have information advantage over central government on resource allocation. However, other scholars have criticized subnational officials for being less informed since they are not elected (Lin and Liu, 2000) and, as such, fail to win the trust of communities to access information. They also lack public interest to understand local preferences.

Nevertheless, empirical evidence to justify or discredit the quest of fiscal decentralization in developing countries is still limited and mixed. Smoke (2000) aligns this complexity to enormous elements such as differences in structure, functions, degree of grassroot legitimacy and autonomy in expenditure decision making; political power and resource envelope across levels of government.

Literature also suggests that effectiveness of fiscal decentralization involves basic components such as an adequate legislative and institutional enabling environment (Sharma, 2003). It also requires a legal framework which assigns appropriate functions and own source revenue to sub-national governments to reduce unfunded mandates. The legal framework also allows local authorities to obtain investment capital from central government to finance infrastructure and appropriate intergovernmental transfer system for revenue-sharing by different levels of government (Bahl & Martinez-Vazquez¸ 2006). This implies reduced reliance on national government to finance local expenditure, which enhances local fiscal autonomy

Furthermore, fiscal decentralization takes two forms: transfers from the central or regional levels, usually in the form of grants and 'own revenue', which includes taxes, user fees, and various licenses (FJeldsted and Heggsted 2012). Ideally, own revenue, should preferably be adequate to enable local governments to finance all locally provided services. However, due to deficiency of subnational own-source revenues relative to assigned sub-national expenditure requirements, an intergovernmental transfer, which is the focus of this study, closes this fiscal gap.

The Malawian case is not exceptional in this regard. Motivated by the way developed countries were shaping their intergovernmental fiscal structure and setting up new systems, the country adopted its fiscal decentralization policy in 1998 (Chinsinga, 2007a) to overcome challenges spotted in using centralized structures in financial management. Devolving the planning and implementation of local projects to the local authorities was widely believed to be a more effective and efficient means of reducing poverty (Ministry of Local Government and Rural Development [MLGRD], 2009). The impression was that there would be direct involvement of the beneficiary groups in both management of the fund, and selection, operation and financing of the projects (Bird and Vaillancort, 1998). Among other initiatives, the central government devolved the District Development Budget in 2015. However, UNDP 2016 report reflects that poor infrastructure compounds Malawi's development challenges.

Chiweza (2016) notes that some efforts towards the development of intergovernmental fiscal formulae evident during early 2000 did not mature into a comprehensive policy set to regulate central government transfers. Years later, despite the government's efforts to devolve the development budget to local government councils, there is still subtle resistance to full budget devolution, rational allocation of resources, and effective transparency and accountability for the funds (Lane and Chiweza, 2017). This undermines the primary rationale of decentralized reforms (Hart and Welham, 2016) and raises the question why policy making authorities have not fully devolved the finances.

Debates in literature attribute failure of fiscal decentralization to poor funding, staff capacity gaps, and partial devolution of political power (Chowns, 2015; Dulani, 2005). Other scholars relate the failures to limited institutional integration of the local government system at the district level (Kaunda, 1999; Chiweza, 1998; Chinsinga, 2008; Tambulasi, 2010). However, Hudson and Leftwich (2014) note that policy failures may also be a result of politics and institutions (rules of the game) that govern them. Hence, mapping institutions helps creating a clearer understanding of the setting in which stakeholders operate, and how this shapes their interests and incentives (Fritz, Kaiser and Levy, 2009). These incentives may be negative -disincentives-providing an alert or deterrent, or they may be positive, motivating and indicating action (Sargent 1994). All in all, they can enforce or restrain policies. Such fiscal incentives as highlighted by Bjoenestad (2009) are fiscal resources, fiscal autonomy, fiscal accountability and fiscal responsibility which determine effectiveness of fiscal decentralization.

In the light of the foregoing discussion, this study focuses on fiscal decentralization as a way of improving socio-economic and infrastructure development in local councils by analyzing project allocation, decision making, and implementation process in District Development Budget. It applies Political Economy Analysis approach that focuses on how power and resources are distributed and contested in different contexts, and their implications for development outcomes. PEA also takes particular account of the interests and incentives driving the behavior of different groups and individuals, the distribution of power and wealth between them, and how these relationships are created, sustained and transformed over time (Unsworth and William, 2011).

1.2 Background to the Study

The drive for renewed momentum in rural development, according to Chinsinga (2007a), culminated in the district focus policy initiative modelled on Kenya's experience in 1993. Malawi deepened fiscal decentralization in the decade of 2000 as evidenced by the establishment of National Local Government Finance Committee to affect the first intergovernmental fiscal transfer formulae in 2001 (Chiweza 2016), but the results have not been very pleasing. In line with what Bird and Vaillancourt (1998) describe as the ingredient in improving the life of the poor such as the improvement of basic infrastructure, fiscal reforms and initiatives like MASAF programmes, LDF and CDF started to be implemented to develop rural areas. Central government transferred donor funds to district authorities for small scale development projects such as road improvement and water supplies, or income-generating projects identified by district residents (Chinsinga, 2007a). However, despite initial support by the donors, as of 2014, the local governments were still unable to source their own funds for running their offices and for undertaking local development activities such as building clinics, schools and secondary roads (Jagero, Kuandayi and Longwe, 2014). They relied on transfers from donors and the central government which were evidently inadequate. A recent report by World Bank (2019) also revealed a similar concern that the country has historically suffered from an unstable macroeconomic environment due to weak macroeconomic management and institutions. These factors have undermined development and poverty reduction.

Since 2016, Malawi's poverty rate has also remained roughly unchanged, standing in excess of 50 percent of the population (World Bank, 2019). This underpins the assertions that Malawi's level of public investment has been low, with poor returns on investment due to substandard public investment management. It is further highlighted that returns from domestically-funded public investment expenditure are often undermined by weak cost-benefit analysis, unpredictable funding, non-transparent procurement processes, weak project management and implementation, and ineffective monitoring, evaluation, and oversight (Public Investment Management Assessment [PIMA], 2018).

Furthermore, despite the commitment to devolved fiscal functions, total transfers by central governments have remained relatively low which, in turn, affects public spending in local councils. This suggests existence of challenges with local fiscal autonomy. For instance, in the 2013/14 budget presented to parliament, local governments were allocated only 3.9% instead of the mandated 5% of total government expenditure (GoM, 2013). Chiweza (2016) also attributes failure to sustain developmental activities to councils' limited taxing powers. The LGA is silent on which revenue sources are to be ceded to the councils. In view of this, there is need for deeper understanding of the District Development Budget strategies and barriers that have either enhanced or hindered the desired outcome and why despite political rhetoric about fiscal decentralization, central government is, in practice, still clinging on to power.

1.2.1 Fiscal Decentralization initiatives in Malawi

The fiscal legal framework, according to Section 10 of the Decentralization Policy of the Republic of Malawi, provides for a variety of revenue sources. These include central government transfers, locally generated revenues and ceded revenues. In addition, the Local Government Act (LGA) and National Decentralization Policy [NDP] (1998) also give councils the legal power to make decisions on local government and development processes. Councils have authority for planning, resource mobilization and financial management of locally generated revenue and central government transfers.

The establishment of National Local Government Finance Committee (NLGFC) by the Malawi Constitution to function as a financial regulator for Local Governments also reinforced the fiscal decentralization reform. Among other things, NLGFC ensures that assemblies have sufficient funds to implement their functions and that these funds are well managed hence facilitating transparency and accountability (NLGFC, 2006).

Successful efforts by NLGFC were aimed at facilitating reporting, monitoring and dissemination of local financial information (Prad'homme, 2010). However, despite NLGFC having such mandate, a United States Agency International Development (USAID) report in 2017 revealed that the institution does not really tick because it lacks capacity and autonomy. In turn, this has affected local government's development operations

In addition to the legal framework, there have also been several development initiatives by government to make districts economically independent. These initiatives are aimed at enabling councils to play a role in attracting investments and infrastructure to promote advantages of their areas. Government adopted Local Development Fund that provided money to sub-national governments for deserving projects. However, Chiweza (2016) points out that 90% of the LDF was earmarked for centrally determined projects. Similarly, Constituency Development Fund was adopted under the influence of MPs and it is run outside rational planning processes (O'Neil et. al, 2014). This restrains the funds' potential to achieve district development plans.

Marking a new chapter, ministry of Local Government and Rural Development devolved District Development Budget in 2015, after the phasing out of donor supported development budget in 2014, to expand projects to attract capital investments or infrastructure. Its implementation is based on District Development Plans which represents the overall strategy for the development of their local area. The decision-making process on how to spend the money is also multidimensional and involves several players such as Traditional Chiefs, Members of Parliament, Councilors and Interested Members who have decision making powers over the fund (GoM, 2013). Such a composition of actors/players enhances representation of the grassroots whilst District development plans act as a road map for strategic implementation. However, many writers argue that Malawi as a country has struggled with successful infrastructure development and economic growth regardless of initiatives like DDB, LDF and CDF being introduced to promote infrastructure development (USAID, 2017; World Bank, 2019). The level of Malawi's development remains low when compared to other countries in the Southern Africa Development Community (SADC) Region. Chasukwa and Banik (2019) state that

> Malawi is ranked 171 out of 189 countries in a newly released United Nations Development Programme (UNDP) statistical update. As such, many Western analysts have even begun to propagate the idea that Malawi is unique— 'There are developing countries, and then there is Malawi'— implying that a sense of hopelessness characterizes the country's development trajectory (Banik, 2018).

It can, therefore, be concluded that efforts have been made by government to promote infrastructure and economic development at district level. But the District Development Budget is not promoting capital investments. This study, therefore, concerned itself with analyzing underlying political and economic factors affecting the effective implementation of the District Development Budget (DDB). The PEA approach was used to analyze the institutions governing the DDB implementation, and the actors and their interests, incentives and influence.

1.3 Problem Statement

Without fiscal resources to follow through on formally assigned responsibilities, the creation of an elected local tier of government becomes an empty gesture (Pan African Civic Educators Network [PACENET], 2010). The transfer of fiscal powers to sub national levels was, thus, perceived as crucial to decentralization (Fjeldstad and Heggstad, 2010). The National Decentralization Policy and the Local Government Act (1998) of Malawi give Local Assemblies powers to raise revenue within their jurisdiction to finance their operations. However, there are claims that the Malawi Government still collects the lucrative part of taxes, leaving councils solely dependent on central government transfers. World Bank report (2019) concurs with this observation by arguing that governance and Public Financial Management (PFM) reform efforts in Malawi have historically suffered from an 'implementation gap'. Thus, in practice, the adopted reforms and legal frameworks are not enforced.

Since 2014, in the area of fiscal decentralization, central government devolved development budget for effective socio-economic development. Through initiatives such as Local Development Fund, Constituency Development Fund and District Development Fund, the central government transfers development funds annually to councils for local development projects. Financial reports for 2016/17 shows that LDF on average sent K20 billion. Councils received approximately 4.4 billion for CDF whilst DDF was allocated 6.7 billion (Chikoko, Matonga and Mwale, 2017). In 2019/20 government allocated K3, 010,397,745.00 for DDB (NLGFC, 2019). However, reports reveal that mismanagement of the three funds has made these investments unproductive and has largely left beneficiaries worse than they were before the projects (Rumphi Civil Society Network Report [RCSN], 2017). For instance, the tracking report covered in the 2016/2017 financial report revealed that although money was spent 50% of the LDF, CDF and DDF projects were not completed. The media also revealed that Mzimba District Council spent K10 millions of development funds on rehabilitation of schools which did not exist (Malawi News 29 April 2017 online). Study reports and field visits however, identify council secretariat, members of parliament and ward councilors as chief culprits who have torn up the fund's rule book (Chikoko et al, 2017).

There are also other narratives that seek to explain factors that have contributed to dreadful performance in the management of the development budget. A report by Djurfeldt (2018) revealed that resource decentralization is not yet complete as there is higher level of reluctance by central government to devolve fiscal powers. As such, the degree of freedom given to district councils is never complete, and central government agents report to their respective ministers, and conduct central government policies (Prud'homme, 2010). Only expenditure responsibilities for recurrent budget over selected functions are fully devolved. Seemingly, the central government's continued grip on the district councils is an attempt to force its will on matters supposed to be decided at the local level (Musukwa 2001). This entails that councils are still not autonomous bodies and the principle of subsidiarity which emphasizes that matters should be handled by the lowest authority is being compromised.

Literature also points out that government is not meeting the 5% commitment in the Decentralization policy and over the years, for the most part, it has been funding less than 1% (Chiweza, 2016). Similarly, a recent study by World Bank (2019) shows that although Intergovernmental fiscal transfers have increased from MK 3 billion in 2005/2006 to over MK 45 billion in 2017/18, there are still lower than agreed targets and their disbursement is not predictable. The DDB case is not spared in this case as huge variances exist between allocation and expenditure for development projects in several sectors which bring procurement and project management challenges (UNICEF, 2019). This raises questions about central government's willingness and interest in devolving development budget to lower levels

Previous studies further indicate the existing competition over resources such as CDF and DDF among elected representatives cutting across local development financing mechanisms under the control of the central government as a contributing factor (Chasukwa and Banik, 2019). The implication is that these individuals have different interests and incentives in policy change. As a result, district development plans do not answer to national development plans causing Malawi to lag behind on infrastructure development when compared with its counterparts in the Southern African Region.

Another body of literature transmits the foundation of these challenges to Malawi's Political Economy as affecting fiscal decentralization. Hudson and Leftwich (2014) point out that the way in which political and economic processes interact explains poor development performance. This study argues that there have been unsatisfactory results due to struggle in decisions of resource allocation both at central and district levels. The existence of multiple actors in DDB processes equally implies that politics exist in all stages from project identification through evaluation and there is contestation around interests and power with different stakeholders wanting to get their way. In addition, the study is of the view that understanding the institutions that guide people's hifukwa would be plausible as certain groups could use their superior capabilities to set the agenda and manipulate outcomes in their favour (Riker, 1981).

The study, therefore, dealt with the question of why the development budget had not yet achieved the intended goals and what the institution governing its implementation was doing to ensure efficient allocation of resources. It also explored other factors which presumably contributed to weak performance of the development budget in enhancing infrastructure development in the rural areas.

The study embarked on political economy analysis, a framework that analyzes how incentives, interests of and interaction between actors support or impede the ability to solve development problems that require collective action (Unsworth and William, 2011). In this case, the allocation and implementation of the development budget in one of Malawi's, districts Mzimba was analyzed. The study adopted the Problem- or issue-focused framework to identify constraints that underpin narrow and intractable development or governance problems. This framework enables one to understand why a particular service-delivery problem persists, what drives a specific constraint to economic growth, what pathway to reform will best tackle a development blockage, who benefits from the status quo and why (USAID, 2017). The framework also explores informal norms influencing behaviours and the key actors, interest groups and networks that are critical in development budget processes.

1.4 Objectives of the Study

The main objective of the study was to explore how political processes and economic incentives affect effective implementation of District Development Funds in Mzimba District.

Specific objectives:

In an effort to achieve its main objective the study endeavored to:

i. Analyze the role that formal and informal institutions play in allocation and implementation of District Development Budget

ii. Determine key actors and their respective roles and responsibilities in resource allocation and implementation of DDB

iii. Assess the interest and incentives of actors hindering disbursement and utilization of District Development Budget

iv. Assess influence of the actors on the District Development Budget

v. Examine the influence of politics on implementation of District Development Budget

1.5 Justification and Significance of the Study

The study seeks to contribute to the ongoing debates about the effectiveness of fiscal decentralization in Malawi. For over a decade now, fiscal decentralization has failed to provide credible development in rural areas. Issues of mismanagement of district development budget by district councils, central government's continued involvement in the management of the budget and substandard or uncompleted development projects in the district have dominated public debates, raising questions about the significance of fiscal decentralization. A recent report by World Bank (2019) has just unearthed issues of poor governance and weak fiscal controls in Malawi that need to be addressed. Previously, reports also pointed out that Malawi's level of development is way below average for sub-Saharan Africa as the country has limited infrastructure which exacerbates social and economic problems and slows development (Institute of Public Opinion and Research [IPOR], 2016). This justifies the necessity to discuss issues concerning development budget.

The study is significant in that it unearths how stakeholders' interests, incentives, power relations, social trends and politics contribute to or cripple the implementation of development budget. Furthermore, the study reveals formal and informal institutions usually unwritten norms, customary practices, standard operating procedures, routines, conventions and traditions that normally explain why some formal institutions do not work as intended in local councils. In many cases there is a significant gap between systems in theory and operation in practice. The study, therefore, pinpoints appropriate strategies to reduce the dissonance that exists amongst these stakeholders to stimulate effective fiscal decentralization reform in Malawi for improved infrastructure development.

The previous studies have reviewed the decentralization processes (Chiweza, 2010), analyzed challenges of fiscal decentralization in Malawi (Jagero, Kwandayi and Longwe, 2014), and explored local governance in Malawi (Hussein, 2017). Chiweza (2016) has actively analyzed the political economy of fiscal decentralization reforms in Malawi, including Development Budget at macro level. She focuses on national pattern of fiscal decentralization, actors and their perceived interest within the district council and the potential of 2014 local elections towards improved local governance and service delivery in Malawi. However, there is little attention in literature on the roles of institutions and politics driving and hindering change in development budget. Recent studies have tended to seek to understand the operation of customary arrangements or social norms alongside more formalized institutions. Taking into consideration the dynamics in local councils, this study narrowed down to a specific district and went deeper into analyzing the actors and their interest both at central government and within local government structures.

The study also assessed the levels of influence of various key actors in DDB implementation. Hence, the findings of the study contribute to decentralization literature by filling the knowledge gap about the practicality of both formal and informal institutions and provide empirically based propositions of the rhetoric about the effectiveness of fiscal decentralization policies and initiatives in Malawi.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 The Concept of Decentralization

Decentralization was expected to correct democratic deficits, improve public service delivery, increase local governments' ability to foster a better investment climate for attracting businesses, and reduce incentives for corruption (Hucci, Hamilton and Ferrer 2013). Many developing countries adopted fiscal decentralization policy in support of full decentralization. However, in many cases, these expectations never materialized and, in some cases, they went in the opposite direction. In some contexts, like Argentina and Brazil, the economic performance deteriorated as a result of hifukwa ization reforms. In others, like Nigeria, it exacerbated ethnic tensions (Wibbels 2006). In the context of Malawi, fiscal decentralization gives hope for substantive reform in improvement of accountability of local governments and delivery of local public services. The commitment to carrying these reforms forward, however, is uneven, and possibly blocked or stalled in some cases (USAID, 2017).

2.2 Fiscal Devolution Concept

Financial resource is the 'hub 'of decentralization. Understanding who raises how much, how and who spends how much on what, helps to understand fiscal decentralization in Malawi (Prad'homme, 2010). Fiscal Decentralization dates back to the traditional theories of fiscal federalism which recognize the allowance of different groups living in various states to express their preferences.

Literature makes a strong case for the benefits of fiscal decentralization such as improved service delivery and poverty alleviation (World Bank, 2019). However, Ahmad and Brosio (2006) indicate that there is little evidence to support the claim that fiscal decentralization has brought substantial improvements to disadvantaged groups.

The early literature of fiscal federalism also assumed that policy makers maximize the welfare of their communities (Ahmad and Brosio, 2006) such that government failures are not attributed to deviant personal interests. However, the new perspective reveals that there are complex political factors that influence central government's decision to give up powers to subnational government bodies than promoting governance (Hart and Welham, 2016). For example, civil servants tend to support fiscal reforms that bring them higher budgets, greater authority and control over decisions. This explains why regardless of the fact that countries are realizing the need to financially empower local government, complete fiscal decentralization is backsliding due to lack of political and general will.

Public Finance Management reforms are driven by all actors at different levels although central government is still more powerful. According to the traditional theory of fiscal federalism, central government performs functions of macroeconomic stability, income distribution and resource allocation (Boed way *et al* 2000). In stabilization, government sets controls against budget deficits and inflation. The distribution factors justify the need for centralized taxes and corporate income which disadvantages lower levels in collection of small taxes while allocation is aimed at improving efficiency in resource allocation by considering preferences. This, in the long run, affects implementation of projects and programmes. From this framework, fiscal decentralization is likely to work if subnational governments control their own resources (Martirez-Vazquez et al, 2006).

There is no one single definition for Fiscal decentralization. Pretorius and Pretorius (2008) relate it to the reassignment of expenditure and tax-raising powers. Chiweza (2017) defines fiscal decentralization as the transfer of fiscal powers from central government to sub-national levels. Davey (2003) expounds that fiscal decentralization is the division of public expenditure and revenue between levels of government, and the discretion to determine their budgets by levying taxes and fees and allocating resources. From the definitions, however, it is clear that the devolved functions need to be supported with meaningful financial resources. Leon Alfonso (2007) argues that control of revenue resources is the thorniest issue of any type of decentralization; therefore, it needs proper management.

In Malawi, local councils only collect revenue from small business licenses and market fees and the funds realized are not commensurate with the responsibilities of the councils in terms of development. On a good note, the community itself is more eager to know how the generated local revenue has been spent compared to government grants. One of the reasons behind this curiosity might be that they access more information on the local revenue transactions through elected leaders. Chiweza (2016) comments that, indeed, local voters have handful or little information about grants' resource envelope and its intended purpose. This practice implies that communities can hardly follow up financial transactions.

Another common central facet for local government financing is inter-governmental transfers. These are grants and transfers to local authorities from central government and other government departments (Rothchild, 1996; Mahi, 2002). However, research shows that the money transferred remains a small share of the budget. The way these grants are designed and implemented by central government significantly affects local government performance (Fjeldstad and Heggstad 2012). Councils have little discretion in the usage of the transfers since most of them are earmarked. Unlike the unconditional grants that can be spent on any local service, a study by Chiweza (2016) found that conditional transfers in contrast, are more hierarchical, which enhances principles of accountability. District Development Budget falls in the category of conditional grant for which local government is directly accountable to its local citizens. It is, therefore, expected to facilitate local development.

Across developing countries, local governments are also tasked with ensuring provision and maintenance of public services to local residents (Gideon and Chilunjika, 2013). In Malawi, government advocates for various public finance management reforms to enhance capital and infrastructure development in areas of health, agriculture, Education, water and sanitation. Devolving the operating and capital budget was on the assumption that local governments will have interest in maintaining and repairing capital infrastructure (Martinez-Vasquez, 2004). However, World Bank report (2019) pointed out failures to adhere to medium-term budgeting, budgetary indiscipline and weak expenditure controls which are affecting implementation of fiscal decentralization.

Fjeldstad and Heggstad (2012) also note that governments across the world assign more expenditure functions to local authorities that can be financed from their own revenue sources. This leads to inefficient fiscal decentralization processes. For instance, in Senegal the fiscal transfers have been way below a level commensurate with the expanded scale of responsibilities. Unofficial Senegalese government estimates reveal that of the 80 to 100 billion CFAs (about 25%) required to finance the expanded responsibilities, in practice only 9 billion CFAs were budgeted (under 3 percent of consolidated expenditures). Similarly, in Kenya the Local Authorities Transfer Fund (LATF) was established to transfer 5% of national income tax to Las under a published formula but only limited resources are flowing from the Centre to Las hence affecting performance of the local governments. Malawi is no exception as it gets funded less than the recommended 5%, (Hussein, 2017).

The result of this mismatching of functions and finances is that local governments are, generally, dependent on transfers from higher levels of government (Bird 2010; Boadway and Shah 2009; Bird and Smart 2002). The dependency entails that the capacity to implement program will depend on the goodwill of central actors. This means that unless sub national entities get funding, they will fail to execute various assignments. Scholars have argued that capacity for service delivery and accountability of local government to local clients can improve if local governments have access to own-taxes with the right to adjust tax rates (Ahmad and Brosio 2006).

Fiscal decentralization reforms are also challenging because they involve many actors across central and local government. It is difficult to ascertain how influential the process is. Hart *et al* (2016) points out that Public Financial Management with large numbers of stakeholders across government are usually weaker. This is the case because stakeholders are actors with a vested interest in the policy being promoted (Schmeer, 2005). This implies that implementation of District Development Budget should bear in mind the variant needs, interests, roles and responsibilities and levels of power and influence.

Decentralization reforms should therefore seek to ensure as far as possible that local governments are provided with a local revenue base of some significance so that they are not completely dependent on inter-governmental fiscal transfers (Fjeldstad and Heggstad 2012). This would help in terms of realizing enough funds for development. Some studies indicate that government provides limited funding when compared with the actual amount budgeted for, leading to either substandard work or uncompleted projects. Thus, when designing fiscal decentralization, national governments need also to implement well-designed inter-governmental fiscal reforms that provide for some equity between local governments. They should not hinder local revenue collection and they should also ensure that the functions assigned to local governments are fully funded. Responsible actors at central government level where allocations are done need to be objective and provide realistic formulas for budget allocations to local government.

2.3 Politics in Public Financial Management

The public budget determines the origin and use of public financial resources. It, therefore, plays a crucial role in the process of governance (Leiderer, Hodick, Kabey, Roll, Schintzer, 2007). Budgets are the true battleground for distributive decisions (Dorotinsky and Pradhan 2007). Often times, the annual budgets represent the official script of the social contract between rulers and citizens. That is why budget proposals are submitted to the legislature, are debated and are voted on. It is also the Legislators who decide the amount and structure of revenue to be collected and public expenditure to be allocated in the next fiscal year.

It is said that budget formulation involves allocating available resources for different purposes and to different government institutions and spending agencies (Leiderer et al 2007). During the full budget cycle, which is split into budget planning, formulation, execution and evaluation, almost every political institution, from the presidency to the line ministries all the way to parliaments and specialized public accounts committees are involved. Members of Parliament act as representatives of their communities to present the priority needs of the public.

In Malawi, it is also parliament that passes budgets and allocates resources to various ministries and such allocations, to a greater extent, seem to be influenced by the interests of the parliamentarians. One good example is how MPs have managed to push for the increase of CDF implying that these are the elites controlling decision making on finances., There is, therefore, need to build mechanisms of accountability within and outside the government and to deal with the technical issues related to resource management. This would facilitate development. Unfortunately, the process of resource allocation is essentially a political task rather than a technical one.

Corruption and political clientelism go hand in hand with budget systems that lack capacity, internal controls, external accountability, and transparency (Hucci, Hamilton and Ferrer 2013). During the budget formulation and approval process, parliamentary systems assign different powers to the legislature. Failure to check these powers means weak accountability system which leads to misuse of funds. This means there is need to scrutinize their decisions and allocation before implementation. Without auditing to trace budget implementation and to ask for explanations in case of discrepancies, the government can engage in corrupt or clientelistic practices at will.

This portrays the significance of audit systems, be it to politicians or bureaucrats. Lane and Chiweza (2017) note weak oversight practices in councils affecting implementation of DDB. MPs are not accountable for CDF just as councils are not taken to task on how DDB is utilized. Other scholars also found that councils take too long to be audited due to capacity gaps in local government (Cammack et al, 2007). For some reason, this has corrupted the DDB program.

Similarly, electoral rules and systems affect budgets. For instance, some argue that in Latin American countries, regional governors carry more weight in the political decisions than party leaders do (Hucci et al 2013). Such arrangements often lead to incentives of individual politicians to secure funds for their own geographical districts as opposed to more universalistic expenditure programs (Mainwaring and Shugart 1997, 83). Malawi is not spared from political influence as evident by how allocations of financial resources and national development projects are managed. The allocation reveals how politicians maximize their interests. Most decisions benefit those in government so much that their geographical districts are more developed. A good example would be how central region developed under MCP with Lilongwe as Capital City, Thyolo under DDP regime and Eastern region under UDF. It is the same practice that trickles down to MPs and councilors favouring their constituencies and wards respectively to benefit from DDB. The political incentives which are at play in public financial management aim to show that any reform has to, first and foremost, take into account political-economic dynamics and mechanisms of accountability (Hucci et al 2013).

This entails that local development budgets should contain formal oversight structures to improve transparency and accountability on utilization of development resources. In many cases political actors make decisions that will enable them win the support of the electorate other than benefitting the community. Previous studies have indicated that there is much abuse of development funds at local level due to lack of incentives for performing councils, and stiff punishment for those syphoning public funds (Lane and

Chiweza, 2017). The council finance and audit committees need to look into irregularities and audit queries otherwise development will not be achieved.

2.4 Experiences with Development Budget in Other Countries

Different countries in different parts of the world have had diverse experiences concerning fiscal decentralized structures. In many cases of FD, additional layers for instance states, provinces and regions are created. For instance, Vietnam has a unitary political system, but its fiscal system is decentralized. The revised 2002 Vietnam State Budget Law affected the intergovernmental fiscal relationships below the provincial level, by solidifying the discretion of provincial governments to determine the fiscal relationships and resources between provinces and the lower levels of government for efficient service deliver (Morgan and Trinh, 2016)

With fiscal decentralization, Vietnam has seen major achievements in economic growth. However, reports from Vietnam's Ministry of Finance (MOF) in 2015 in which public debt level was at 61.30% Gross Domestic Product (GDP) provided evidence that most of the resources for investment and development are held by the Ministries and regarding local revenues, 13 out of 63 provinces in Vietnam achieve fiscal balance (Nguyen et al, 2019). Most provinces still relied on government transfers, which affected public re-investment. THANH and CANH (2019) observed that central government decided all tax bases and rates leaving local authorities with a certain degree of autonomy over setting fees and charges within the ceiling set by the central government. However, the transfer of budget responsibilities from the central government to the provincial government, demands a roadmap with specific programs and plans (Bjournestad 2009).

Several empirical studies have been conducted on the relationship between fiscal decentralization and economic growth in Vietnam using panel data of different provinces of one country or of different countries. Interestingly, a study by Su et al. (2014) in Vietnam revealed that fiscal decentralization and economic growth are positively correlated in the long term, however, when the economy detracts from the long-term equilibrium, government struggles to adjust fiscal policies. The study points out that the degree of fiscal autonomy of provincial governments in Vietnam is the lowest among comparable Association of Southeast Asian Nations (ASEAN) countries. Prominent progress has been made to involve subnational governments in the planning process of projects and other types of development policies. However, through the development of provincial strategic plans, the mandated autonomy of local government to develop their own policy initiatives and how these relate to national level policy plans is still an area for development (Bjournestad, 2009). Internal fiscal control in Vietnam focuses more on the central level than it does on lower levels which affect issues of accountability. It can, therefore, be implied that the higher the extent of provincial fiscal autonomy, the higher the capability of provincial public authorities in meeting the needs of local communities, thereby raising local economic growth.

The Vietnam Development Report, however, also reveals some weaknesses in the system such as, unprogressive budget allocation formulas, minimal local participation in the budget process and, finally, unclear and overlapping regulations and responsibilities for managing these expenditures in goods and services provision by different levels of government (Vietnam Development Report, 2008). This entails that Vietnam has faced challenges with Fiscal Decentralization.

Dissimilar to other countries, fiscal decentralization in post-soviet Russia was accompanied by political decentralization while the recentralization of the budget system was accompanied by political recentralization. Studies reveal that a number of recent reforms in the Russian intergovernmental system have been initiated and the power of regional governors has been circumscribed, making them more amenable to central control (Ahmad and Tanzi, 2004). Russia also took steps to limit unfunded mandates. However, regions and municipalities in the existing Russian federal system have extremely limited authority over revenues and expenditures and cannot impose new taxes or change the tax base whereas spending priorities are often imposed by the federal government (Yushkov, 2015).

Research also revealed that the degree of intra-regional expenditure decentralization far exceeds the degree of revenue decentralization (Ahmad and Tanzi, 2004). In other words, Municipal tax base does not correspondent to spending authority. These results imply that government expenditure in Russian regions is excessively decentralized, which causes a negative relationship between expenditure decentralization and regional economic growth. Richard Musgrave recognized the difficulty to coordinate the fiscal actions of a nation and its subnational jurisdictions to achieve the macro economic objectives because the two different levels of government pursue different polices. Argentina, Brazil had similar experiences when reforming value added tax.

The aforementioned results however, contrast the findings of researchers who at the initial stage found correlation, which according to Freinkman and Yossifov (1999), could be due to a missed variable intraregional revenue decentralization and the growth of real industrial production. However, from the discussion it implies that proper delineation of responsibilities commensurate with adequate own revenue source to generate sound incentives at subnational level, boosts economic efficiency and lead to effective service delivery.

Similarly, in Zimbabwe, the guidelines for the financial management of local authorities are provided for in the Urban Councils' Act (UCA) of 1996 and the Rural District Councils' Act (Tanyanyiwa, 2014). The UCA gives urban councils fiscal authority to raise and spend public funds to enhance service delivery. In addition, various ministries are empowered to regulate local authorities' activities through various instruments. However, based on the foregoing, it can be observed that the existence of paraphernalia of statutes facilitates inclusion of too many players in the operations of local authorities, which constrains fiscal autonomy.

The Act further prohibits urban local authorities from borrowing to finance recurrent expenditure programs except for capital projects (Tonhodzai, Nyikadzino and Nhema, 2015). According to Ahmad (2006) the question whether subnational governments should be empowered to borrow may determine the extent to which such markets will influence the overall health of the subnational government and its ability to ensure good service delivery. Hence failure to borrow has a negative impact on development.

Zimbabwe also experiences a negative balance between revenues and expenditure, with income inflows being lower than the estimated figures. For instance, in the year 2013, Chikunguwo council only managed to collect just above US$4 million against a set target of US$12 million (Tonhodzai et al 2015). As a result, the Council had to cut on its expenditure which negatively affected service delivery. It portrays the significance all empowering councils in tax collection.

Marumahoko (2010) proposes that there should also be a constitutionally defined formula for intergovernmental fiscal transfers, replacing a piecemeal approach to intergovernmental transfers that imposes unfunded expenditure mandates on local governments. Furthermore, he suggests that local authorities should have access to sufficient revenues for them to be able to provide all the services that they are mandated to at an acceptable standard. Hard budget constraints instill fiscal discipline in local authorities and make them learn how to independently manage their own finances with minimum central government assistance.

In Ghana, studies were also conducted to evaluate effectiveness of revenue mobilization system. The country relies on municipal assembly rates, land, fees and fine rent, licenses and miscellaneous as its major sources of revenue (Arkosue, 2015). The study established that over the years the councils had not made enough revenue. This finding is in line with Bashaasha et al (2011) who identifies limited sources of local tax revenue and over dependence on grants from central government as most critical challenges faced by local governments in Uganda. Since about 80% of the central funds are earmarked by the Centre for the provision of specific services, local governments have little power to determine local priorities and to worsen the situation, conditional and unconditional grants from the central government have continued to decline (Ssonko, 2013).

In Kenya the District Focus for Development initiative that supported fiscal decentralization advocated for change from top-down sector based to participatory bottom-up development planning (Ndii, 2010). The delegation of development planning and coordination hence creates a consultative forum that brings together district level civil servants, elected representatives and community leaders. This decentralized planning process facilitates targeting, identification, appraisal and approval of programmes and projects that would reduce poverty (O'Neil et al, 2014). It is anticipated to be more effective because it calls for multi-sector holistic approach and emphasizes interdisciplinary planning.

Ndii (2010) highlights that this initiative is considered a failure because it is not based on an Act of Parliament, it relies on an institutional framework that did not facilitate meaningful local decision making and mobilization of resources, insufficient financial allocation by ministries, and not lack of people's participation in planning and implementation of the strategy.

The Lao government also adopted the bottom up (participatory) approach to DDF implementation for identification and prioritization of public investment projects starting at village level, all the way to district level, provincial level, ministerial level and national level although in reality the participatory process has not been fully followed due to unpredicted budget and limited capacity of administrators (Lao PDR, 2016). The final DDF report for the Lao government indeed emphasizes that community participation throughout the entire process of project proposal, prioritization, planning, implementation, monitoring and operation and maintenance. As such, the Lao government made a positive impact by enabling better access to primary education and health facilities and services, clean water and sanitation system, and community markets, leading to the increased coverage of education and health, food security, and income generation.

The discussion shows inconsistent FD practices and results for different countries. Unlike in other countries, there is correlation between FD and economic growth in Vietnam. However, the common practices observed are lack of fiscal autonomy by provincial and subnational government but also inadequate fiscal transfers from central government. Hence, the success or failure of fiscal decentralization could be determined by several factors such as political, administrative and economic status of a particular region. This is why performance and efficiency vary. Hence, one of the areas chosen for analysis in this study is the Political Economy approach which, among others, explains, interests, incentives and institutions governing DDF implementation.

2.5 Development Budget in Malawi

District Development Budget is a public sector reform that was introduced in 2015/2016 financial year when the government devolved additional resources to be managed by District Councils. The main goal was to ensure that Councils receive discretionary development funds directly from the Central Government/Treasury to finance their District Development Plans (DDP) and Annual Investment Plans (Lane and Chiweza, 2017). The other focus of the approach was development of District Development Planning System (DDPS) that would integrate government agencies at district and local level into one unit. The processes embroil bureaucrats, chiefs, MPs, Councilors and the community. The development budget seeks to foster development in various sectors of Health, Agriculture and Education through transparency and accountability in the utilization of funds in the Councils.

2.5.1 Guidelines for District Development Budget

The Development Budget guidelines specify the type of development projects and activities to be implemented within the council in order to achieve the required level of economic and social development during the budget period. Development plans therefore form a basic tool for implementation of decentralized development programs and service by government and non-governmental actors in local governments. Projects identified need to be consistent with Government strategic directions and priorities as set out in the

Malawi Growth and Development Strategy lll. The following guidelines level the playing field for all local councils as stated by MLGRD;

- Projects should be extracted from the District Development Plans (DDPs) especially the Annual Investment Plans (AIPs)
- Development Budget does not finance recurrent expenditures. In this regard, projects such as painting of buildings, maintenance of vehicles, procurement of spare parts, payment of honorarium do not qualify for such transactions.
- An allocation of 5% on monthly basis should be used for administrative costs such as supervision of projects and monitoring visits.
- Funds allocated should be used for payment of contractors for certain projects and other overhead costs.
- Funds should be used on projects which are infrastructure in nature, visible on the ground, can demonstrate tangible results in terms of impacts. These for instance may include, Construction of School blocks, Health Centers, Irrigation Schemes etc.
- No development funds shall be used to finance recurrent expenditures.
- Members of Parliament (MP) and Ward Councilors (WC) should not directly be involved in the transactions of any funds in implementing these projects.
- Development funds should only be administered by the District Commissioner (DC) referred herein as Controlling Officer.

It was envisioned that specific organizations play different roles to enforce the management and implementation of the Development Budget. For instance, the Ministry of Finance, Economic Planning and Development (MoFED) allocates Development resources in the Annual Budget and evaluates the performance of the Programmes and Projects. While the Ministry of Local Government and Rural Development provides policy direction and ensures that the Local Authorities adhere to the guidelines for the utilization of the Development Budget. National Local Government Finance Committee advises councils on funding status of the Development Budget and monitors budgets w the institutionalized context with specific guidelines, the study concentrated on understanding how the rules function.

2.5.2 District Development Planning System

The District Development Planning System (DDPS) is conceived as an interface between grassroot communities and the District Councils (Chiweza, 2010). Its main objective is to offer processes of participatory planning and dialogue. The Socio-Economic Profile (SEP) provides the information required and necessary for a Situation Analysis and the formulation of the District Development Plan Framework (DDPF) by revealing potentials in the district. The process further includes VDCs then ADCs to enable the community identify the most required projects. However, other scholars observed that the prioritized list of projects is beyond the financing possibilities of central government (Prad'homme, 2010). Such a constraint free budget creates room for the centre to fund the projects with only a fraction of what they asked for. As a result, these projects proposed in DDPs for implementation are prolonged as they depend on availability of funds.

Nonetheless the general implication of the literature reviewed is that in practice the Development Budget projects are not answering to the district plans despite the guidelines clearly outlining the projects should emanate from development plans. There is a huge politically related risk in the implementation of the DDB in Malawi. Previous scholars attribute some of the challenges to political tensions between traditional authorities, government appointees and elected officials in the local governments (Lane and Chiweza, 2017). The District Development Budget is also in effect competing for resources with the CDF which is a political fund controlled by MPs. This influences stakeholders to overlook the guidelines and use the resources for political mileage and career development (Chasukwa and Banik, 2019).

Studies also reveal that MPs are interested in gaining more CDF allocations in the national budget for their own political interests at the expense of DDB in order to reduce the potential of councilors as competitors for visibility among the communities (Chiweza, 2016). This is supported by media reports that MPs demanded a 66 percent increase in the Constituency Development Fund (CDF) from K18 million to K30 million in the 2017/18 national budget worth K1.3 trillion, (Nkhoma, 2017). Contrary to their proposed wish, it only increased to K23 million per constituency. In addition, MPs monopolized a K12 million water project fund and wanted it to be used as CDF. It seems the interests of political actors in the development budget are for re-election prospects. They want to access and control local development resources that have potential to grant them an opportunity to fulfill their election campaign promises.

However, parliamentarians have always justified their interest by accusing both councilors and council secretariat of failing to utilize development budget funds to complete projects. For instance, the media reported Phalombe South DPP parliamentarian, Mary Livuza Mpanga, pointing out that abuse of development funds is common in councils but MPs are smarter to manage CDF (Nkhoma, 2017). Consequently, the tension brings challenges to transparency, efficiency and accountability in the use of DDB.

More tension has been created among interested parties due to the fact that the reform is being undertaken in a context where the central government is also providing development transfers to the districts. CDF and DDF are competing for the same limited resources. Thus, in the absence of any formal fiscal decentralization strategy that should ensure harmonization, cooperation, and coordination in the allocation of fiscal resources from central government to local councils, the present DDB reform can be paralyzed by the political actors (Chiweza, 2016). To validate the discussion above, DDB and CDF cash flows were captured as illustrated in table 1 below.

Table 1: Inconsistent flow of DDB from Treasury to districts

	DDB			CDF		
District Council	**Approved Estimates**	**Actual by April 2017**	**Funding as % of Annual Provision**	**Approved Estimates**	**Actual by April 2017**	**Funding as % of Annual Provision**
Balaka	116 286 034	84 417 836	81%	72 000 000	72 000 000	100%
Blantyre	104 856 238	108 052 701	79%	90 000 000	85 000 000	94%
Kasungu	127 819 313	115 321 625	74%	162 000 000	144 000 000	89%
Lilongwe	179 003 488	110 470 992	79%	324 000 000	324 000 000	100%
Machinga	130 352 019	104 225 404	79%	126 000 000	106 000 000	84%
Mbelwa	139 542 305	77 894 912	79%	198 000 000	176 000 000	89%
Mulanje	131 653 141	86 750 424	84%	162 000 000	144 000 000	89%
Zomba	128 846 104	128 846 104	79%	162 000 000	162 000 000	100%

Source: USAID (2017). The Political Economy of Decentralization and Local Governance Reforms

Table 1 shows that CDF attracts more commitment than does DDF. From the data captured for eight districts, it is only Mulanje that has the highest annual DDF disbursement (84%). Kasungu ranks lowest at 74%. 100% of the total funding was disbursed for CDF projects to at least three districts with Machinga ranking lowest at 84%. On average, the CDF gets 93% while DDF 79% of the actual approved budget. This is partly due to political influence from Members of Parliament who are responsible for passing the budget.

The institution framework for implementing DDB is weak and poorly coordinated. Consequently, some Councils intentionally neglect these guidelines. There is also no legal provision or empowerment in the guidelines for community involvement in monitoring and oversight role of DDB, which weakens accountability systems. As a result, actors can maneuver with the funds the way they want and implement parallel projects. This might also be one of the major reasons why DDB funds in councils do not serve the intended purpose. Table 2 below shows projects that are not in line with DDB guidelines

Table 2: Resulting Outputs: Councils who opt for equal shares

Council	2015/16	2016/17	2017/18
Balaka	29 micro projects	11 previous micro projects and a few new ones	Details not provided completing old projects
Lilongwe	29 boreholes, 24 culverts, maintenance,5 school blocks	26 boreholes, maintenance of clinic and 5 school blocks	No projects provided in the budget. Agreed on equal shares but could not agree on the projects
Mulanje	37 micro projects but not all were implemented due to limited funds	Previous projects plus market shades and bridges	Details not provided. Targeting projects from wards & constituencies that did not benefit

‘Source: Lane, C.L and Chiweza A.L (2017)

Table 3: Resulting Outputs: Councils who used the DDP, VAP & other needs based advice

Council	2015/16	2016/17	2017/18
Kasungu	18 boreholes, two school blocks, Council office building, health center &afforestation project	Five school blocks, Council office building, water, two houses and an incinerator for health centre	Two school blocks & a teacher's development centre, 3 maternity wings, teachers house, girls hostel, 2 police stations
Mzimba	Stadium, Office complex, road, and market sheds	Boreholes, gravity fed water system & continuation of office complex	Lodge and conference room for the council, 2 girls hostels, boreholes, and urban structure plan
Zomba	29 micro projects mostly bridges	Thondwe market & Kachulu rest house rehabilitation	Jali bus depot and a mini stadium in Zomba

Source: Lane and Chiweza (2017)

Tables 3 and 4 reveal that lack of DDPs has a big impact on allocation of projects. As illustrated above, the districts with DDPs like Kasungu and Zomba embarked on significant projects unlike Mulanje, Balaka and Lilongwe who opted to use equal shares especially in the 2017/18 financial year. This justifies the need of developing the District Development Plans through participatory processes. Participation by council members improves the efficiency in utilizing scarce resources and promotes coexistence of various actors during implementation (NLGFC, 2013)

2.6 Institution Framework of Local Government System at District Level

In order to understand the power relations, politics and incentives regarding local level participation and decision-making processes in the implementation of District

Development Budget, there is need to understand the legal and institutional framework within which the local government operates. The council is composed of elected members from each ward within the local assembly government area; Tas as ex-officials, MPs from constituencies and five persons as non-voting members for special interest groups (Tambulasi, 2009). According to the constitution of Malawi, the elected members are elected through a free, secret and equal suffrage process by registered voters. The political structure serves as its basis for decision making and the council is headed by chairperson who is selected among councilors (LGA, 1998). In this case, it is felt that the administrative arm is there as an implementer of policies. The structure depicts the role of a councilor as being very crucial although most councils seem to be filled with less educated councilors who cannot be strategic planners for the district. There is need to review the qualifications and capabilities for the position of councilors otherwise they will be bulldozed in the whole system

Chinsinga (2010) argues that the 2010 amendment of the Local Government Act empowered MPs as voting members in the full council meeting. There was mixed reaction to this as some people supported the political move whilst others shot it down. Nevertheless, this has created a huge problem concerning implementation of various development projects. Councilors are of the view that the fact that MPs enact laws in parliament and allocate resources means that they should not be voting members in full council. Besides, MP's have high intellectual ability and are well conversant with the laws and policies of the country and this disadvantage the councilor in their deliberations. However, in terms of effective decision making, MPs have proved to be enlightened and they bring forth constructive suggestions. This, therefore, calls for the need to have well educated councilors to defend their choices in service committees and full council meetings.

In contrast, council secretariat is headed by District Commissioner in districts and Chief Executive Officer in towns, municipals and cities. They are supported by heads of sectors, which together form the District (or Municipal/City) Executive Committee

(DEC) (Tambulasi, 2009) responsible for implementing sector programme policies (O'Neil et al, 2014). The technocrats are enlightened and they provide advice to the political arm.

Despite the fact that Section 14 (3) of the Local Government Act emphasizes the establishment of other committees at ward, area and district level to facilitate participation in various development programmes from the grassroots (Tambulasi, 2010), another literature indicates the structures are characterized by minimal community participation (Hussein, 2017). Nevertheless, the structures are meant to create openings for people's voice as supported by the concept of decentralization. The key point is that the effectiveness of programs and projects being implemented will depend on the good will of the team and that calls for a good relationship between the three parties.

2.7 Politics in Councils

The presence of multiple stakeholders in the Councils also affects power relations. Tambulasi (2009) identified structural problems concerning the roles and powers of Councilors and Members of Parliament as a cause of power struggles and conflicts in local councils. It appears that there is no clear and real division of responsibilities between councilors and members of parliament to set boundaries of their jobs. Literature points out that usually the tension is aggravated when the councilor and MP belong to different political parties to the extent that they may find it difficult to work together because each one of them wants to claim credit for local development (Cammack, Golooba-Mutebi, Kanyongolo and O'Neil, 2007). This is intensified by the fact that MPs perceive councilors as potential threat to their candidacy (Tambulasi, 2009). The conflicts symbolize overriding interests existing among them which, to a greater extent, are for personal gain. It would, therefore, be surprising if such a struggle for power would enhance proper implementation of various projects.

In addition, while the Local Government Act limits traditional leaders to cultural, ceremonial or advisory roles, at the community level they compete with local government officials for real power over land, tax revenues, responsibility for dispensing justice, and influence over community activities and decisions (Logan, 2009). Before decentralized structures were set up, traditional leaders had powers to control local activities and were a symbol of local representation and participation. The introduction of councilors changed the chiefs' position to ex-officials resulting into mutual mistrust between the two parties (Tambulasi, 2009).

A study by Chiweza (2007) also found that the architecture and operation of the decentralized structures at the sub-district level places the chief in direct conflict with the formal roles of the democratically elected councilors. Chiefs are indeed at log heads with councilors. They have ceased enjoying the benefits and respect enjoyed before. This being the case, in some instances, some chiefs encourage their people to sabotage some of the projects championed by councilors just to prove their importance in the community.

However, a study by (Cammack *et al*, 2007) gives another perspective that there is relatively little tension between chiefs and councilors because the latter emerge from chiefs' villages as such they are well known by the chiefs. Where there is a good working relationship, councilors do report to the chief about all development projects in their area. This creates an impression that there are other factors beyond power struggle which bring conflict between the two parties

Conflicting relations also exist between the assembly secretariat and councilors due to the struggle for power (Hussein, 2017). Cammack *et al* (2007) emphasize that the secretariat and councilors have a contentious relationship, especially when councilors are unaware of their responsibilities or take their oversight role too seriously. For instance, a councilor can identify a supplier, have the materials delivered and instruct council secretariat to issue the supplier's payment. Dzimadzi (2007) emphasizes that councilors do not really know where to start and stop in their job of overseeing what is happening at the district level, as a result, there is conflict of ideas between the council secretariat and the elected members of the Assembly when they try to do their work. Therefore, the challenge that remains is to find mechanisms to ease the political tension and subdue bureaucratic dominance (Hussein, 2017).

The relationships between local political actors and the structures they operate through suggest ambiguities concerning how decisions are made, how resources are utilized, and how programmes are implemented when effecting development. Ideally, in terms of Development Budget, it would mean political actors identifying the projects while secretariat is doing the technical work such as handling procurement processes or even building. However, in many circumstances the opposite happens. Instead of performing oversight roles, councilors would want to participate in the Internal Procurement Committee activities. This increases misunderstandings and such anomalies require attention.

2.8 Problems with Fiscal Decentralization

Many authors have written about drawbacks of decentralization that hinder performance of District Councils (O'Neil et al, 2014, Chiweza 2010, Hussein 2004, Kayuni and Tambulasi, 2011). The first structural problem with decentralization in Malawi is that it does not transfer real powers to the local level. In this regard, decentralization "vests powers in line ministries and in many cases, does not recognize devolution of authority to districts" (Ferguson and Mulwafu, 2004). For instance, council's major decisions especially on financial management and human resource management are still influenced by central government. This was even the situation in 2020 because policies were still driven by central government. Such bureaucracy also has a huge impact on development progress since councils just abide by their terms and conditions regardless of suitability of a developmental project to their needs. This implies that DDB would be effective if District Councils deliver their mandates and prioritized needs.

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Other scholars argue that understaffing, the ineffectiveness of councilors, dominance of local elites in decision making process and resources, passivity of villagers and poor monitoring and evaluation system also prevent progress of decentralization (Cammack, Kanyongolo and O'Neil, 2009). Relating to this study, these challenges might also affect local development implementation. Capacity gaps imply that there is no workforce to execute different programmes. For instance, lack of Directors of Public Works and Directors of Planning in councils has a bad effect on assessment of projects implemented and development of DDPs respectively. Most crucial positions seem to be acted on by incompetent people. Ineffectiveness of councilors entails that the local elites override decisions of the majority. The elite comprise of small minorities who are exceptionally influential in political and social affairs (Parry, 2005).

Other challenges to development in local government are associated with poor coordination among service providers (Kayuni and Tambulasi, 2011). Chiweza (2010) in her study also identified lack of strategic leadership skills within the administrative structure in terms of getting the council to operate as a coordinated team and providing direction to get officers to do what they need to do. Consequently, a lot of activities and meetings appear to be ad hoc, uncoordinated, and unplanned. The implication is that most projects would be identified without consulting and involving relevant stakeholders. In this case the aim of ensuring a bottom-up approach and decentralized decision-making powers over development activities is compromised. This, in principle, shows the need to push fiscal decentralization beyond district level structures.

2.9 Political Economy Framework

Reviewed literature shows that current development-assistant policies, donor agencies, academic research and practical experience realize that transferring technical skills, money and other resources to aid-recipient countries is not good enough to promote good development outcomes (Acosta and Pettit, 2013). Instead, they acknowledge the usefulness of political economy analysis for decision making as it takes sufficient account of politics and normative economic processes for understanding development outcomes. The relationship of the two fields focuses on actors, interests and institutions. Some argue that it also uncovers how politics work, wealth is created and how developmental change happens (Unsworth and Williams, 2011).

Understanding the constraints and successes of DDB implementation also necessitates a political economy approach that explains poor development outcomes and other governance failures as the outcome of political processes involving contestation and bargaining between interest groups with competing claims over rights and resources. DDB implementation is continuously shaped by the interaction among government officials, civil society actors, the private sector, and organized citizens. Therefore, an analytical approach to the political-economic environment that accounts for these complex interactions is essential to understanding root problems, why they persist, and how they can be changed (Hucci *et al* 2013). In this study, the PEA was necessary to reveal underlying interests, incentives and institutions and power dynamics of the various actors at central, district and local level and how essential or unfavorable they are to implementation of District Development Budget.

Political economy studies the intersection between politics and economics. Politics is about who gets what, when, and how (Lasswell, 1936). It involves cooperation, contestation and conflict within and between societies whereby people go about organizing the use, production and distribution of resources in their social life (Hudson and Leftwich, 2004). The question of what makes actors cooperate with one another or not, are probably one of the most decisive pieces of the analysis to understand what kind of development changes can take place (Acosta and Pettit, 2013). Thus, the framework offers a deep analysis of collective decision-making processes that determine the way individuals deal with conflicts over allocation of scarce resources, determine policies and ultimately outcomes.

A PEA approach helps to identify actors in development processes. According to Acosta and Pettit (2013), the focus on actors seeks to identify if the relevant players have the capacity to produce meaningful development changes. It also distinguishes between critical or veto players without whom policy changes could not take place, and other players not decisive for producing changes. Thus, PEA framework guided the study to understand political actions and strategies through the lenses of economic institutionalism, with a main focus on key actors, their competing interests, and what enables or hinders their cooperation (Weingast and Wittman, 2006). It further provided a deep analysis of the influence of the key players in DDB, their established powers, and their roles and responsibilities.

The progress of development is determined by multiple stakeholders with varying degrees of influence, complicated mix of incentives and interests and a number of conflicting views (Lane and Chiweza, 2017). Similarly, development projects' decision-making process act as a rallying point for the various district players such as MPs, councilors, chiefs, and communities to work together and cooperate in the determination of local level priorities (Chiweza, 2010). These actors have different levels of influence, political affiliations and interest. In this study the political economy analysis unpacked the way competing interests were managed in the Councils. Using this perspective, the study examined the interests of various actors in DDB.

PEA also recognizes institutional framework. Institutions are taken as given "rules of the game" that set out the context, motivations and sanctions in which strategic individuals make choices (Acosta and Pettit, 2013). Institutions are also interpreted to be the formal rules that guide hifukwa and choice in the public realm (Hyden, 2008). As 'rules of the game', institutions are typically treated as constraints on the realization of actor's preferences. In this study, the PEA explored the manner in which political processes are shaped by institutions in distribution of power and nature of political competition. Analyzing these institutions also helped to understand how they influence the behaviours of certain actors which either promote or impede DDB implementation.

Related to the above is the fact that PEA also takes into account the relevance of informal practices based on social, ethnic and family ties. Informal institutions are understood as “socially shared rules, usually unwritten, that are created, communicated and enforced outside officially sanctioned channels” (Helmke and Levitsky, 2004). Political economy analysis is concerned, therefore, with understanding the complex mix of formal and informal institutions that shape the hifukwa of groups and individuals, and relationships between them. Hyden (2008) also acknowledges the importance of a range of informal rules that operate side-by side with the formal ones emphasizing that these informal rules are typically norms that members of society consider so important that they are legitimately treated as alternatives to the formal ones. Hence, the need to give heed to informal institutions to understand the incentives that enable and constrain political hifukwa.

Many scholars agree that informal institutions played an important role in China. Informal relations between investors and local government officials supported economic growth in the absence of more formal, legal protection of property rights (Qian, 2003). Experience in fragile states also reveals the critical role often played by informal and local institutions in the provision of security, resolution of disputes, supporting of livelihoods and provision of links to more formal, public institutions (Unsworth and William, 2011).

The key point for the above section is that in order to understand factors that affect implementation of DDB, one has to analyze politics in its institutionalized context to see how informal rules influence formal rules. This is the case, because informal power relations are internalized through socialization from tender age in relation to gender roles, they can have an impact on DDB implementation. Issues like organization culture, and cultural beliefs and social norms indeed play a role in development.

A broad range of PEA frameworks and tools have been developed over the years (Unsworth and William, 2011). These tools include DFID (Drivers of Change) which focuses on how political decisions in the wider historical, socio-economic and cultural environment are made and the legitimacy of a given political process works. It also identifies the actors of the process and analyzes their interests, and how formal and informal institutions influence their decisions. SIDA's Power Analysis focuses on understanding structural factors impeding poverty reduction as well as incentives and disincentives for pro-poor development while the World Bank's Problem-driven Governance and Political Economy Analysis seeks to contribute to smarter, more realistic and gradual reforms in developing countries. These tools learn from each other, and there is broad compatibility between the different approaches. Their common focus is to analyze the underlying factors shaping the political economy and the resulting incentives with a view of explaining the varying development performance of different countries and sectors, and predicting where aid can be used most effectively.

The study adopted the World Bank problem-driven approach to PEA, which comprises of three steps. Firstly, it identifies specific development challenges where technical analysis has failed. Secondly, it analyses why the dysfunctional patterns exist (drivers of change) which also has three dimensions, namely structural factors that influence stakeholder position, existing institutions which determine what stakeholders can do positively or negatively and stakeholder interest. Thirdly, it identifies solutions, including how change should be initiated.

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In order to deepen understanding of how politics shapes and frames developmental processes in the implementation of local development projects, the study, to some extent, explored the conceptual framework of 'Politics of Development,' a tool for political analysis that is lacking in the problem driven approach. The tool is concerned with less visible social norms, beliefs and structures that shape actor's behavior and relationships. Visible power describes the formal rules, structures, authorities, institutions and procedures of political decision making. It also describes how those in positions of power use such procedures and structures to maintain control. On the other hand, hidden power portrays that powerful actors also maintain influence by controlling who gets to the decision-making table and what gets on the agenda. The two frameworks unpacked the visible, hidden and invisible dimensions of relationships between key actors involved in producing or blocking meaningful development changes (Acosta and Pettit, 2013).

This entails that PEA will give a thorough understanding of how power operates across the various players. Methodologically, political economy uses economic tools to understand development problems and guide reform (Gerber, 2003). This will help in explaining why projects are underprovided or available in certain areas only and why they started but never finished in many locations.

5.7 **Public Choice Theory**

The study also derived concepts from the rational models of decision making in order to understand the decision-making process of how the development funds are disbursed from central government and how implementation decisions are determined at council level. The theory is fundamentally economic but it is also applied in politics. Decision-making in the public policy arena was seen to parallel the marketplace hifukwa of buyers and sellers seeking to obtain top utilities from their limited resources by minimizing costs and maximizing benefits. This entails that there is a market for political favours (Howlette, Ramesh and Perl, 2008).

The rational model of decision making stipulates that in developing and expressing a preference for one's course of action over another, decision makers would attempt to pursue a strategy that in theory would maximize the expected outcomes of the choices they could make (Edwards, 1954). It assumes that decision makers or individuals collect and analyze relevant information that allow them to adopt the most efficient way of solving problems that they are confronted with (Cerna, 2013). Just like economists, individuals do cost-benefit analysis to each option and they are able to change their course of action to maximize their preferences. For this reason, the state redistributes resources in favour of the interest groups who can support them to remain in power (Lamieux, 2003).

Furthermore, it explains and predicts the hifukwa of political agents, politicians, bureaucrats, voters and rent seekers, on the supposition that they are instrumentally rational (Pincione, 2004). The theory assumes that bureaucrats who are the implementing arm of political decisions also seek to maximize their utility. They exercise power from agenda setting through to policy implementation. Bardach (1997) considers implementation as a continuation of a political game from the policy adoption stage but with other actors and other relations between actors. For instance, usually after policy goals are set bureaucrats are the most significant actors in policy implementation, bringing the most endemic intra- and inter- governmental conflict of public agencies to the fore of this stage in the policy cycle (Dye, 2001). Each carries particular interests and ambitions that affect implementation process and shape its outcomes (Howlette et al, 2009).

In this case, the supposition is that actors have a set of preferences and they act rationally to attain them. Banking on their expertise, the players choose the feasible course of action, which is most likely to maximize their own utility in the implementation of DDB. Actors will always be calculative on the course of action they adopt because they attach costs and benefits to available options (Cerna, 2013). This will leave the various players in DDB process in a position to assess which of the projects gives them more benefits. Using this theory, the study revealed why some of the decisions about delivery of public services in particular development budgets are made without reflecting public interest.

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

3.1 Study Design

In an attempt to achieve the study objectives, the study used qualitative research. A qualitative approach was used because the nature of objectives sought to explore behavior patterns regarding politics and incentives in decision making processes in the implementation of the District Development Budget. Qualitative research uses observational, communicative, and documentary methods in natural settings in an effort to understand the social world (Riehl, 2001).

This qualitative research design was relevant to the study because the study sought to explain human behavior by observing how decisions are made during meetings. According to Denzin and Lincoln (2005) in Teddlie and Tashakkori (2009) it is multi-method in focus that involves an interpretive and naturalistic approach to its subject matter. As argued by Kurma (2011) the main focus in qualitative research is to explain, understand, explore, and clarify situations, feelings, perceptions, attitudes, values, beliefs and experiences of a group of people. These helped the researcher to make sense of, or interpret, phenomena in terms of the meanings people bring to them. Hence the approach was chosen in order to have in depth understanding of the institutional set up of the local councils and factors affecting implementation of the DDB projects.

3.2. Study Area

Mzimba District Council was chosen because it registered a good number of financial mismanagement practices in DDB compared to other districts in the northern region, (Thom, 2020). Other District councils like Karonga have been earmarked and commended by Ministry of Local Government for good usage of DDB funds and their effort in erecting structures like market, stadium, and resthouses that generate revenues for council operations (Absalom, 2018). On the contrary, media reports have revealed mismanagement of funds by Mzimba District council (Sangala, 2017). For instance, in 2015 there was a struggle in the full council between councilors and MPs to share the fund for development among their wards and constituencies. The researcher, therefore, chose Mzimba District Council to understand why conflicts over the fund and other forms of mismanagement occurred at the Council

In addition, it became an interesting area of study because in the 2014 general elections 11 out of 12 MPs made it to parliament on DPP ticket while the rest belonged to opposition. Similarly, 20 out of 22 councilors belonged to the ruling party which created an opportunity for the researcher to explore how party affiliations enhanced DDB implementation. The assumption was that they had more coordinated efforts. In addition, the council has more councilors and Members of Parliament involved in decision making, which result into more contestation and bargaining over the limited DDB resources. It was, therefore, ideal to analyze how their differences are managed, especially during decision making forum. Besides, DDB Funding figures for the district indicate variances in cash flow. For instance, in 2017/18 F/Y it was less by K2 million and in 2018/19 F/Y K95 million was not funded which begged the question how they implemented the Annual Implementation Plans (AIPs) with limited funding.

The researcher also developed keen interest because Mzimba is a district that was administratively divided into two administrative parts, namely Mzimba North and Mzimba South with the main District Commissioner in the south and the Assistant District Commissioner in the north. The administrative division fueled politics that affected the distribution of development projects. The need to establish how resources for development were contested and shared between the two divisions, made the study more interesting and practical.

Indeed, Mzimba is one of the Districts with reviewed District Development Plans from 2017 – 2022. The plans are a blue print for DDB implementation and it is expected to guide the council on the projects prioritized. The study explored the extent to which the DDPs are meaningful in coordinating DDB projects.

3.3 Sampling Technique

The participants were selected using different techniques. The study used purposive sampling to identify interviewees at central government (Deputy Director for Planning at MLGRD, Deputy Budget Director at MoFED, and Financial Analyst at NLGFC/LDF) and council secretariat (District Commissioner, Director of Planning, Director of Public Works, Monitoring and Evaluation Officer) and service committee members (TA, Councilor, and MP). These were targeted because they had the right information and also are specialized and directly involved in the execution of District Development Budget. Purposive sampling according to Maxwell (1997), concerns deliberately selecting particular settings, persons, or events for the important information they can provide that cannot be obtained from other choices.

Purposive sampling was also used to identify Area Development Committees from Mzimba North and South however to identify members from ADCs random sampling was also used since by virtue of being members in the committee they had an equal chance of being used in the sample. Since they represented a larger community, the results were generalized to the population with a margin of error. Realizing that the ADCs had many members who could have polarized opinions, 10 people were on average chosen by simply drawing their names out of the box as suggested by Teddlie and Tashakkori, (2009). This was done to avoid bias and maintain objectivity in the choice of subjects.

Drawing insights from the findings of these qualitative cases, the study is applicable or generalizable to other areas of similar context in Malawi.

3.4 Data Collection Methods

Data collection is a way of generating data. The PEA involves intensive inquiry of political and economic process that requires descriptions from various actors. The tools used for collecting data in this study included; reviewing of official documents, observation of deliberations in local councils and interviewing key informants for the following reasons.

3.4.1 Reviewing Official Documents

A review of documents was carried out in order to appreciate the amount of development funding from central government to the council, the type of development implemented so far by the council, and the role of various actors in decision making on DDB. Two council documents, namely District Development Budget guidelines and District Development plans were analyzed from the council in order to assess the council's adherence to its Annual Implementation Plan. Reports on development projects progress and previous minutes of service committee's deliberations were also reviewed in order to examine the opportunities and challenges around district decision making over DDB allocation and utilization of DDPs. The District Development Budget Expenditure Reports from National Local Government Finance Committee for the period between 2015 and 2019 were also analyzed to get balanced information.

3.4.2 In-depth Interviews

In-depth interviews were conducted with key informants who were involved in the implementation of District Development Budget. An interview, according to Tashakkori and Teddlie (2009), involve one-to-one interaction between researcher and interviewee and provides ample opportunity to clarify vague questions. The rationale behind this was that the researcher would be able to get first hand rich information. The key informants were purposively selected based on their positions. The first set of key informants came from central government, namely the Director for Local Government Services, the

Director for Rural Development Services, the Financial Analyst at NLGFC and the Deputy Budget Director. The other set at district level comprised of the District Commissioner, the Director of Finance, the Director of Public Works, and the Director of Planning. Other informants were Members of Parliament, Councilors, Chair of Development and Finance Committees, and Village Development Committee members.

The aim was to obtain comprehensive data related to the roles, interests, incentives and influences of the individuals involved in the implementation process as well as their observation and experiences concerning how different actors interact in implementation of DDB Projects.

3.4.3 Focus Group Discussion

Focus Group Discussions (FGDs) are both an interview and an observation technique with a recommended size of 5 to 10 participants for effective discussions (Teddlie and Tashakkori, 2009). Seven FGDs were conducted with Area Development Committees from different Traditional authorities and each FGD had an average of 10 participants to effectively allow members deliberate on issues of DDB implementation. The selection of the ADCs was done purposively to target ADCs from both Mzimba North and Mzimba south in order to appreciate how the fund is benefitting both regions. These ADCs included, Mbelwa, Mtwalo, Luzi, Mabulabo, Manyamula, Eswazini and Mchindi. The participants were asked to comment on their participation and roles in DDB, their incentives and their interest. They were also questioned to explain challenges associated with DDB and to explain if they were satisfied with the progress of DDB in their district.

3.4.4 Direct Observation

The researcher observed how deliberations were done in the Development and Finance Service Committee meetings as well as in full council meetings. The focus was on relationships and social interactions and peoples conduct or behavior when deliberating on the projects to be identified. This is the case because these players have conflicting interests as pointed out by Howlette et al (2009) that players with competing interests tend to maximize their interests. The aim was to validate what was gathered in interviews. It was also relevant as new insights could also be achieved without asking them about their feelings or experiences (Anderson, 2013)

3.5 Data Analysis

Data coding forms the first part of qualitative data analysis. The data collected was analyzed using content analysis in order to 'break down' the data and make interpretation. According to Babbie (2007), content analysis basically refers to the study of all forms of recorded human communication by among other things focusing on who said what, to whom, how and why. The argument in favor of content analysis is that it helps categorizing verbal or behavioral data for purposes of classification, summarization and tabulation (Hancock, 2002). Some argue that it establishes coding rules that identify themes, ideas, and categories from within the collected data (Anderson, 2013). It further assesses the frequency and intensity of all instances of the categories to be analyzed. Thus, the frequency at which respondents exhibit these codes and how often the codes recur within the data set is important. Teddlie and Tashakkori (2009) explain that categorical strategies break down narrative data and re-arrange the data to produce categories that facilitate comparisons. Since the study focused on getting different views and analyzing the underlying 'narrative' of what is going on, content analysis was commendable for classifying data in order to get rising themes. This enabled the researcher to make sense of information from different sources and reduce it accordingly.

3.6 Ethical Consideration

The study ensured adherence to ethical standards and treated all its subjects with respect. The researcher sought permission from individuals involved in the research and those not willing were never forced to provide information. In addition, any data collected from interviews was treated with utmost confidentiality to respect the interviewees' right to privacy. The participants were assured by the researcher how the information collected would be used purely for academic purposes.

5.7 **Limitations of the Proposed Study**

The researcher encountered some limitations in carrying out this study. Firstly, the community was reluctant to provide information especially involving political actors. In addition, since the research was also conducted soon after the country's tripartite elections, some of the participants thought it was one way of exposing the weaknesses of political actors such as the ruling government. As a result, it constrained other participants from presenting the truth. This was dealt with by assuring the respondents that the information was purely for academic reasons and not for political agenda.

The majority of MPs and Councilors who were targeted by the study did not win the 2019 elections and their availability and willingness to participate in the study became a challenge. It was also problematic to reach to MPs and for them to cooperate and provide information. Hence the researcher relied on the interviews conducted with the available MPs. The study required travelling and due to time constraints; the researcher was challenged to verify the existence of all the projects captured in the relevant documents but triangulation assisted the researcher to obtain important data. However, the sites visited were enough to enable this study to achieve its objectives.

CHAPTER 4

FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the major findings of the study from both primary and secondary data. It discusses the politics and economics governing implementation of development budget in the council with focus on the key stakeholders and their interest and influence on DDB. It also aims at identifying challenges and opportunities that exist to enhance its implementation. The findings of the study are discussed in relation to its objectives and theoretical framework.

4.2 Formal and Informal Institutions in District Development Fund

According to North (1981), institutions can be defined as rules, compliance procedures, and moral or ethical norms designed to constrain the behavior of individuals. These rules can be formal or informal and provide incentives for agents to pursue their interest. The informal norms around acceptable behavior can also be powerful hence the need to understand the informal rules that exist within the formal institutions.

The study analyzed both formal and informal institutions and stakeholders' adherence to the rules. Local Government Act, DDB guidelines, Procurement Act and Public Finance Management Act were identified among other formal rules that guide the behaviors of various stakeholders. Under informal rules, cultural practices and social norms were analyzed to assess how they boost or constrain DDB programmes.

4.3.1 The role of Local Government Act in DDF Implementation

Local Government Act (LGA) provides for the establishment of infrastructure at district level and its main objective is to further constitutional order based on democratic principles of transparency, accountability, and community participation in decision making (Patel, 2011). Section 5 of the Act also mandates councils to work through service committees comprised of MP, Councilor, Chief, interested members and council secretariat whose task is to formulate by-laws, examine policy issues, propose assembly activities and promote infrastructure and economic development. The findings confirm that the District is working through these committees albeit without the involvement of interested group members. However, according to the response by other stakeholders, the fact that the interested members are not actively involved is not a big issue since they are just ex-officials.

Subsequently, the findings established that the LGA has been instrumental in bringing development closer to the people by promoting their participation through identification of community preferred development projects to promote infrastructure development through service committee composition and ADC involvement in formulation and execution of DDPs. One ADC member narrated that:

> *Projects come from Village Development Committees (VDC) which represent our communities. The projects are then prioritized and translated into Village Action Plan (VAP) and are presented to Area Executive Committee (ADC) which is composed of technical staff at the council to be scrutinized. The prioritized projects are finally submitted to the council to be incorporated into DDP. (ADC member, June 2019)*

One of the MPs, however, had a different opinion concerning participation. He said:

> *VDCs are not fully representative. They do not get opinions from either chiefs or the community so, 'munthu wamba' (an ordinary community member) is far from their views. Since there is disconnection from the grassroots, that is why communities are closer to us and come direct to us with development proposals. (Member of Parliament, July 2019)*

A deeper analysis revealed that there was effort for community participation in most development projects. The observation was that on the ground communities were at times not consulted for CDF projects as MPs by-passed the existing structures intentionally to meet their personal interests for visibility. The study however, established that in DDB involvement of communities was done during the identification of projects for DDPs rather than during the actual implementation.

Much as the Act has influenced participation, most respondents highlighted the amendment of LGA in 2010 as a big blow to management of development budget. First, the overall perception is that the appointment of District Commissioner and Council Directors by Minister of Local Government as outlined in Section 11, undermines the credibility, professionalism and independence of the incumbent in the course of discharging one's duty. Giving clarification, one councilor said, "the appointment of District Commissioners by ministers affects service delivery and is usually done on political interests. Some DCs were non-performers and not well conversant with Local Government system"[1].

This relates to what Chinsinga (2007b) found when he concluded that the political appointment compels the position holder to owe their allegiance to appointing authority and such political appointments erode the objectivity, efficiency and effectiveness in technocrats. The District Commissioner is manipulated into making decisions to please

[1] Extract from interview with councilor

the ruling party just to protect his position. For instance, it was observed during interviews that some influential politicians intruded in the management of DDB in the district and the DC was compelled to bow down to their demands. This indicates that the Act exposes council secretariat to political pressure. There is need to support merit and performance-based appointments for the position of District Commissioners.

Another challenge pointed out was the inclusion of MPs as voting members in the full council which weakened the roles and presence of councilors at the council to push for development agendas, since MPs are more powerful in the political discipline. A popular view among councilors and the community was that the MPs took advantage of their position to negotiate with council secretariat to achieve their personal interests. Previously, Hussein (2017) found that the amendment of Section 5 of Local Government Act, lessened the political leadership and voice of the councilors who are mandated to represent the interest of the local people. What is interesting and surprising in the recent study is that at Mzimba District Council, apparently the MPs did not attend full council meetings where resolutions were passed to exercise their influence. The general understanding was that it was a deliberate move to frustrate development projects in the district and demean councilor’s visibility in development. The observation raises the question whether the inclusion of MPs as voting members in the district, really downplayed the role of councilors.

4.3.2 The role of Public Procurement Act in DDB

This is an ACT that provide for principles and procedures to be applied in procurement and regulate the public procurement of goods, works and services. The Public Procurement Act (2003) requires all agencies of public administration to form a number of structures to manage procurement, notably Internal Procurement Committees [IPCs] (O’Neil et al, 2014). Sector-specific procurement committees operate under the IPC for final approval and the IPC contains the most senior officials at local level (DC, Director of Finance, Director of Public Works, heads of the major sectors). From the interviews conducted with politicians and secretariat, the study revealed that in practice, IPC guidelines were not followed. For instance, the IPC rarely conducted meetings and did not facilitate the evaluation of procurement documents which affected how goods and services were procured. Interviews with the procurement officer revealed the following:

> *Constitutionally, IPC is expected to meet twice a month but this has not been the case because it is usually difficult for us to form quorum. It's a requirement that Chairperson, Secretary and Director of finance should always be in the IPC meeting which becomes a challenge for us. To keep things moving, whenever they are not available, I inform them about the transaction and they give a go ahead and endorse the minutes later*. (*Procurement Officer, October 2020)*

Interviews with members of the IPC however, indicated that their unavailability was due to ad hoc procurement meetings coupled with other commitments to their core functions. The study noted that the committee lacked commitment and with such practices, issues of efficiency, transparency and accountability could be compromised. Consequently, it was not surprising to see substandard projects. The findings revealed that the incentive for the procurement team was the 10% commission from suppliers and not making sure procurement processes were effective.

In relation to the study by Tambulasi (2009) who pointed out that officers are well conversant with procurement processes and don't need political interference, this study has a contrary view. The study discovered that managerial autonomy has created opportunity for corrupt practices in DDB. This is the case because procurement processes at the council operate in weak internal and external audit controls with no significant oversight of procurement processes. One participant commented, "We have no idea about how much was allocated and finally used. We also have no idea of who did the procurement of goods and services simply because we have no access to information"[2].

[2] Extract from one ADC member

One councilor also complained that: *"*We go to the same shops and buy similar staff for our personal projects but the prices that are put on the invoice by the council are different and much inflated."[3] The preceding statements indicate that ADCs were excluded from the process whilst councilors access some information but had no power to influence. They had no idea about quantities procured and could not verify if it was the required materials. Hence, principles of transparency and accountability were not enforced.

The study also noted that while the Act is very powerful and controls procurement and disposal of asset processes, some of its clauses created loopholes for the procurement team to break the procedure. One example is a clause on restricted tendering and for single sourcing facilitates irregularities in procurement. As one MP complained "it [was] hard for a lay man to know if the projects qualified for single sourcing [and] as a result, secretariat maximize[d] these terminologies to identify contractors or suppliers of their choice."[4] This confirms existing literature that says that procurement decisions may be skewed for the private benefit of those involved for the financing of programmes (Flirtz et al 2014).

However, the Director of Public works refuted the claims in his response in which he said:

> *Council cannot single source or use restricted tendering without involving Public Procurement and Disposal of Assert Authority (PPDA) and Ant Corruption Bureau (ACB) for vetting. However, there is indeed a problem with MPs and Councilors who push us to pick contractors from their localities. The greatest challenge is that most of them have the skills, but are not registered with National Construction Industry Council (NCIC) which makes them illegitimate. At times we have done single sourcing but for projects with less value when we actually know there are only two or*

[3] Extract from councilor for Mzimba District Council
[4]Extract from Member of Parliament for Mzimba District

three suppliers available. (Director of Public Works for Mzimba District Council, October 2020)

What the study established is that, in procurement, council secretariat had the power to decide which contractors and suppliers to work with and community involvement was minimal and optional. Based on the Director's response, one can rightly argue that most of the contractors in the communities were not certified to be awarded big contracts and this left secretariat with no choice but to source labor from other districts.

4.3.3 District Development Budget Guidelines

A development budget is an important catalyst in the implementation of council development plans. To standardize the playing field for the DDB implementation, MLGRD developed guidelines for utilization of DDF. The study examined the effectiveness of the guidelines against its actual implementation. The observation was that the guidelines are well framed but there is implementation gap.

DDB emphasizes the use of District Development Plans produced from the Socio-Economic Profile (SEP). The study found that Mzimba District Council developed SEP which spelled out the physical social and economic situation of the district in 2017 following a series of consultations with communities and technical situation analysis of the achievements, lessons drawn from previous DDP and emerging issues. By doing consultations, the secretariat was satisfying its function which according to LGA is to facilitate community participation. However, although ADCs admitted that they were involved in the formulation of DDP by assessing the most critical areas affecting their lives, they do not participate in the next stages of choosing the actual projects for prioritization in DDP. Nevertheless, it was noted that some of their projects were contained within the DDP.

Furthermore, the study established that before 2017 adherence to DDPS and AIPs to identify projects was a challenge because they were outdated. This created an incentive for politicians and council secretariat to identify less important projects that were not prioritized. For example, the study discovered that in 2015/16 financial year, the council opted to use DDB for construction of DCs office complex. Some participants complained that the funds were misallocated, as quoted from one respondent who said, "communities have many challenges and vulnerable areas like bad roads, unsafe water and poor markets yet the council spent millions building their new office. As a community we do not see the benefit".[5] Though it seems a big achievement and beneficial to the council, the community viewed the project as not having direct impact on their lives. This also implies that the community was not informed and involved in the decision to construct the complex.

The guidelines also emphasize the use of DDB on projects that are infrastructure in nature and visible on the ground that can demonstrate tangible results other than recurrent expenditures like painting of buildings, maintenance of vehicles, procurement of spare parts and payment of honoraria (MLGRD, 2017). The findings indicate that although the district had implemented some bigger projects, DDB was still implementing small projects in the district whose impact was not felt much. For example, full council minutes of Mzimba District Council indicated that DDB was once used for renovating the DCs house which the council, during interviews, justified as an emergency. This was supported by secretariat and the council chair as a crisis that had to be sorted out immediately. The chair explained that, "it was rainy season and the roof [of] the DCs house was blown off one side whilst the other side was dripping. We had to use DDF pa umunthu (humanitarian ground) and asked the office to reimburse the funds later"[6]. Despite the justification, the fund was not for emergencies but planned activities from the DDP.

The study discovered that the fact that DDB lacked ownership as is the case with CDF was an incentive for stakeholders to flout the guidelines compared to other funds. It created opportunities for the council to depart from the guidelines. This experience demonstrates that even where the guidelines attempted to ring-fence the development

[5] obtained from a member for Mtwalo ADC

[6] Extract from Interview with Ward Councillor

fund, politicians and public officials found justification of accessing and influencing distribution of such resources. One respondent responded that, "the activities implemented are different from those that were sent for approval. It has been a practice that during implementation they identify new projects that have insignificant impact"[7].

Another explanation for the council to ignore the development plans was lack of political and administrative commitment. This affected implementation of big projects for greater outcomes and projects were usually off the guidelines. Some of the projects implemented are illustrated below;

Table 4: List of DDF projects being implemented in Mzimba District

2016/17	**2017/18**	**2018/19- on going projects from 2017/18**
Office complex, chimkusa road, Liuzi water gravity fed program, market shades,	Mzimba urban structure planning, Jenda Health centre rehabilitation, Mzimba Boma Rest House	Executive lodge, Jenda Depot and Market access road, Ekwendeni and Enukweni access roads, borehole drilling projects, car parking projects

Source: Compiled from Council records (full council and committee minutes)

Table 4 contains projects both captured and not captured in Mzimba DDP. While construction of an office complex, executive lodge and car park and rehabilitation of Mzimba Boma Rest House appeared in DDP, the projects were not budgeted for under DDB. What this means is that there was misallocation of the funds for various projects in the district. The Director of Planning and Development for the council clarified by saying that, "in the past years it was hard to facilitate big and long-term projects because of competing interests but since 2019 council members agreed to start using DDB for

[7] Extracted from interviews with one ADC member

projects which will enhance revenue"[8]. The office complex, however, needed not to be emphasized and be allowed to outdo the efforts of the council in implementing some projects in the communities such as Chinkusa road and water project at Luzi. Nevertheless, there was still considerable evidence of non-compliance to guidelines leading to poor results of DDB.

In theory, the guidelines also emphasize that 5% of the allocated budget is supposed to be used for administrative costs including site monitoring of projects. In practice, however, the study found that secretariat continued to demand for more administrative funds for supervision that is rarely conducted. Secretariat argued that monitoring was a challenge due to low staffing levels in various departments and inadequate vehicles compared to multi-tasking at the central point hence the fact that it compromised their performance. Responses by the Chiefs, Councilors and ADCs indicate that the secretariat activities are centered on allowances rather than the actual work. For example, the concept of administrative costs creates incentive for allowances and abuse of resources as the system encourages proliferation of unnecessary supervision trips.

The study also noted that, although the guidelines speak against Members of Parliament and ward councilors getting involved in the financial transactions of the fund, political actors were in the forefront chasing cheques at the DCs office on behalf of contractors. There was a perception that in most cases the secretariat awarded the contracts to companies owned by MPs and Councilors. This compromised the quality of services on goods procured as well. One ADC member expressed his understanding of what was going by stating the following:

> *We have tried to plead with secretariat to stop involving MPs and Councilors in financial transactions because they bring low quality and in adequate materials but they don't listen, it is also surprising that when we complain to either secretariat or councilor that the contractor is doing*

[8] Excerpt from an interview with Director of Planning and Development for Mzimba District Council

poor work, they do not suspend the operation. Because ADC got furious, at one point we persuaded the councilor to refund the money he took from the supplier for our projects. (Mtwalo ADC member, June 2019)

The underlying factors contributing to the non-adherence to DDB guidelines were issues of interest, incentives, laxity and ignorance of the guidelines by the councilors and ADCs at district level. Almost all respondents indicated that the secretariat had not shared with them the guidelines. Councilors and MPs also said they had not gone through the guidelines. Other voices, some from political actors felt that it could be a calculated move by secretariat to maintain control over the other stakeholders. There was need to train and sensitize the key stakeholders from the grass root level on how the fund needed to be managed, otherwise everything was bulldozed.

4.3.4 Public Financial Management Act 2003

The Public Financial Management Act 2003 is a tool generally recognized for standard accounting practices established in 1999. It stipulates the need to produce financial statements, indicate a statement of financial position, analyze financial performance, and track changes in nets assets and cash flows, among others. In adherence to the Act, the Deputy Director of Budget at MoFED said, "we have desk instructions in accounting and procurement processes that must be followed; we also provide ceilings and share budgets to councils for guidance. However, periodic auditing exercises by central internal audit indicate compliance is an issue at the councils."[9] Such reporting provides feedback to other stakeholders on financial management. However, interviews with other stakeholders also revealed that the financial statements were not produced timely and that affected the effectiveness of existing checks and balances.

[9] Extract from Interview with Deputy Budget Director

The study found that the Act was actually a good tool which if the council adhered to its practices, it would have assisted it in the management of DDB and it would have ensured transparency and accountability as expressed by the Director of Finance for the council in an interview;

> *The act is like a bible to us but it is not in black and white. It is loaded with content that requires managerial level understanding. With the capacity gaps at the council, it becomes difficult for unqualified personnel to interpret it and handle such duties. (Director of Finance, June 2019)*

The study also established that, much as the council's accounts personnel lacked capacity to follow standard financial management procedures, their main aim was to deny other key stakeholders' access to information that could expose their weakness and abuse of the fund. This was echoed in the response of the Director of Finance who revealed that they sometimes used shortcuts and were prone to errors. The study observed that accounts personnel took advantage of incomprehensive oversight arrangements and systems at the council to ensure accountability. Low literacy levels of other actors seeking accountability also compromised their understanding of financial procedures and statement once presented to them.

The aforementioned practices existed because the institutions failed to create an incentive for promoting fiscal accountability with regard to revenues and public expenditures in councils. The study observed that issues of transparency and accountability were not promoted because of poor audit and oversight functions of central government. The council was indeed subjected to weak audit systems. For example, the post of Internal Auditor had been vacant for years as a result even when development funds got misused, culprits went unpunished. Hence Local government accounts and transactions that enhance transparency and accountability needed to be built into the system to ensure the holding of decision makers to account.

4.3.5 Culture

Culture represents the shared values and norms that bind members of a society and organization together as a homogeneous entity (Roberts, 1970). People living within a particular culture have their conduct regulated through a collection of universal orientation. In Mzimba district, DDB is also implemented where the majority share common social norms and values. However, the Deputy Director of Planning at MLGRD, notes that development programs overlook the element of cultural dimension across the nation. He said;

> *Culture is an important element but we have not done much on culture. In development discourse, culture plays an important role and we need to mainstream culture in our development programs. Reception of community involvement in Chitipa District is different from Mulanje District (Deputy Director of Planning for Local government, June 2019).*

The narrative displays the importance of informal institutions in particular culture as it predicts how different individuals depending on background and social norms understand and implement development issues. This could help in programme design.

The study established that the Ngoni culture also determined how certain things were being done in the district. Chiefs were very powerful in decision making and influential in development. For instance, the naming of Mbelwa District Council, named after Paramount Chief Mbelwa, shows supremacy of the Chief and justifies the foregoing assertion. This, however, simplified the role of Chiefs in resource mobilization in Mzimba. In his response, the CCJP coordinator highlighted that: “Respect for chiefs has a positive influence whereby his subjects will respect whatever he says however on a bad note he can bull doze the systems leading to poor results as well.”[10] Following this observation, this study noted that the ADCs had not been vibrant because they lacked the leadership of these chiefs; they were being led by mere community members as stipulated

[10] extract from interviews with CCJP coordinator for Mzimba District

in the guidelines for ADC composition. What this means is that implementation of projects was negatively affected.

As earlier on indicated in the findings, Mtwalo ADC led by an ‘Inkosana’ (Chief) was vibrant when compared with the other ADCs such as Mabulabo, Mchindi, Manyamula, Liuzi and Eswazini that were interviewed. This observation is supported by Mtwalo ADC’s outstanding performance in development projects which are perceived as a result of informal institutions dominating the formal institutions. Thus, in his capacity as both chair and chief, he easily coordinated the community in community demand-driven projects. This finding supports existing literature on the need to incorporate cultural dynamics in development programs. The observation also coincides with what Cammack et al (2009) pointed out, that at every level of Malawian society, exists informal socio-cultural and socio-economic groups that shape social behavior and interaction of people.

The study also discovered that the practice of respecting elders embedded in Malawian culture has a big impact on issues of transparency and accountability. In the Ngoni culture, it is a taboo to question elders or bosses and this affected council operations. People trying to follow up on issues at the office were seen as trouble makers and disrespectful, and as individuals sabotaging the office bearers. As a result, the study found that most stakeholders from local structures failed to voice out their concerns and to hold service providers accountable for DDB transactions. Members of Parliament and District commissioners were never questioned to justify their course of action. The silence at times sent a wrong message that members of communities were impressed with development progress.

The beliefs and norms existing in the Ngoni culture constrained people from doing certain things. For instance, there were mixed reaction about involvement of women in development projects due to patriarchy. Five of the seven ADCs interviewed pointed out that because of the practice of ‘Lobola’ the woman had no control over the home. Male dominance affected women’s level of participation in development activities unless their husbands as revealed by the following responses gave consent. The District Commissioner said:

> *The patrineal culture can dictate the way certain things are done to women. Ladies in most cases cannot be leaders and are not free to speak in public. This has affected their voice in service committees and full council meeting in lobbying for development that will have impact in the lives of women (District Commissioner for Mzimba District Council, July, 2019)*

The Director of Planning also said:

> *The community expects women to be submissive and follow whatever the husband says without questions. It is believed the women should be at home. Unfortunately, during dry season, energetic men go drinking as early as 6.00am which affects community driven projects. Due to this suppression, even the few women in full council have little say on projects. (The Director of Planning and Development for Mzimba District Council, June 2019)*

The foregoing discussion creates an impression that much as the guidelines did not exclude women in management of development projects, culture was influencing their role and position in such developments. This made women who were believed to be more instrumental in development activities to remain passive which, in turn, affected implementation of projects.

The findings, however, revealed that slowly the Ngoni culture was moving towards a different direction of accommodating women in their activities and recognizing them for top positions. Interviews with two Tas showed that women in their areas were participating in development projects. For instance, of the seven ADCs interviewed at

Luzi ADC had a female chairperson. In the words of the TA, "there is no infringement of women rights in my area, both men and women have equal opportunities. My ADC has female leadership deputized by a man."[11] However, the study established that there was a long way to go; although the committee was chaired by a lady out of 30 members only 5 were women. Worse still, the women are not active to make contributions in the committee. Nevertheless, this shows that cultural values in the district were slowly changing supporting the proposition reflected earlier by Djurfeldt (2018) namely that social norms should not be understood as fixed, uniform and unchanging.

4.4 Analyzing Key Players and their Roles in District Development Budget

The findings on the key players dwelt much on stakeholders interested in allocation and implementation of DDB both at central and district levels. The World Wildlife Fund (2000) consider a stakeholder as any person, group, or institution that positively or negatively affects or is affected by a particular issue or outcome. The focus on actors seeks to identify if the relevant players have the capacity to produce meaningful development changes (Acosta and Pettit, 2013). In addition, actors can be identified with individuals or organizations and their power to influence can either be visible or invisible. The objective of the stakeholder analysis was to shed light on the degree of power or level of influence of each actor in DDB, their preferences for policies and operations and the logic they apply to make decisions.

Through the analysis, the study distinguished the critical players without whom DDB cannot take place and others who are important but their influence to produce change is minimal. The study established the actors as Central Government, council secretariat, ADC, Politicians (MP and Councilor) and NGOs like LGAP and CCJP, just to mention a few.

The study observed that central government was actively involved in DDB processes and the key players included the Ministry of Local Government and Rural Development,

[11] Extract from Traditional Authority Jalavikuwa

National Local Government Finance Committee, Ministry of Finance and Economic Development. These were reform champions. According to the guidelines for DDB, MLGRD provides policy direction and sets restrictions (framework) on the areas within which DDB should be used. For example, the ministry advises councils to implement DDB projects and programs that support the MGDS 111 and SDGs, and should be derived from the DDPs. This power, gives the ministry mandate to choose actors and partners to work with and activities to incorporate in the programme.

The study also discovered that MLGRD developed guidelines for the actual implementation of development budget. However, in practice, MLGRD failed to enforce the policy as findings revealed that MLGRD had not been forthcoming and responsive to ensure that guidelines were being followed at the council. For example, the Deputy Director of Planning reported that:

> *We didn't have comprehensive sensitization which raised political expectations. There was crush of roles between councilors, MPs and technocrats. We need to improve on coordination, financing but also strengthen and build capacity of stakeholders because if good institutions are not strengthened implementation can fail. (Deputy Director of Planning for MLGRD, June 2019)*

Failure to produce and share the guidelines brought disorder on how DDB was used in the first year as explained by one of the councilors: "chaka choyamba tinali anamwali pano tinazindikira"[12] (we did not know about the guidelines in the first year but now there is improvement). Similarly, in terms of fiscal transfers, the council had been funded on projects that did not meet the criteria and were not articulated from the DDPS and AIPs. The study concluded that MLGRD's interest was to maintain fiscal responsibility over councils and was less concerned about councils' performance. The interviews revealed that as 'reform champions' MLGRD had multiple agendas and issues they took

[12] Extract from interviews with councilor for Mzimba District Council

into account such as maintaining their own position or power bases and addressing a range of development challenges alongside personal interests or obligations. This had an impact on their drive to manage DDB.

Similarly, NLGFC played a significant role in the distribution of the funding figures among districts using inter-fiscal government formulae and providing budget ceilings. However, the research found that the institution has not received proper support from government for years to review and approve the formulae that could guide comprehensive allocation of fiscal resources from central government to local governments. Further, it was noted that NLGFC met political influence, especially from cabinet ministers from the ruling party. These Ministers lobbied for more development funds in their constituencies. Due to political appointments, it had proved hard for top officials to turn down political influence for fear of losing jobs thereby disturbing the allocation figures for other districts.

MoFED was also a key stakeholder in financial management for developmental change. It controlled budget and it was responsible for allocation of development resources in the annual budget. This entails that it constituted the hub that controlled cash flow of the approved development budget to councils. MoFED was also assigned to conduct bi-annual monitoring and evaluation to assess the performance of programmes and projects.

The present study, however, found that MoFED's operations were incapacitated due to the national system and structure that did not have money reserves in government accounts, causing government to spends as it collects. The study further discovered silent actors involved in budget allocation that had implications on how funds were prioritized. This reflects sentiments of the Deputy Director of Budget who said the following on the allocation of funds, "DDB gets allocation from local revenue, unfortunately as government, we usually collect less than the planned budget. In such event it is usually the Cash Management Committee which prioritizes allocation of funds depending on the available revenue."[13] The aforesaid committee had wider membership which included; Reserve Bank of Malawi, MRA, NLGFC, MoFED, Accountant General, Treasury and Procurement. This scenario questions the independence and efficiency of MoFED in resource allocation as members differ in priorities. This explains in part, the poor DDB funding figures that the council received every financial year.

In line with the second-generation fiscal decentralization that advocates the empowerment of local communities through their local governments (Bahl, 2005), the present study established elected politicians as another key actor in DDB processes. It was their constitutional charge to facilitate development work by coordinating closely with communities as they worked within the development planning system in Area Development Committees and Village Development Committees (GoM, 2013). The study also noted that Members of parliament and councilors had formal obligation over DDB allocation and implementation because both actors had the mandate to vote for proposed projects at council level. Their other roles involved monitoring the progress of the actual work to assess if the work matched with the allocated funds and original design.

While there are perceptions by the community that the MPs were more powerful actors than councilors, the study realized that the situation in Mzimba district was different. MPs' influence was not much felt because their attendance in full council meetings and availability in monitoring exercises was seldom. What was significant was the fact that both MPs and councilors did not mention that MPs' absenteeism was mainly to expose the councilors' incompetence in managing the fund which the MPs felt if properly managed could give the councilor a competitive advantage. Thus, the conduct of the MPs was associated with the incentive of securing their parliamentary seats through CDF projects, as such they are not concerned about DDB poor outcomes.

[13] Extract from interviews with Deputy Director for Budget at Ministry of Finance and Economic Development.

The fact is that absence of MPs negatively affects the nature of projects identified and effectiveness of the monitoring exercises because councilors lacked intellectual capacity to manage the funds. Apparently, the highest qualification for MPs at the council was a Master's degree against councilors who went as low as primary level. This echoes what scholars such as Hussein (2017) and Chiweza (2016) noted, namely that councilors lack the skills in steering meeting deliberations and do not know what information to ask for to ensure accountability from council officers.

The third category was the council secretariat which is the technical team at the district with expertise in coordinating and implementing projects that the political actors did not have. One of the members from the council explained the duties of the secretariat as follows;

> *We advise on feasibility of every project and through various departments we do facilitate project identification and implementation but do not have the powers to identify projects in full council meetings. The District Commissioner in his capacity is expected to control the development budget and ensure that Finance department produces quarterly financial reports. (Director of Planning and Development; Mzimba District Council, June 2019).*

The study found that the secretariat had managed to provide technical assistance. Nevertheless, the officers took advantage of politicians' skill and knowledge gaps to sail through their interests. For instance, the study discovered that the first DDB funding was what financed the construction of the council office complex instead of prioritizing revenue enhancement projects. Responses from council members indicated the DCs office was too old to be used. The report to the parliamentary committee on the status of various projects in Mbelwa District (2018) also explained that "the new office block has eased off accommodation challenges of finance officers thereby ensuring safe custody of funds as well as improved morale of staff."[14] However, the study established that the project was for the DC's comfort zone, since the accounts office, including the Director of Finance had occupied the unsecured old building as their office.

Even though the council has registered good performance in promoting infrastructure development there was consensus in the responses by some elected politicians, Tas and secretariat who said that the council was facing administrative challenges to implement DDB. For example, inconsistent flow of funding was mentioned as affecting the timely completion of projects. Previously World Bank (2019) also detected that local governments struggle to meet community expectations because fiscal transfers were lower than agreed and their disbursement was not predictable. In the district, DDB was usually trimmed compared to CDF. For example, this study discovered that in 2016/17 the council received K120,00.00 out of K139,000.00 and in 2017/18 it got K148,960.763 out of K189,000.00 (Report to Parliamentary Committee, 2018). Similarly, in 2018/19 fiscal year DDB was trimmed by 40% national wide and for Mzimba the budget was reduced from K189, 000,000.00 to K60, 000,000.00 (Mzimba District Council Funding Figures) which affected Jenda and Enukweni projects. The cut offs in cash flow by the Ministry of Finance had also contributed to the implementation of small projects as illustrated in the Table 5 below:

[14] Report to the Parliamentary Committee on Local Authorities and Rural Development On the status of various Development Projects in Mbelwa District Council.

Table 5: Showing funding figures for DDF and CDF from 2016/17 to 2018/19 fiscal year

F/Y	**2016/17**		**2017/18**		**2018/19**	
	CDF	**DDF**	**CDF**	**DDF**	**CDF**	**DDF**
budg	**198,000,000**	**139,542,305**	**253,000,000.00**	**189,451,058.00**	**275,000,000.00**	**286,598,927.00**
July	11,000,000	10,571,387	38,500,000.00	53,471,127.00	68,750,000.00	38,649,732.00
Aug	21,000,000	10,571,387		16,500,000.00	-	-
Sept	16,000,000	23,257,051	-	16,500,000.00	-	6,324,502.00
Octo	21,000,000	0	66,000,000.00	45,326,643.58	68,750,000.00	1,171,204.00
Nov	12,000,000	10,571,387	-	16,500,000.00	-	6,324,502.00
Dec	21,000,000	10,571,387	-	-	-	38,649,732.00
Jan	16,000,000	10,571,387	66,000,000.00	662,992.00	68,750,000.00	-
Feb	21,000,000	10,571,387	-	-	-	-
Mar	16,000,000	10,571,387	-	-	27,500,000.00	-
Apr	21,000,000	13,214,233	-	-	41,250,000.00	-
May	11,000,000	13,214,233	-	-	-	-
June	11,000,000	13,214,233	79,200,000.00	12,110,171.00	-	-
Total	**198,000,000.00**	**136,899,458.41**	**249,700,000.00**	**161,070,933.58**	**275,000,000.00**	**91,119,672.00**
Var.	**-**	**2,642,846.69**	**3,300,000.00**	**28,380,124.42**	**-**	**195,479,255.00**

Source: Author's construction from Funding Figures Report for Mzimba

Table 5 above clearly shows that, in all the three fiscal years, there was DDB cash flow inconsistences and variance between the planned budget and the actual funded figures. The 2018/19 financial year was the most poorly funded with a shortfall of K195, 479, 255.00. This contributed to the ineffective implementation of the projects. However, CDF only experienced a variance of K3, 300, 000.00 in 2017/18 financial year. This was the case because regardless of party affiliations, all MPs fight for increase of CDF to fulfill their campaign promises thereby preferring DDB to be reduced.

The study identified several explanations for the inconsistences in DDB funding compared to CDF such as MRAs failure to collect the projected figures or targets greased by lack of government's political will to fund such projects. This is in line with the Deputy Budget Director's sentiments. He said that "DDF is taken from local revenue and once MRA fails to meet the target for a particular month development budget is affected".[15]

He also pointed out that the inconsistence was the result of ad hoc government decisions that drained their resources. For instance, MLGRD in 2018 raised chiefs' honoraria before consulting Ministry of Finance on the issue of budget, an act that also affected development funding. MLGRD did that at a time close to election period with a political agenda of raising votes. World Bank (2019) also cautioned government to resist large unbudgeted expenditures that derail fiscal plans. This implies that the government decides whether to fund DDB or not. There was need therefore, for central level stakeholders to coordinate on budget issues and MoFED needs to improve on communication with other stakeholders so that they do not see it as non-compliance. Effective communication about changes on DDB funding would also be helpful for planning purposes.

[15] Obtained from the interviews with Deputy Director of Budget from Ministry of Finance

Capacity building was another biggest challenge for DDB to be unsuccessful. For instance, the study found that at Mzimba District Council, the Director of Public works responsible for interpretation of the plan to contractors and developing Bills of Quantity (BoQ) was serving in an acting position and did not possess the required minimum qualifications. With limited expertise, it was difficult for him to guide the implementation process effectively. Patel (2011) supports this contention in his study when he noted that many local assemblies were under-staffed at management level due to poor conditions of service that has made it difficult for council to implement programs. There was need to appoint people on specialty and merit and to find ways to retain them.

Another area of concern was the council's organizational culture. The study established that the council was at the verge of misusing DDB because the system used a pool account in which all funds allocated to councils were reserved. Although the Ministry of finance pointed out that the pool account was adopted for easy reconciliation of accounts, most respondents viewed this initiative as promoting abuse of resources. Interviews with the Director of Finance for the council and District Commissioner confirmed that there was a culture of internal borrowing and DDB had been used for other programmes and projects through the DCs authority as controlling officer.

Much as the funds were reimbursed at a later stage, the council did not manage time well. The practice had a negative impact on the progress of projects under implementation. On the same, it was also pointed out that ethics in civil servants had been highly compromised and eroded due to poor salaries that bred the spirit of corruption. The narratives show that use of pool accounts was an incentive for the council to abuse DDB. To account for this, the DPD said, "council has multiple functions but little funding. During [the] rainy season revenue collection is reduced and to avoid strike, we really do borrow from DDF for salaries and other council functions. It is not like the fund is eaten up."[16] In this case, DDB is usually taken as a grant for resolving council's financial crisis.

[16] Extract from interviews with DPD for Mzimba District Council

The fourth actor identified was the Area Development Committees (ADC) but were silent in both the LGA and DDB guidelines. A 2017 USAID report also observed lack of provision for citizen participation in implementation, monitoring and oversight of DDB that weakens accountability systems. ADCs represent views of the communities, including prioritizing projects from Village Development Committees (VDCs) incorporated in District Development Plans. ADCs also mobilize communities to work in projects that are community driven and monitor the implementation process of projects. However, the data collected shows that, because the roles of ADCs were not formally recognized in the guidelines, their influence is limited to bringing forth development change. For example, most ADCs explained that a good number of projects being implemented were not the prioritized ones that they submitted but they did not have capacity to demand explanation from secretariat and neither did they receive notifications.

Apart from not being formally recognized, another underlying factor this study observed about ADCs passiveness was high illiteracy levels among ADC members, and that institutional structures suppressed ADCs voice.

According to the findings, chiefs seem to be an important group of key actors in DDB implementation in Mzimba District. One of the chiefs said, "we are custodians of culture and advise other stakeholders on cultural implications when identifying projects and during the actual implementation."[17] This is an example of informal rules contravening formal institutions. Respondents were divided concerning the level of chiefs' involvement when identifying projects for DDB.

From the data collected some chiefs expressed that they had little interest because they are just ex-officials whilst others revealed their leading role in identifying projects because they felt they had similar insights of the problems their communities faced. Chiweza (2009) concurs that chiefs have systematically been the key actors in facilitating

[17] Extract from TA Mabulabo for Mbelwa District Council

the identification of community needs and mobilizing communities for implementation. However, the study established that in Mzimba, chiefs had not been forth coming. Their frustration and laxity were an outcome of the Local Government Act that reduced their initial powers as decision makers to mere advisors. This discouraged their efforts thereby making some of them assume the back seat and feel less important.

The other actors involved but not formally recognized were Non-Governmental Organizations such as Local Government Accountability Programme (LGAP) and Catholic for Justice and Peace (CCJP). These participated in capacity building and awareness for councilors and ADCs in development projects. However, the impact of these NGOs was minimal because they mostly focused on two Tas only, namely; Mbelwa and Mzukuzuku.

The stakeholder analysis disclosed why, regardless of all initiatives by central government to bring capital investments, development in the district was still progressing at undesirable pace just like it was highlighted by World Bank (2019) that there was still slow socio-economic growth in local areas. The study revealed that central government played a big role in influencing DDB through provision of guidelines and monitoring. However, at district level the MPs, Councilors and Secretariat were at the center of implementing DDB projects and programs. It is worth noting that the mandated autonomy of local government to develop its own policy initiatives and relate the policies to national level policy was dragging. The mandate of ADC was questionable yet they were the core decision makers at grass root level. The fact that most ADC members were not well educated caused them to be easily influenced by the few elites.

4.5 Interest and Incentives of Critical Actors in District Development Fund

A stakeholder analysis was done to understand the motivations, interests and strategies of key development actors. The underlying premise was that political behavior of individuals tends to reflect the best interests of such individuals, given their legal, economic and social constraints (Pettit, 2013).

According to Hudson etal (2014), self-interest is the driver of the underlying behavior and outcome. The interest does not only include material benefits or rewards but also the search for the common good or even altruistic behavior furthering the best interest of an individual. Similarly, incentives are stimuli of reward and punishment that are related to certain types of actions (Ostrom et al, 2002). The study therefore analyzed both the interests and incentives of the identified actors in DDF.

4.5.1 Interests and Incentives of Central Government

Central government actors hold differing interests. In principle, the preferences of central government are basically to promote infrastructure development and livelihoods of the rural communities through policy framework. On the contrary, the study observed that at the beginning of the program MLGRD was not forthcoming in spearheading the development and sensitizing of DDB guidelines at council level, and producing DDPs as reflected in the sentiments from the following statement from the Deputy Director of Planning of MLGRD. He said:

> *We had difficulties in the first year because we had no principle operating parameters. Most Councils did not have DDPs and implemented prompt projects, our ministry delayed in providing guidelines after the funds were disbursed and didn't have comprehensive sensitization across. (Deputy Director of Planning at MLGRD, June 2019)*

This caused commotion in the first years of managing the fund. Although MLGRD had shown interest in improving coordination among all stakeholders including the ADC, it shows that their main interest was to maintain the control over the funds. They still attempted to force their will on issues supposed to be handled at the local level.

The study also noted that incentives from fiscal transfer systems and designs in Malawi that should ensure that poorer localities have adequate resources to deliver the anticipated package of services, encouraged central government to retain increased responsibility over finance resources. This was a deliberate move by political leaders to maintain their control of development projects through line ministers. They usually wanted to be seen by the public as facilitating development even when the initiative was not under their jurisdiction. This enabled them penetrate through their interest council resources.

Local budget processes and transfer mechanisms are managed by the Ministry of Finance. Similarly, the Ministry of Finance indicated that their main interest was efficiency, transparency and accountability so that fraud and mismanagement of DDB were controlled. They provided desk instructions to councils on procurement and public finance management procedures to be followed and encouraged timely completion of projects to show their commitment. The Deputy Director of Budget Section explained that:

> *Ministry of finance issued standard working procedures. We are concerned when projects are wasted or left uncompleted mid-way because such reports indicate councils lack of capacity and misappropriation of funds can have an effect on the next DDB funding. MPs use such scenarios as scapegoats to increase CDF. (The Deputy Director of Budget, June 2019)*

However, the overall perception at district level is that Ministry of finance has no interest in supporting DDB implementation in the district. They argued that DDB cash flow was inconsistent from month to month compared to CDF which affected completion of projects. This is similar to findings by Jagero et al (2014) namely that central government monthly transfers are delayed, are unpredictable and come with shortfalls. The purpose of the Ministry of finance is to maintain their position as the major sponsor of fiscal resources.

The findings point out that while the council was expected to implement development functions, transfers from central to lower levels remained largely within the discretion of the central government who set minimum requirements for fiscal conditionalities, minimum service standards and budget guidelines. This creates weak incentive for councils to operate and limit local government capacity to address development issues. It also reveals that the degree to which local governments have been empowered to promote and respond to local needs/preferences for public spending through policy and spending discretion is not comprehensive.

4.5.2 Interest and Incentives of Area Development Committee in DDB

Below the councils, sub structures such as the ADC and the VDC were established to facilitate channels of communication with the council and participatory planning at TA level. According to Chinsinga (2007b), the ADC is expected to serve as a forum for community participation in decisions related to development. Thus, ADC's interest rest upon developing their communities. However, in the present study most respondents showed that ADCs had little interest in the DDB because of issues of participation and representation. The role of the ADC was not constitutionally recognized in the DDB guidelines as a result they lacked power to facilitate good governance at council level through Public Expenditure Tracking.

The study, however, noted that there were no financial incentives for ADCs except for the satisfaction they got when projects were completed as planned. This contributed to limited participation at lower levels in planning and monitoring activities to ensure accountability in the use of public resources. The laxity created a conducive environment for abuse of DDB by other stakeholders.

During interviews the DOF and one MP agreed that often times ADCs were sidelined in decision making by secretariat, MPs and Councilors. Nevertheless, the MPs argument for their preference of working directly with communities was based on the assumption that issues presented by ADCs were not a true reflection of what was needed on the ground. This, eventually, complicated the relationship between ADCs and MPs making it hard to have coordinated effort.

The study, however, noted the qualifying reasons as lack of coordination, which led to ineffective flow of information among stakeholders, specifically to the ADC which was ranked as the lowest in the institutional structure. ADCs were not aware of the guidelines and their roles in management of the fund. One member explained, ''Timaopa kupita ku office ya District Commissioner hifukwa secretariat amatikapilira"[18] (We are afraid to go to DCs office to follow up on our projects because they shout at us). This showed they did not know that it was their right to know. Chinsinga (2007b) supports this statement by noting that most structures below the assembly had insufficient information and understanding of decentralization regarding citizenry demand for accountability and services from officials. This explains why issues concerning transparency and accountability were really compromised at the council.

Citizen engagement must also be harnessed to spark political change to confront corruption and increase accountability in Malawi (World Bank, 2019). Hence, properly functioning systems and participatory planning and implementation of DDB projects could trigger good outcomes.

4.5.3 Interest and Incentives of Council Secretariat in DDB

Council secretariat is the administrative arm at district level that is headed by a District Commissioner and is supported by directorates to run day to day management of the council and to implement decisions by the council (Chiweza, 2011). The study established that Mzimba's secretariat had no interest in enhancing infrastructure development. During interviews, most council respondents expressed the view that they were involved just to fulfill the terms of reference of their job which is to discharge developmental duties in the district. For example, the District Commissioner said, "I came here as District Commissioner and one of my duties is to ensure there is social economic development. When government disbursed these funds, it was my opportunity to fulfill my mandate." Only one interviewee indicated his interest was centered on

[18] Extract from interviews with Jalavikuwa ADC

uplifting the economic status of the district and livelihoods of communities by ensuring that the DDB served the intended purpose.

The other stakeholders also had the perception that the way officers discharged their duties was based on self-interest which was embedded in obtaining financial benefits. For example, most respondents indicated that secretariat failed to take up the supervisory role without the incentive of allowances. Their support and degree of involvement in projects was also discriminatory. Secretariat was more committed to projects that were close to their central offices other than those at community level where the ADC monitored closely. For example, it was pointed out that the council office complex got all the support to be completed on time because they knew it would benefit them a lot. Otherwise, most respondents complained that it took forever for community driven projects to get completed.

It was further established that the council supported such projects in order to manage the procurement process independent from community influence for personal interests. This observation concurs with Cerna (2013) who found that actors are always calculative in the course of action they adopt because they attach costs and benefits to available options. From the discussion, the study established that the technocrats did not have the zeal to push for projects. However, unleashing the potential of the public service would require signaling a commitment to integrity and enforcement of rules and procedures particularly at senior management levels (World Bank, 2019).

The study noted that the main incentive virtually for all members of the council engaged in financial operations was the fiscal autonomy in expenditure decision making once development funds were deposited into their account. This gave them opportunity to use it without central level interference. Due to competing interests, disputes for allocation of projects had always existed in the councils. The benefit is that it promoted checks and balances but the decision-making process also delayed implementation.

4.5.4 Interest and Incentives of Political Actors in District Development Fund

Elected members are empowered as decision makers at council level by the LGA. They are perceived as relevant in representing the needs of their communities. Many studies have shown that in the absence of councilors development was negatively affected (Tambulasi, 2009). Hence their presence suggests improved development outcome.

Interviews with councilors indicated that they were more interested in promoting good governance through proper management of DDB. However, the other stakeholders highlighted that the councilors' focus was on staying in power. They were interested in approving the projects that would give them political mileage to get re-elected. As evidenced by the fact that it had always been hard for them to agree on one big project and on some instances, they had debated to distribute the funds among wards just to ensure everyone benefited. As explained by a member of the ADC, "a councilor is [the people's] messenger and is expected to present what was agreed at ADC forum. Surprisingly we see them coming up with projects that will win them more votes".[19] The researcher noted such problems exist because a councilor was affiliated to a political party and expected political gains at the same time that he is entrusted with representation and oversight roles which made it hard for him to perform without prioritizing political interest.

Likewise, the issue governing the interest of MPs was associated with lack of political will to support DDB which starts from the approval of the national budget itself in parliament where they have trimmed development budget each financial year. USAID (2017) noted that the MPs are interested in gaining more CDF allocation in the national budget for their political interest. Through CDF as opposed to DDB they are able to own projects for visibility. Deficient commitment in the district was partly evidence in the full council and service committee's attendance sheets which confirmed MP absenteeism and yet it is in such important meetings where development issues are deliberated. What is interesting is that in the interviews conducted, all the MPs denied having an intention of

[19] Quoted from one of the ADC members from Luzi.

using DDB for political mileage and argued that they already monopolize CDF, so they let councilors manage DDB. One of the MPs said that. “I told my people I am not looking for their votes but to serve them. I have done developments where there are few people and where I cannot get votes. I feel they already paid me with their votes and I just have to work for them.”[20] On the contrary, the study noted that the MPs did not support DDB projects on an effort to expose councilors’ incompetence to the electorate. However, the above discussion proposes that the presence and contribution of parliamentarians in such meetings is crucial because they articulate issues better than councilors do.

The main incentive for politicians is re-election. Their motivation as members of service committees and voting members is the ability to push projects to their areas This also poses a challenge to implementation of District Development Plans because they have their own preferences which maybe outside the plans approved by the council. Hence resource allocation, though a crucial element for good outcomes, is muddled with conflicts between elected politicians, council secretariat and local communities

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4.6 Influence of the key Stakeholders in DDB

According to Pettit (2013) stakeholder influence analysis is the tool used to examine and display the relative influence that different individuals and groups have over decision making and how influence and cooperation change over time. The study revealed that actors differed in their levels of influence in DDB allocation and implementation both at central and district levels which had a huge impact on how the fund was managed, and they dictated the project outcomes. The actors with significant influence were MLGRD, MOFED, NLGFC MPs, Councilors, secretariat, ADC.

The Local Government Act (1998) takes away policy making powers from local authorities to central government arguing councils are incapacitated in terms of human resources. Patel (2011) says the aforementioned provision has implications on fiscal decentralization and development processes. In the case of DDB, MLGRD assumes much

[20]Extract from interviews with Member of Parliament

power over local governments that, eventually, create problems in terms of what the policy makers want versus what the community needs. More feasible provisions need to be institutionalized between central line ministries and local authorities for good results.

Fiscal decentralization policy also empowers NLGFC through their mandate to allocate funding figures for all districts using inter-governmental fiscal formulae which is based on the following factors: 50% population, 30% poverty head count, 10% illiteracy rate and 10% infant mortality. With the passage of time, a lot of changes to these determinants have occurred that need reconsideration. However, it is clear that NLGFC has the discretion to decide how much to be allocated to the districts although due to political interference, the office sometimes fails to comply with the formulae.

The study observed that Ministry of Finance had influence on the monthly allocation of development budget. They do allocate DDB to all local councils. However, the study discovered that in the event that revenue has not hit the target, the cash management committee controls funding. Yet, this does not undermine the operations of the ministry. Replies from the Deputy Director of Budget indicated that whenever they experienced inadequate revenue collections, MoFED decided to trim development budget as compared to salaries. This supports the observation by World Bank (2019) that government is largely constrained by statutory obligations, where spending is required on wages and salaries, pensions and gratuities, and debt service. This gives an impression that in terms of funding, government has other priorities.

On the other hand, secretariat is empowered as the implementing arm by LGA. As such, it exercises its influence during allocation and implementation of projects because of their expertise as a technical arm. The heads of departments advise councilors, MPs and ADC on the feasibility of the identified projects. For example, the District Commissioner controls overall DDB expenditures, Director of Planning influences the planning process to shape the required projects, and Director of Finances influences financial transactions while Director of public works guides the actual implementation of the project. In the course of managing the fund, the study noted that secretariat manipulated and influenced political actors into approving certain projects for their benefit. For instance, respondents emphasized that some projects were not a priority but council secretariat prioritized them. It is clear that secretariat attempted to maximize the expected outcomes of the decisions they make. This agrees with the findings by Hudson et al (2014) that bureaucrats are interested in expanding their power, duties and budget.

According to the Local Government Act, the councilor is the key decision maker both in service committee and full council meetings. However, during the study, it was noted that they had little influence on DDB. One councilor complained that;

> *Secretariat doesn't want to take our views and open up on the progress of projects. Monitoring of projects is done at their own will claiming there are no funds to support the exercise. They also favor and connive with MPs to change approved projects. (Councilor for Mzimba District District, June 2019).*

Another councilor similarly said:

> *I have no influence in DDB implementation because of resistance from secretariat. In Mzimba South constituency, the MP brings up projects I am not aware of. Although the law empowers us as decision makers, the District commissioner is more knowledgeable. (Councilor for Mzimba District Council, June 2019)*

Much as the responses from the two councilors portray an impression that they were meeting resistance from secretariat and had little influence in DDB processes, the experience with the council chair seems different. He said:

I have influence to oversee that the fund is properly used and development is achieved. Due to different party affiliations, politicians from opposition can make the committee to fail to agree. They invite the chair for his input and I can give my opinion in the service committee and resolve differences. (Council Chairperson for Mzimba District Council, June 2019)

From the discussion, the study discovered that the council chairperson had special recognition at the council. His ability to influence is of course based on his appointment and not position of a councilor. Fundamental factors reducing councilors' influence could be party affiliations and poor qualifications that result into low intellectual reasoning. There was no specific qualification for councilor considering that they were elected based on their knowledge of development issues, good communication and leadership skills. During one full council meeting observed for the study, the councilor could not even present a report for his own committee. Hussein (2017) had a similar observation that councilors lacked the skills to effectively participate in the council's governance structures and had limited knowledge about how the council operated and did not know what they were supposed to do to ensure the accountability of council officers. The study established that unless councilors knew their roles, development at the council would not take a good direction.

The overall perception by other respondents was that MPs coerced secretariat to alter decisions passed in the full council. In practice, the MPs in the district were still finding it hard to get full control of the fund. The study established that these suspicions emerged because other stakeholders had no access to information due to ineffective communication systems.

Area Development Committee and chiefs had the least influence. Although they prioritized projects from VDCs and submitted to council for the formation of DDP and mobilized the community throughout the project cycle, most respondents showed that their influence and recognition was questionable. Only one ADC from TA Mtwalo proved to be vibrant and could take both politicians and secretariat to task. The ADC chair said;

> *We take the councilor and MP half ground. We invite them to ADC meeting to update us on CDF and DDF transactions and give us an account of what they have done. We also follow up with the supplier to verify if the quotations received are exactly the ones, we submitted at DCs office. When they don't tally, we tear off the quotations. (Chairperson for Mtwalo ADC, June 2019)*

The findings attributed Mtwalo' performance to high literacy levels of its members. The ADC had educated members who were able to present logical arguments and could question things when they were not clear to them. This worked to their advantage.

4.7 Influence of Politics on District Development Budget Actors

The definition of politics is illusive but the study adopted one by Hudson (2004) which comprises cooperation, negotiation and conflict between societies in which people go about organizing the use, production and distribution of resources in the course of their social life. The stakeholder power analysis is important as it particularly identifies the winners and losers and highlights challenges that need to be faced to change behavior, develop capabilities and tackle inequalities (Pettit, 2013). DDB involved a number of actors with different interests to be achieved. These differences caused project implementation to get hooked up in politics at all stages from prioritization of projects at ADC level, identification and allocation of funds to project up to implementation.

The findings revealed that politics emanates right from central government down to the grassroots. First, it was manifested in the dual administration evidenced by the way central government held the big chunk of development budget and yet service delivery implementation was devolved. It was also seen in the way government failed to devolve revenue and tax collection powers. The empowerment of central government by decentralization policy to oversee policy coordination and enforce project guidelines and standards, incentivized them not to devolve all functions so that they could maintain access and control over resources. An MLGRD representative explained; that “not all ministries and not all development projects were devolved. There was resistance to devolution of the funds simply because they were used to managing the funds although their role was simply that of policy formulation.”[21] The overall perception of the respondents was that failure to devolve financial resources by central government was synonymous with allowing politicians to control resource allocation of visible development projects and gain popularity among citizens.

Secondly, the existence of multiple players in DDB facilitated collective decision making. The fund was managed by three central political agents, and district and community level officials all with competing interests. For their survival’s sake these actors had no choice but to politicize the fund thereby achieving their interests. Understanding central level actors, their needs, incentives, and constraints can be very important for establishing a relationship that can really be beneficial over time.

The study also observed that the intergovernmental fiscal designs for guiding allocation of fiscal resources were not comprehensive. The fiscal transfer formulae used by NLGFC was outdated and it failed to regulate central government transfers in an objective manner, allowing politicians to penetrate through such development resources for political gain. Reluctance of parliamentarians to support review of the formulae was viewed as a political strategy to retain their influence.

The fact that funds should not be allocated on constituency or ward basis as stipulated in DDB guidelines was aimed at promoting the acquisition of big infrastructures but on the ground, it turned out to be the basis for politics. Practically, elected politicians preferred the projects to be done in their respective wards and constituencies, leading to

[21] obtained from interviews with deputy Director of Planning for MLGRD

contestation. At the same time, the council considered this as an opportunity for them to use the fund for other activities needing quick response at the council.

Most respondents also felt that the funding was biased as some districts, especially those districts with high profile political figures in the ruling party, got more funds than others. This enabled them to earn voters support as they portrayed themselves as being responsive to community needs. Mainwaring and Shugart (1997) agree with this assertion by noting that individual politicians secure funds for their own geographical districts as opposed to more universalistic expenditure programs.

Politics also exists between council secretariat and politicians because they harbor competing interests. In addition, the politics-administration dichotomy where the main role of politicians is policy making while administrators tackle the task of policy implementation triggered contestation (Rosenbloom, 2008). For instance, the Procurement Act and DDB guidelines only empower elected politicians in oversight roles, however, the study discovered that the secretariat was manipulating procurement processes through their technical expertise for personal benefits. They took advantage of the few councilors in positions of power who familiarized themselves with council operations and, in turn, the technocrats manipulated the councilors. The study also established that officers were affiliated to various political parties and, for this reason, certain behaviors were done either to support or frustrate the government of the day. This, in the long run, delayed the implementation of projects.

Both key informant and FGDs interviews supported the idea that politics is manifested in the way councilors scrambled to allocate projects to their areas regardless of what impact they will have on the community. This was the case because the councilor eyed the MP position and the only way to attain that, was to be seen facilitating development projects. The political actors in Mzimba District were more interested in projects that were visible and would yield them good electoral results as opposed to meeting community needs. For example, in the 2015/16 financial year there was a hot debate in the full council to share funds per ward and constituencies to the extent that the prolonged debates delayed project implementation. Data collected for 2017/2018 fiscal year also indicated proposed borehole drilling projects in all Traditional Authorities. Consequently, such politics only facilitated implementation of small projects.

Members of Parliament also politicized government projects as exemplified by instances in which the MPs convinced communities about owning projects. They preferred using party supporters to manage their projects as opposed to the community at large. The contributing factor to this identified in the study was the presence of organizational structures that disregarded the relevance of ADCs which, ordinarily, would act as a bridge between technocrats and communities.

Secretariat pointed out that lack of structures that support ADCs affected operations during monitoring and it became hard to convince the community that the project was from the council. Patel (2011) in her study also noted that projects were presented to communities as a generous gesture of the MPs who insinuated the perception that the grassroots should look up to them for development. However, the analysis shows that the loophole was a result of poor coordination between stakeholders and information asymmetry between council and communities. There was need to take ADC on board before the commencement of a specific project.

Based on the analysis developed in Chapter 4, Table 6 summarizes Mzimba District Council's experience concerning fiscal decentralization and Development Budget as actors relate to responsibilities, interests, incentives and influence in DDB implementation.

Table 6: Discussing Key Actors, their interests, incentives

Actors	Roles	Interests	Incentives	Influences
MLGRD	Policy direction Proving DDB guidelines Site monitoring projects	Promoting infrastructure development Retaining control of development budget	Control of fiscal resources and fiscal responsibility	Influence the type of projects to be implemented
MoFED	Allocation of development resources Provide desk financial operations Monitoring and evaluation	Promoting efficiency, transparency and accountability Retain control of fiscal resources	Control of fiscal resources and fiscal responsibility	Influence through allocation of resource Monitoring of projects
NLGFC	Distribution of funding figures and ceilings	Promoting infrastructure development	Control of fiscal resources and fiscal responsibility	Mandate to allocate funding figures Monitoring
Politicians	Coordinating development planning systems with ADCs Identification of projects Monitoring of projects	Using the fund for visible project to gain Political mileage	Get re-elected	Minimal influence in project identification and implementation
Council Secretariat	Coordinating DDB programme Providing technical advice Implementing DDB projects and programmes	More interested in financial gains	Poor accountability systems Lack of rewards and punishment Autonomy in DDB and delivery of public services expenditure at the council Supervision allowances	Have influence in expenditure Influence project identification processes
ADC	Prioritizing projects for DDP Mobilizing community participation and resources Monitoring projects	Uplifting the socio-economic welfare of their districts	Completion of community projects No financial incentives	Monitoring of projects

Source: Author's own construction

4.8 Conclusion

The study examined political processes and economic incentives affecting the effective implementation of DDB. The analysis has shown that there are several factors hindering its implementation such as conflicting interests among stakeholders, differences in positions of influence, and lack of institutional structures that support participation of ADCs. It also revealed the existence of politics in DDB that is manifested in identification of projects, allocation of budget for specific projects and implementation. These variations are the ones derailing development. The study has shown that there is a lot to be looked into in order to bring forth standard projects befitting the funding.

CHAPTER 5

CONCLUSION AND IMPLICATION

5.1 Introduction

This chapter concludes the study by highlighting its major findings and their implications on implementation of DDB. It also concludes the study basing on objectives and provides areas for further research. The major principles were of politics and economics underlying DDB implementation.

5.2 Reflections on the study findings and implications on the study

The objective of the study was to explore how political and economic processes affect the effective implementation of DDB project. The study has established that Mzimba District uses DDB funds on small projects instead of big projects to the extent that one can hardly differentiate the project from CDF. In other circumstances, the funds are used for recurrent expenditures. The study took a political economy approach to identify the politics and economic incentives that produce such undesirable outcomes.

Some of the issues that came out for poor performance are; stakeholders’ differences in interests and motivation, and the issue of influence that makes some actors more powerful than others in decision making and execution of duties. The formal and informal institutions have also proved ineffective in certain areas and politics has been established as having influence on certain behaviors. In this study, politics was analyzed in terms of the contestation and power to influence the allocation and implementation of DDB. To understand power dynamics, the study used power of development tool.

5.2.1 *Formal and Informal Institutions*

The study analyzed the formal institutions guiding DDB implementation and these were LGA 1998, DDB guidelines, Procurement Act and Public Financial Management Act. The study established that the formal rules have weaknesses that hinder efficient utilization of DDB in local Councils. It investigated both formal and informal 'rules of the game'.

The amended LGA in 2010 has been criticized for empowering MPs as voting members. It created loopholes for MPs to monopolize decision making over allocation of the resources and the whole idea of citizen participation is compromised. This is the case because in their capacity as MPs they take advantage of councilors at district level and frustrate development agendas. But, on a lighter note the study established that in Mzimba, MPs have little influence. It also advocates for the appointment of District Commissioner by the Minister of Local Government and Rural Development that makes him the Minister's puppet. This interferes with the effective management of DDB.

District Development Budget guidelines are well stipulated but implementers do not conform to the rules. For instance, Mzimba started using the funds without DDP until 2017. The funds were used for other projects and programmes due to little ORT funding for the council against its multiple functions. Political actors who have their own interests deliver cheques to suppliers and the council secretariat fails to effectively monitor projects. One of the identified root causes of non-adherence is ignorance of the guidelines by stakeholders that needs to be critically looked into.

The study further established that the procurement Act if properly followed is a good tool, the weak areas that compromise DDF implementation are sections on single sourcing and restricted tendering. Although secretariat argued that they usually get approval from PDDA, the PDDA influence secretariat to violate the procurement processes especially where they have interest. The study also revealed that managerial autonomy over procurement processes has led to corrupt practices. Secretariat connives with suppliers for higher charges as a result more money goes into their pockets resulting in either substandard or failed projects.

Culture was singled out as informal rule that influences the formal rules. The study observed three dimensions of culture undesirably affecting DDB. The belief in respect for elders rooted in Malawian culture facilitates the passivity of stakeholders to demand explanation from their leaders especially ADC members have a high regard for hierarchy and are reluctant to bypass the chain of command. The Ngoni culture gives too much loyalty to chiefs a norm that affects development in such a way that a mare community member finds it hard to lead ADC. The study also established that the practice of 'lobola' (dowry) affects the involvement of women in development programmes since the man would always want to lead in the family. The way ADCs operate is an example of how formal institutions are exploited.

The implication is that institutions influence behaviors of actors and these institutions have been labeled as weak hence the need to have them reviewed. For instance, political appointments instigate non-compliance to the guidelines. Hence appointments should not be politically motivated to enable one to make independent and constructive decisions. Government should ensure that local councils are beefed up with the right number of people with the right skills based on merit. In addition, there is need for the policies to take into account cultural diversity as these have an impact on development. The result of inefficient formal institutions is that informal institutions tend to override in decision making processes.

5.2.2 Key Actors

The study identified key actors through their roles in the allocation and implementation of DDB projects. After the analysis, it established that regardless of transferring development budget and decision-making power to the grassroots, central government is at the hub of managing Development Budget. MLGRD, MoFED and NLGFC are the main game changers because they provide policy direction and resources. The secretariat is involved in DDB as part of their job description but also due to influence and community expectations.

The study also found that the councilor and MP regardless of being the key decision makers in the development process to identify and implement the projects, their relationship is characterized by conflicts and this affect the smooth operations of DDB. As noted in the findings that, due to low education qualifications, the councilors rubber stamp decisions by secretariat. The study also established that the ADC, a critical implementer of the project in the community is usually set aside and sometimes lack interest in the local processes as a result, it is difficult for projects to yield positive results.

The study also examined the role of District Council (secretariat) and its effectiveness in DDB where challenges affecting the fund have been revealed. The overall perception is that council is instrumental in DDB implementation but is challenged due to understaffing, unqualified personnel, lack of vehicles for routine monitoring visits, organization culture of internal borrowing and all these prompts the stoppage of projects. On the other hand, the findings have revealed that secretariat's poor performance lies in the zeal to be paid allowances.

The implication of the study is that there is need to contemplate on the best strategies of how District Development Budget should be implemented. There is need to strengthen public servants' commitment to integrity and enforcement of rules and procedures by holding controlling officers accountable for the management of public finances and sanctioning those who divert or waste DDB. This would bring sanity in council secretariat and minimize the culture of internal borrowing and misappropriation of funds.

There is need for involvement of communities at all stages of the project cycle through ADC. This demands the intervention of Ministry of Local Government to establish more effective channels through which ADC members are empowered and should effectively exercise their roles and responsibilities. As Prad'homme (2010) noted, development plans are prepared by entities that have limited decision making power. The estimated development plans in SEP don't match the revenue they receive. This implies the need to inculcate fiscal discipline by strengthening political obligation to realistic budgeting and staying within budget. To promote effectiveness, ADCs should also be incentivized other than doing voluntary work. It is equally important to review councilors entry point qualification into politics. The lower qualifications affect the quality of decisions they make.

In addition, government has well-designed institutions for budget planning and execution, but the budget is not followed through. Central government should maintain DDB cash flow and increase the resource envelope. Mzimba is vast against the money that is allocated and this affects the spreading of projects. Ministry should consider devolving more financial resources for development to the district but also review the formula used to share DDB for the districts. There is also need to harmonize development funds thus CDF, DDF and LDF into one development fund that can produce tangible success.

5.2.3 Interest and incentives of key actors

The study also pointed out that the multiple stakeholders have diverging interests and incentives that also affect how decisions are made over DDB. Central government is interested in promoting infrastructure development in local councils; however, their main incentive is to retain fiscal resources and responsibility of the lucrative development budget so that it is not fully devolved. It is one way of letting politicians including the president to access the development resources but leads to councils getting little funding for bigger projects in the district. The interests and incentives for MPs and councilors are in gaining political mileage and re-election as such they scramble for resources.

Council secretariat is interested in financial benefits and, therefore, it flouts procedures deliberately. Their incentive is from the autonomy to decide on how to spend DDB once it is under the control of the District Commissioner. Another incentive is based on the fact that DCs are not held accountable for any abuse of DDB. ADC's main interest is to see DDB projects implemented in their district and uplift their livelihoods; their main incentive is satisfaction upon completion of projects in their communities. The differences in interests and incentives are enough reasons to bring down development. Every actor is looking for incentives for every action they take. This justifies why it is always hard to arrive at a decision because the implication stems from greedy by different stake holders. There is need for mutual understanding among stakeholders.

5.2.4 Influence of key stakeholders

The findings of the study have also revealed that the degree of influence differs among the stakeholders. MLGRD has more influence because they stipulate conditions and terms of the funding, NLGFC influences the distribution of the funds to districts while MOFED disburses monthly funding. At district level, the study established that the councilor though crucial in deciding the projects to be implemented, has little influence compared to secretariat. This is the case because secretariat takes advantage of the technical expertise. It concluded that the secretariat has more influence in decision making over DDB implementation. This has negative consequences because the secretariat overrides the oversight role of councilors on transparency and accountability leading to abuse of DDB.

The data collected also established that ADC has very little influence. The reasons unearthed are that the LGA does not formally recognize ADCs significance as a result ADCs are represented by a councilor. This suppresses their voice in project selection because the councilor has his own political ambitions to achieve. They are also passive due to their low literacy levels which make it hard for them to know their roles and freedoms.

The implication is that there has to be deliberate effort to empower ADC by establishing a 'board of committee' that can voice out the concerns of these institutions but also provide oversight roles. The management processes of the fund have been criticized as being bureaucratic, slow, arbitrary and corrupt. The policy making powers should therefore trickle down to local councils. This would suppress dual administration.

5.2.5 Influence of politics on DDB implementation

Politics was also examined in terms of its influence and impact on DDB. The study noted that politics exists beginning from central government to ADCs. Government holds on to DDB on the basis that councils have no expertise when in actual sense they still want to be in control. As such, the amount given to council seems inadequate for such big projects. The study also noted that there is scramble for DDB between MP and Councilors and between councilors themselves on which project to be implemented first. The problem lies in lack of ownership for DDB as both elected actors feel they have control. Another political influence happens when MPs connive with secretariat to implement projects other than the approved ones. For ADC, it was established that the prioritization of projects is not done in a fair manner. Those in the village committees also favor their villages to benefit projects. These contestations prolong the decision-making process and sometimes lead to implementation of ad hoc projects.

The implication originates from lack of political and general will to implement significant developments in local councils. The current institutional design of LG has not taken into consideration the politics that exist between actors. There is need to harmonize the relationship between political actors and secretariat but also MPs and Councilors. The stakeholders need to dissociate politics from issues of development and work together for the common good because the existence of politics is a biggest challenge. The roles of the stakeholders in DDB should also be clarified to avoid overwrapping of responsibilities. Poor oversight and inadequate financial reporting have made it difficult to monitor and manage the fiscal risks.

5.3 Areas for Further Research

The study analyzed the performance of DDB in Mzimba. It examined some of the factors that have led to its failure to implement the stipulated projects to foster development in the rural communities. The study revealed that variations in stakeholders' interests, level of influence and weak institutions adversely affects DDB implementation. However, there are other areas observed in the study that need further analysis.

One central argument for non-compliance to guidelines is limited resources or funding from Ministry of Finance. There is need to research the extent to which consistent funding increases the levels of service delivery in development.

Another area of concern that emerged in the study is the use of outdated inter-governmental fiscal formula for District Development Budget allocations. There is need for a deep analysis of the extent to which this has affected development progress in local councils

It is also necessary to investigate specific interventions that need to be put in place to ascertain that ADC representation in decision making bodies is incorporated and results that would have on effective implementation of District Development Budget.

The study unearthed issues of central government gripping to power, chiefs being passive and communities not included in most development process. There is need to look at the influence of structural features of state building by looking at history of state formation and social economic structures in trying to investigate why development is still a challenge after 20 years of fiscal decentralization.

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APPENDICES

Appendix 1: POLITICAL ECONOMY ANALYSIS OF FISCAL DECENTRALISATION; THE CASE OF DDF IN MZIMBA DISTRICT.

KEY INFORMANT INTERVIEW GUIDE

KEY ACTORS TO BE TARGETTED:

a. **Central Government Offices: Ministry of Local Government (Director of Local Government Rural Development Services) National Local Government Finance Committee (Senior Budget Analyst, Senior Financial Management Analyst, Financial Analyst, Principal Economist) and Ministry of Finance and Economic Development (Deputy Budget Director)**

CHARACTERISTICS OF KEY INFORMANTS

Name of Key Informant…………………………………………………………

Position……………………………………………………………

Institution…………………………………………………………

Objective 1. Identifying the Key actors and their roles in implementation of DDB

1. What is your understanding of District Development Budget?
2. What is/was your role in the devolution of district development budget?
3. Who are/were the other stakeholders (ministries, offices and departments) involved in the devolution of development budget?
4. What was/is your relationship with the stakeholders and how does your interaction enhance the implementation of DDB?
5. What is your role in the implementation of the DDB at district level?

Objective 2. Assess the interest and incentive of the key players; NLGFC Financial Analyst, Director of Local Government Rural Services, in District Development Budget

1. What is your main interest in the District Development Budget?
2. What was/is the other stakeholders' interest in District Development Budget?
3. What molds and continues to incentivize you in the whole process of management DDB?

Objective 3. Find out the role of formal and informal institutions in the implementation of DDB

1. What formal rules and norms enhance the implementation of DDB
2. How are these formal rules adhered to in DDB implementation?
3. What other informal institutions and relationship frame your actions and decision in DDB?
4. How do these relationships affect the management, resource allocation and implementation of the District Development Budget
5. What role did/do the following play in implementing District Development Fund?
   (a) Institutional structure
   (b) Organizational rules
   (c) Cultural norms and Social beliefs

Objective 4. Analyze the influence of critical actors in District Development Budget

1. Did/do you experience any influence from any individuals in executing the District Development Budget? Explain
2. What influence do you have in the implementation of District Development Budget? Explain.
3. How do you exercise that influence and what motivates you for such action?
4. What influence do political actors (MPs and Councilors) exhort in DDF implementation?

Objective 5. Analyze the influence of politics and power relations in DDB

1. Is there any connection between implementation of DDB and politics?
2. How does politics enhance cooperation and contestation among stakeholders over implementation of DDB?
3. Has political competition promoted or hindered DDB implementation?
   If yes, how?
4. Have you seen any tangible changes or successes of the DDB?
5. How do you think the challenges identified constraining DDB?
   implementation could be addressed to sustain positive outcomes.

PART B. COUNCIL SECRETARIAT; DISTRICT COMMISSIONER, DIRECTOR OF PLANNING AND DEVELOPMENT, DIRECTOR OF FINANCE, DIRECTOR OF PUBLIC WORKS, MONITORING AND EVALUATION OFFICER

CHARACTERISTICS OF KEY INFORMANTS

Name of Key Informant…………………………………………………………….

Position…………………………………………………………….

Organization…………………………………………………………

Objective 1. Identify key players and their roles in DDF Implementation

1. What Does Devolution of development budget mean?
2. What is your role in the implementation of the DDB?
3. What other stakeholders do you work with in the implementation of the DDB?

Objective 2. Assess the interest and incentives of the District Commissioner, DPD, DOF, DPW

4. What is your incentive in the whole process?
5. What is your main interest in DDB?
6. What is the stakeholders' interest in the DDB?

Objective 3. Assess the role of formal and informal institutions in implementation of DDB

1. What formal rules exist to enhance the implementation of DDB?
2. How are these formal rules adhered to in DDB implementation?
3. What types of informal relationships occur within your institution?
4. How do these relationships affect the implementation of the DDB?
5. What role do the following play in the DDB implementation at district level?
   (a) Organizational culture
   (b) Organization structure
   (c) Cultural norms and belief

Objective 4. Analyze the influence of critical actors in DDB

1. Did/do you experience any influence from any individuals in implementing the District Development Budget? Explain
2. What influence do you have in District Development Fund? Describe
3. How do you wield that influence and what motivates you to take that action
4. What influence do political actors have on implementation of DDB?

Objective 5. Examine the effects of politics and power relations in DDB

1. Is there any connection between implementation of DDB and politics?

2. How does politics enhance cooperation and contestation among stakeholders over implementation of DDB?

3. Has political competition promoted or hindered DDB implementation and how?

4. Who do think stands to benefit with such DDB projects and why?

5. Have you seen any tangible changes or successes of the DDB?

6. How do you think the challenges identified constraining DDB implementation could be Addressed to sustain positive outcomes.

Appendix 2: INTERVIEW GUIDE FOR MEMBERS OF SERVICE COMMITTEES; COUNCILOR, MP AND INTEREST GROUP MEMBERS

Name: ____

Institution: ____

Position ____

Objective 1. Identifying the key players and their roles in DDB

1. What Does Devolution of development budget mean?
2. What is your understanding of DDB?
3. What is your role in the implementation of the DDB?
4. What other stakeholders are involved in DDB implementation in your institution?

Objective 2. Assess the interest and incentives of the key actors in DDB

1. For how long have you been in the committee?
2. What incentive is available for you to serve in public
   works?
   Finance committee?
3. What is your interest in managing DDB?
4. What is the interest of other stake holders in DDB?

Objective 3. Assess the role of informal and formal institutions in DDB

1. What formal rules exist to enhance implementation of DDB?
2. How are these formal institutions adhered to in DDB implementation?
3. What types of informal relationships occur within your institution?
4. How do these relationships affect the implementation of the DDB?
5. What role do the following play in the DDB implementation at District level?
   (a) Organizational culture

(b) Institutional structure

(c) Cultural norms and believes

Objective 4. Analyze the influence of critical actors in DDB

1. In carrying out your duties as a chairperson / committee member What influence do you encounter? Explain from who/where?
2. What influence do you have on the implementation of DDB?
3. What influence do political actors have in DDB implementation?

Objective 5. Examine the influence of politics and power relations in DDF implementation

1. Is there any connection between implementation of DDB and politics?
2. How does politics enhance cooperation and contestation among stakeholders over implementation of DDB
3. Has political competition promoted or hindered DDB implementation and how?
4. Who do think stands to benefit with such DDB projects and why?
5. Have you seen any tangible changes or successes of the DDB?
6. How do you think the challenges identified constraining DDB? implementation could be addressed to sustain positive outcomes.

Appendix 3: FOCUS GROUP DISCUSSION GUIDE; (CHAIRPERSONS AND MEMBERS OF ADCS)

Name of ADC: ____

Number of People: ____

Position ____

Objective1. Identify the key players of DDB

1. What is your understanding of District Development Budget?
2. Who are the key players in DDB in your district?
3. What role do you play in the implementation of DDB?

Objective 2. Assess the interest and incentive of the key players

1. What is your interest in DDB?
2. What is your incentive in DDB?
3. What is the other stakeholder's interests in DDB?

Objective 3. Analyze the formal and informal institutions of DDB

1. what are the formal institutions that guide the implementation of DDB
2. Are they adhered to? If yes explain how.

   Are there any informal norms and relationships within your institution that drive implementation of DDB?

3. How do these relationships affect the implementation of the DDB?
4. What role do the following play in the DDB implementation at district level?

   (a) Organizational structure

   (b) Institutional structure

   (c) Cultural norms and believes

Objective 4. Analyze the influence of critical actors in DDB

1. Did/do you experience any influence from any individuals in implementing the district development Fund? Explain
2. What influence do you have in District Development Budget?
3. What influence do political actors have in DDB?
4. What other factors influence the implementation of DDB

Objective 5. Analyze the influence of politics and power relations in DDB

1. Is there any connection between implementation of DDB and politics?
2. How does politics enhance cooperation and contestation among stakeholders over implementation of DDB
3. Has political competition promoted or hindered DDB implementation and how?
4. Who do think stands to benefit with such DDB projects and why?
5. Have you seen any tangible changes or successes of the DDB?
6. How do you think the challenges identified constraining DDB implementation could be addressed to sustain positive outcomes?

Appendix 4: GUIDE FOR REVIEWING DOCUMENTS, GUIDELINES AND MANUALS, REPORTS, COUNCIL MINUTES AND COMMISSIONED RESEARCH FINDINGS WILL BE REVIEWED IN ORDER TO:

- Assess the roles of key actors
- examine the distribution of projects within the district
- Analyze the effectiveness of DDB formal rules and how they are influenced by informal rules
- assess the power of politics in DDB implementation