Malawi Country Office

Public Finance for Children Strategy

2019-2023
PF4C is an important work stream for UNICEF globally and for the MCO. Many of the obstacles to improving child outcomes can be directly traced to public financial management (PFM) challenges, which makes it relevant to all programmatic pillars. Overall, the main aim of this work is to influence the size, equity, efficiency, effectiveness and transparency of public spending at national and sub-national level that affect children. Positive transformation of public expenditure patterns is one strategy of addressing multiple and overlapping deprivations amongst children. It is largely through increased and improved quality of public spending that all nations, including Malawi, can sustainably deliver essential services such as health, child protection, education, nutrition and social assistance to all children.

Malawi is party to several international commitments which relate to PF4C, starting with the Convention on the Rights of the Child (CRC). Article IV of the CRC, to which Malawi is a signatory, requires all State Parties to undertake legislative, administrative, institutional and other measures to “to the maximum extent of their available resources” to progressively implement children’s rights. Other key commitments, include the 2030 Agenda for Sustainable Development, Addis Ababa Action Agenda on Financing for Development, Human Rights Council resolution on ‘Investing in the Rights of the Child’ and General Comment No 19 on Public Budgeting for the Realization of Children’s Rights. In 2017, Malawi presented its third, fourth and fifth combined State Party Progress Report to the Committee on the Rights of the Child. In its concluding observations, the Committee encouraged the Government to ensure more and better spending on children. In addition, the Government of Malawi has signed up to various regional and global resolutions that relate to investing in children, including allocating 15% of its annual budget for health (the Abuja Declaration) and 20% for education (Incheon Declaration and Framework for Action for Education for All), as well as 0.5% of GDP to sanitation and hygiene (eThekwini Declaration).

The UNICEF Malawi Strategic Plan (2019-2023) recognizes PF4C as a core strategy for achieving its goals. The plan emphasizes the need to influence planning, public revenue mobilization and budgeting in order to achieve child friendly, inclusive and resilient communities. It also highlights the importance of transparency, public engagement, policy dialogues and strategic partners for innovation. By influencing public expenditures and related processes, PF4C efforts are expected to contribute to the attainment of the vision of the Malawi Country Office where “all girls and boys in Malawi, especially the most disadvantaged and deprived, realize their rights.”
KEY CHALLENGES THAT THE PF4C STRATEGY SEEKS TO ADDRESS

a) **High Deprivation Levels:** An estimated 60.5% of children in Malawi are multi-dimensionally poor, the majority of which live in rural areas, at a time when the country is experiencing a demographic boom, which is already overstretched service delivery to children. Children in Malawi are deprived in many dimensions including education, nutrition, child protection, housing, health, water and sanitation.

b) **Limited Fiscal Space:** The Government of Malawi operates with very limited fiscal space, which underscores the importance of effective prioritization and efficient use of available domestic and international resources. The Government has the challenge of exploring opportunities to expand its fiscal space by tapping into available domestic and international resources.

c) **Insufficient and Inequitable Social Sector Budgets:** Budget allocations to key child focused sectors such as health, nutrition, education, child protection and social protection, have stagnated since 2014, and fall short of investment needs.

d) **Budget Implementation Challenges:** Budget execution challenges such as delayed disbursements, late reporting and accountability, low absorption capacities of capital budgets, fragmented financing mechanisms and disbursements not linked to cash flows persist. Wastages and leakages are also common despite the Government’s ongoing efforts to address these issues.

e) **Low Budget Transparency:** Concerns have been raised by various stakeholders about budget transparency, accountability and public participation challenges. In 2017, Malawi scored 26 out of 100 on the Open Budget Index. This means that the country provides very limited budget information in the public domain.

f) **Fiscal Decentralization Not Working Optimally:** Several fiscal decentralization challenges such as weak institutional capacity due to shortage of critical staff (accountants, finance personnel etc.), weak financial oversight by local legislatures and outdated intergovernmental fiscal transfer formulae are hampering effective public spending on social sectors at sub-national level.

STRATEGIC FRAMEWORK

**Goal**
To support the Government of Malawi to meet its commitment to respect, protect and fulfil children’s rights by assisting to make public spending on sectors and programs benefiting children sufficient, equitable, efficient, effective and transparent.

**Strategic Objectives (SO)**
- **SO1:** By 2023, oversight and representative roles of legislatures with regards to public spending and children’s rights is strengthened.
- **SO2:** By 2023, the Government of Malawi has strengthened its capacity to mobilize sufficient revenue to invest in children, especially from domestic sources, and ensures that the revenue is efficiently and equitably allocated to sectors and programs benefiting children.
- **SO3:** By 2023, selected District Councils have institutionalized child responsive budgeting practices, for improved access and quality service delivery to all children, especially the most deprived children.
- **SO4:** By 2023, the Government has improved the efficiency, effectiveness and equity in the utilization of social sector resources.

**Performance Indicators**
- Changes in Government budgets which directly benefit children in per-capita terms and as a proportion of original approved budget, by sector, program or cost center.
- Number of Local Authorities which undertakes budgetary, policy or other administrative measures to improve quantity and quality of public investments in children.
- Changes in legislative, institutional, administrative and other measures by relevant ministries, departments and agencies to improve efficiency, effectiveness and equity of expenditures.
- Improved national score on the Open Budget Index.¹

¹ The Open Budget Index is an internationally recognized tool for measuring the level of budget transparency. The Index is produced by the International Budget Partnership, based on an open budget survey which looks at three main areas: 1) public access to information and comprehensiveness of budget documents, 2) legislative oversight and 3) public participation in budgeting.
To achieve set objectives, this PF4C strategy will have five action areas namely: 1) Legislative Engagements; 2) National Budget Influencing; 3) PF4C and Local Governance; 4) Expenditure Monitoring, and 5) Budget Transparency and Public Participation. The above-mentioned core action areas have been inspired by the PF4C programmatic framework developed by UNICEF East and Southern Africa Regional Office as shown in Figure 1. In the framework, PF4C interventions are divided into three complementary pillars: (i) measure and monitor how much is being spent; (ii) maximize the impact of available resources; and (iii) increase spending. Each pillar is accompanied by key questions to guide interventions.

Figure 1 Conceptual Framework for Influencing Public Finances

**Measure and monitor**
- What is the priority, size, equity and composition of budgets?
- How has this changed over time, including in real per capita terms?
- Are fiscal transparency and accountability mechanisms robust?

**Maximize impact**
- Are budgets optimally balanced across items, programs and groups?
- Are budgets minimizing costs and delays and fully used as intended?
- Are budgets delivering expected results?
- Are budgets benefiting the most deprived children?

**Increase investment**
- How much is needed to reach specific targets?
- How can the gap be financed?
- What are measures to ensure financial sustainability?

**Strengthen policies and capacity**
- Are institutions and budgeting frameworks conducive?
- Are socio-economic policies supportive?
- Do officials possess the requisite capacity?
UNICEF MCO seeks to enhance the capacity of Parliamentarians to effectively perform their financial oversight role in social sector spending and to advance children’s rights by working with Committees and other relevant structures including the Parliamentary Budget Office (PBO).

UNICEF MCO aims to engage in social sector budget and expenditure analyses, advocacy and related capacity building for increased and improved quality of social sector spending to benefit all children.

UNICEF MCO intends to extend its budget analysis, evidence generation, advocacy and capacity building work to the sub-national level, including influencing the intergovernmental fiscal transfer system, role of local legislatures and to strengthen program-based budgeting at local level.

UNICEF MCO seeks to periodically track and monitor utilization of social sector budgets in order to assess efficiency, equity, benefit incidence and impact of budgets on different categories of children using tools such as Public Expenditure Reviews (PERs), public expenditure tracking surveys (PETS), Value for Money analysis and benefit incidence analyses.

UNICEF MCO will work with civil society organizations to advocate for improved fiscal accountability and budget transparency at national and local level, based on evidence generated in open budget surveys and related financial diagnostics.

### IMPLEMENTATION OF THE STRATEGY

#### Three main strategies will be used to achieve intended outcomes notably:

- **Evidence generation, policy engagements and capacity building.** In all these three, UNICEF will collaboratively work with other development partners and civil society to engage relevant ministries and departments. When required, UNICEF will contribute to capacity strengthening of different public finance management institutions.

- **Raising awareness and building capacity in the office.** Considering that knowledge of public finance and capacity for budget and economic analysis varies across sections, Social Policy Section will support staff with basic tools, methods and hands on support in undertaking PF4C analysis. Staff will also be encouraged to undertake relevant online and face-to-face training workshops.

- **Clarify roles and responsibilities, as well as sharing resources with other Sections.** PF4C is a cross-sectoral issue. Deliberate efforts will be made to clarify the role of Sections and of Social Policy. At a strategic level, Social Policy sees itself as a convener, coordinator, catalyst and reference point. Sections will be requested to contribute to the PF4C Budget. Social Policy will work with other Sections to ensure that UNICEF approaches Government and other stakeholders with a coherent voice and advice.

- **Promote pillar wide implementation of the PF4C strategy to all Pillars.** The PF4C Task Team will be actively involved in ensuring that the PF4C strategy is translated into concrete actions across all pillars. There is need to improve planning and integration of PF4C actions within the office.

Within the MCO, Social Policy Section will encourage a more strategic approach to PF4C. This will entail three actions:

- **Exemplifying, implementing and extending (EIES) strategy.** This approach is crucial to institutionalizing PF4C at different levels, by extending the knowledge, skills and awareness of PF4C to all sections, including at technical levels. This will involve providing specialized training on PF4C to all staff and ensuring that all departments, sections and divisions are aware of the importance of PF4C.

- **Advocacy and outreach activities.** This will involve working with other development partners, including the World Bank and the International Monetary Fund, to promote the benefits of PF4C and to encourage other stakeholders to adopt similar approaches.

- **Monitoring and evaluation.** This will involve tracking the progress of PF4C initiatives and evaluating their impact. This will help to ensure that the strategy is being implemented effectively and that any needed adjustments are made.
All girls and boys in Malawi, especially the most disadvantaged and deprived, have access and quality basic services to realise their rights.

Increased and equitable public spending of domestic and international resources to sectors and programs which improve the well-being of children in national and local budgets.

Efficient, effective and transparent use of domestic and international resources earmarked for social sectors.

Enhanced fiscal space to improve spending on social sectors.

Prioritisation of social sectors and child focused programs in resource allocation.

Enhanced oversight role of legislators and oversight institutions in social sector spending.

Civil society, including children and young people, hold duty bearers to account for their budgets and service delivery commitments.

Improved credibility of budgets and public access to budget information.

Strengthened PFM systems at local and national level.

Support innovative financing mechanisms

Support committees to scrutinize budgets

Produce Budget Briefs

Produce Investment cases: Rate of return analysis; Cost benefit analyses

Public expenditure reviews

Support reform of the intergovernmental fiscal transfer systems

Support social accountability initiatives by CSOs

Support Committees to scrutinize budgets

Ensure supportive environment for children

Support multi-stakeholder policy dialogues, including with civil society

Support open budget surveys

Public expenditure reviews; public expenditure tracking surveys; benefit incidence analysis

Support Parliamentarians to do public hearings

Support Government to strengthen fiscal accountability and transparency

Support the reforming of social protection etc

Support the strengthening of social protection etc

Support the strengthening of social protection etc

Support setting up of multi-donor trust funds/pooling and such other mechanisms

Support costing exercises

Impact

Outcomes

Outputs

Activities

ANNEX 1: THEORY OF CHANGE

Fiscal Space Analysis

Support innovative financing mechanisms

Teaching of aid

Support setting up of multi-donor trust funds/pooling and such other mechanisms

[Diagram showing impact, outcomes, outputs, activities, and their relationships]
ANNEX 2: SELECTED ACTIONS THROUGHOUT THE BUDGET CYCLE

1. Advocacy for plans and policies to be child-sensitive and equity-focused
2. Advocacy for fair ceilings
3. Fiscal space analysis and advocacy
4. Costing of plans
5. Review of allocation formulas
6. Budget analyses (budget briefs) and investment cases
7. Cost-efficient analysis

Social accountability
Public expenditure reviews
Value for money analysis
Cost-effectiveness analysis
Advocacy for budget transparency
Support PFM reforms

Pre and post budget public hearings
Engagement with parliamentary committees
Rapid budget analysis
Advocacy for budget transparency
Strengthen role of legislatures
Equity analysis of allocations
Support CSOs’ engagements with Government

Public expenditure tracking
Public expenditure reviews
Social accountability
Value for money analysis
Bottleneck analysis
Benefit incidence analysis

Planning & Budget Formulation
(December - April)

Oversight, Reporting and Auditing
(ongoing)

Budget Approval
(May - June)

Budget Execution
(July-June the following year)