

Facing Donor Missions with Informed Policy Decisions: Lessons from Capacity Strengthening for Policy Analysis in Malawi

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Résumé: Le malaise actuel des décideurs et analystes des politiques gouvernementales dans plusieurs pays en voie de développement est dû au fait que les bailleurs imposent leurs points de vue sur les réformes politiques à travers des restrictions et des conditionnalités dans l'utilisation des fonds. Cet article tente de renforcer la capacité d'analyse des politiques au Malawi à travers la collaboration bailleurs-gouvernement dans les processus d'élaboration des politiques et de préparation de projets, lorsque l'expérience pratique montre que cela est nécessaire aux économistes du gouvernement afin qu'ils négocient plus efficacement avec les missions des bailleurs. Certains pensent que le renforcement de la capacité et des institutions pour l'analyse des politiques de développement en général est nécessaire, si elles doivent être durables.

Introduction

Development projects funded by international development agencies have formed a major method of intervention in various sectors of developing countries in the past four decades. Generally, implementation of these projects follows a thorough analysis of the development issues addressing a sector by clearly defining development plans and policies. In addition to the plans proposed by the government departments, development research and policy analysis of the international agencies provide information for setting priorities for implementing intervention projects. In recent years, there has been considerable conflict among the priorities set by governments and those of international lending agencies in implementing development projects both at the sectoral and at the national level (*The Economist* 1993; Von Freyhold 1985:113). This has resulted in unnecessary delays in the initiation of development projects. Further, such disagreements tend

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to reduce the speed with which the intervention projects could be implemented and retard the process of development. Thus, it is important to identify the impediments in reaching consensus on development issues so that improved means of collaboration between the government and donor agencies could be developed.

The lack of human and institutional capacity and poor utilisation of the existing resources, the conditionalities associated with the donated aid and the lack of coherent framework for aid management are among the frequently suggested reasons for poor collaboration between government and donor agencies in implementing development projects. Issues related to the political economy of aid conditionality have also been shown to play a significant role in determining the use of funds and the ultimate success of the development policies and programmes.

The hidden agenda of the donor agencies and how they influence the implementation of the proposed development programmes have been well documented (Moslay *et al.* 1991). The lack of interest in project implementation from the recipient governments due to aid conditionalities and the resultant failure of the development projects have cost significant amount of resources both to the donors and the recipient governments. Yet, conditionalities associated with the aid continue to be imposed, although the degrees of their compliance vary. Given the high dependency of development projects on the external resources, the conditionalities are accepted with an expectation that they could be overcome or managed during the actual use of the funds.

Successful negotiations with donor agencies to reduce the conditionalities require strengthening the indigenous capacity of the government to generate informed policy decisions. Such capacity could be developed through periodically upgrading the skills of the policy analysts and managers in the governments. This paper addresses the issue of capacity strengthening as an approach to enhancing the process of donor-government negotiations and relates it to the associated issues of political economy of aid conditionalities and aid management.

The process of donor funding and its relationship to policy analysis capacity in the recipient government is described in the next section. A conceptual framework for donor-government collaboration in policy analysis and capacity strengthening is given in section three. A brief description of the Food Security and Nutrition Monitoring System that has been developed by the Malawi Ministry of Agriculture for designing agricultural policies is presented in section four. The process of collaboration between the World Bank mission and the government economists and its outcome — identification of policy interventions

and improved capacity of policy analysis — are also explored in section five. Lessons from this exercise are documented in section six and the concluding remarks form the last section.

The Process of Donor Funding and Its Implications for Policy Analysis Capacity

The ideal process of funding a development project could be described as follows. Sectoral ministries such as Ministry of Agriculture or Ministry of Health identify areas of interventions that could result in an improvement in the welfare of the population. Given the limited allocation of funds from the government, intervention projects depend largely on external sources of funds, at least until they are absorbed under the government revenue for continued implementation. These funds are obtained from bilateral and multilateral agencies through either loans with low interest or grants in kind or cash. For the projects funded through loans, multilateral agencies such as the World Bank, the International Monetary Fund and their regional counterparts such as the Asian Development Bank, African Development Bank and PAN American Bank are by far the leading institutions.

The project proposals from the governments are evaluated for the benefits and costs by the lending agencies when the request for loans are made by government ministries. The projects are also reviewed for the nature of implementation procedures before the loans are approved. To appraise the project and review the proposals from the governments, donor agencies employ project economists with an additional group of subject matter specialists relevant for the design of the project. However, due to the lack of adequate capacity to identify the problems, develop the issues, analyse the policies and prepare a project document in developing countries, these tasks are also done by the donor staff or their consultants. Equipped well with such information and research results that could be applied directly to prepare the projects and advise the governments on the process of implementation, the members of the donor missions have an edge over the government economists. The donor agencies use this advantageous position to modify the policies of the governments. In this process, these organisations also impose certain restrictions and conditions in the use of their funds. This has led to a state of discontent among government officials, with a perception that the donor agencies impose their views on the governments and that the country governments have no way of disputing or arguing successfully with the donor missions. This is partly because the government economists are generally not prepared adequately to face donor missions although they are aware of the issues that face their sector and the potential interventions that are likely to improve the welfare of the population.

Notwithstanding the political pressure under which they operate, government economists tend to cooperate with the donor missions. They help donor missions with information and data required for project preparation, but generally have limited say in the method of policy analysis and the projects suggested for implementation. In some cases, if a donor agency decided that a particular project should be implemented, it can force it on the government irrespective of the need for such a project. This is largely seen by the government economists as an imposition of external views and this reflects in lack of their support and enthusiasm in the implementation of such projects. However, hitherto, there is a growing resistance in several developing countries to accepting the projects suggested by donors although those projects are proposed with good intentions (*The Economist* 1993).

For successful implementation of development projects funded by donor agencies, it is not enough to resist the projects which are not considered essential; the governments should have the necessary capacity to face the donor missions and defend such a position. Until such capacity is developed, the imposition of views and projects by donor agencies is likely to continue. While this is recognised as a pressing development problem, little attention has been paid to it by the academic and research community (Liddle 1992). Information is lacking on the potential areas of conflict between the government and donor agencies in the process of formulating development plans. The policy analysis capacity in the government departments also need to be reinforced to enable government officials to negotiate better with donor agencies. In developing countries, one of the major approaches to do this has been largely through training and upgrading of the skills of government policy analysts.

The objective of this paper is to document an approach taken by the Malawi Ministry of Agriculture to work with the project preparation missions of the lending agencies in designing projects with informed policy decisions through joint research and analysis of the data. A case study of a project on how to design food and agricultural policies, through strengthening the policy analysis capacity of government economists based on the collaborative efforts of a World Bank mission and the Ministry of Agriculture, is presented. The Food Security and Nutrition Monitoring System implemented by the Malawian Ministry of Agriculture, as a basis for agricultural project planning and policy making, is used in this research.

Government-Donor Collaboration in Policy Debate and Analysis: A Conceptual Framework

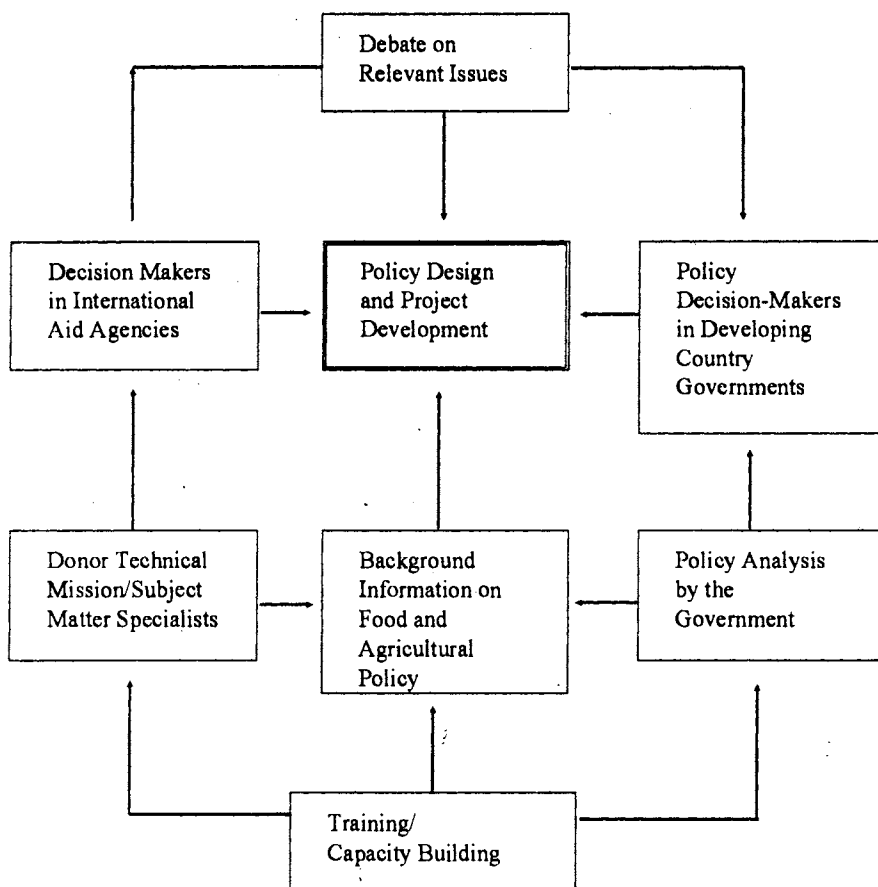
Successful design of development policies and their effective implementation require a thorough understanding of the issues confronting various sectors and a commitment by the government officials in addressing those issues. Given the major role of the international donor agencies in policy reforms and their implementation, collaboration of these agencies with government officials is essential. Lack of such collaboration and the resultant low level commitment from the government have been frequently suggested as a factor determining effectiveness of the intervention projects in improving the welfare of the population. To understand the potential areas of collaboration between a donor agency and the government departments and the activities that will require their joint contribution, a conceptual framework is shown in Figure 1, with the food and agriculture as a leading sector.

Informed policy decisions and development of intervention projects as final outcome of collaboration between government departments and donor agencies is given at the centre of the diagram. The decision makers from the donor agencies and the governments are placed on both side of the final outcome as its contributors. The first stage in the design of policy reforms and preparation of projects is to have a candid debate of relevant issues that affect the food and agricultural sector (Bremer-Fow *et al.* 1988). Such debate should also identify potential alternative strategies that may influence the sector.

In the second stage, these policy alternatives should be analysed for their potential impact on the welfare of the population. Information derived from the policy analysis is documented generally as background papers for discussion between the government departments and the donor agencies. Two groups of analysts are involved in the analysis process; the technical mission of the donor agency and the policy analysts from the government. The government policy analysts also include the technical assistance personnel and policy advisors already present in the government. In the absence of analytical capacity in the government ministries, policy analysis is generally carried out by the donor-employed analysts. An important element that is often missing in the process of policy analysis is the interaction of the donor-employed analysts and the government policy analysts. Enhancing such interaction would result in boosting of usually weak capacity of the government economists in policy analysis. Considering that the preparation of project plans and policy interventions by the donor missions are regular feature in a developing country, there exists an opportunity to develop analytical capacity by introducing an

additional element of training in project preparation activities by the donor agencies. This is shown at the bottom of the conceptual framework.

Figure 1: A Conceptual Framework for Identifying Areas of Government-Donor Collaboration in Policy Analysis and Capacity Strengthening



Although government-donor collaboration, as illustrated above, could enhance the success of policy interventions, formulating development projects and their implementation continue to be undertaken with limited or no government inputs. The policy issues and the areas that require reform are often identified by the donors and suggested to the government. However, they need not be accepted by the government before policy alternatives are analysed. The analysis of donor-determined policy alternatives are generally carried out by the donor-employed consultants who prepare the background material under time pressure and circumstances of poor data availability. The policy alternatives are analysed without involving government policy analysts although they are frequently involved in data preparation and interpretation. The results of the policy analysis are then used to support the policy reforms. Intervention projects are prepared to address the reforms with very little interaction of the government policy analysts. The role of government, or the lack of it, in these efforts, should also be recognised adequately.

The political environment in which the government policy analysts operate preclude them from recognising the potential areas of reform. This is partly due to the apathy of senior decision makers in undertaking new policy initiatives. This results in donor agencies playing the role of advocacy by pointing out the problem areas. Further, the present institutional arrangement and the low availability of human capacity for policy analysis in governments in several developing countries do not provide opportunity for analysis of policy alternatives (Babu *et al.* 1993). Consequently, they continue to be undertaken by the donors themselves. This results in acceptance of donors' recommendations as potential areas of intervention. This situation is likely to persist until a critical mass of policy economists are trained, placed strategically and assigned the responsibility of policy analysis (Paul *et al.* 1989).

While developing adequate capacity to identify the policy issues and to analyse the alternative strategies is generally considered as a long-term process, it is important to identify possible avenues for reinforcing the capacity of existing personnel in contributing to the policy debate and in understanding implications of policy alternatives. The remaining of this paper narrates one such effort made in the Malawi Ministry of Agriculture in the preparation of the Agricultural Services Project of the World Bank.

Food Security and Nutrition Monitoring as a Basis of Agricultural Policy Analysis and Planning in Malawi

Household food security and nutritional status of the population as major indicators of welfare are influenced by government policies and interventions. This is particularly so when food security and nutrition issues are considered as

final objectives of food and agricultural planning. Failure to identify the factors associated with food security and malnutrition explicitly in the process of policy decision-making may result in implementation of erroneous policies (Pinstrup-Andersen 1989). Given the scarcity of information on the indicators of and factors associated with food security, food and agricultural policies are more frequently made under the veil of ignorance. The food security and nutrition monitoring systems which are being developed in several developing countries form a major source of information which could be integrated readily into development planning and policy interventions (Arnauld *et al.* 1990; Babu and Mthindi 1992).

In Malawi, data collected from rural households through Food Security and Nutrition Monitoring (FSNM) surveys provide information to the policy decision makers on the food security and nutrition situation in various parts of the country. The surveys involve use of four different modules: food security module, markets and prices module, household expenditure module and nutrition monitoring module. They are conducted twice a year to capture the effects of seasonality on food availability and nutritional status of the population. In a year, the first round of survey is conducted just before the harvest in June and the next round is implemented in December, during the planting period.

Capacity Strengthening for Development Policy Analysis in Malawi

On a country basis, capacity building is required generally at three different levels for development policy analysis. For the purpose of identifying the target groups for capacity strengthening, they could be classified as national level, sectoral level and local level capacities. The policy analysis skills that are required to address the macroeconomic issues and their role in food and agricultural sector and the issues relating to the food trade, stock management and food aid are generally developed at the national level. The capacity to deal with the sectoral policies relating to agricultural sector such as agricultural production and price policies are seen as basic requirement in the sectoral ministries. Although the need has been felt for quite sometime, there exists a general consensus that the issues relating to capacity strengthening to meet the policy analysis at the local (regional) level has not been adequately addressed (Kinyanjui 1994).

Policy analysis capacity to general public and private actions towards food emergencies has been increasingly recognised as an important factor in mitigating the effects of famines and other food related calamities. The policy analysis capacity is also essential for monitoring and evaluating the food intervention programmes on security and nutrition which could be used for understanding the coping mechanisms that the households adopt to improve their

food security. In addition, capacity to analyse the food and agricultural issues and address them in a policy and programme context is essential for intervention and action at the community and grassroots levels. Such capacity also enhances the effectiveness of governmental and private voluntary organisations in mobilising and targeting their resources to improve the food security and nutritional situation of the population. Above all, the policy analysis capacity to analyse, interpret the information from the field, and design appropriate intervention related policy in the food, agriculture and nutrition sector is fundamental for implementing development programmes to meet the welfare needs of the population.

The food security and nutrition monitoring system in Malawi provides an opportunity to design policy interventions and development programmes that could be addressed to improve the welfare of the population at three different levels. As described earlier, in the first stage, the data collected from the rural households on the indicators of and factors affecting food security and nutritional status are processed and analysed for decision making at the agricultural district level. The evaluation economists in each of the eight agricultural development divisions analyse the data collected from their divisions. Besides this group of policy analysts, the capacity strengthening efforts in Malawi have also concentrated on improving policy analytical skills of two other target groups, namely the economists and nutritionists at the sectoral (ministry) level, particularly in the Ministry of Agriculture and the Office of the President. It should be noted, however, that the capacity building efforts in policy analysis in the past invariably focused only on the later groups.

Training in development policy analysis involved, as a first step, developing an inventory of potential policy alternatives and programmes that could be implemented at the national level of decision making. The economists and nutritionists were involved in this process through a series of training workshops. The major content of this training was to develop a conceptual framework which could be sent to analyse the issues relating to household food security nutrition. The conceptual framework was then used to differentiate the indicators of household food security and nutritional status which reflect the welfare of the population from their casual factors. The workshops also addressed the potential areas of intervention which have immediate, medium term and long term impacts on the welfare of the population.

The variable (indicators and casual factors) for analysis were also classified according to their level of influence, namely at the household level and at the community level. Followed by the conceptualisation exercise, the participants were trained to relate the indicators of food security and nutritional status to

casual factors to infer the degree of their association. Some of the specific analytical skills developed during the training workshops included functional classification of food insecure households; analysis of production-oriented policies; and analysis of household coping mechanisms and their implications for designing development programmes.

In sub-Saharan Africa, most of the countries have established food security and nutrition monitoring systems. However, their objectives, levels of operation and extent of coverage differ widely (Babu and Mthindi 1992). Despite this development, the use of information in designing appropriate policies has been limited. This is partly due to the lack of human capacity and institutional arrangements within the governments to analyse and report the situation.

The Case of World Bank Ministry of Agriculture Collaboration in Policy Analysis

The Agricultural Services Project to be implemented in Malawi for the next ten years with loans from the World Bank is an outcome of the collaborative effort between the members of the World Bank technical mission and the government policy economists. During the early stage of project preparation, the Ministry of Agriculture assigned specific groups of staff to work with the members of the technical mission depending on the policy issues that are to be tackled. This resulted in formulation of informal teams that could work on specific issues and prepare background working papers.

Identification of Policy Issues

Identifying broad policy issues that should be addressed is important before preparing the project components for funding. A three-day workshop was organised by the Malawi Ministry of Agriculture and the World Bank with participants from government, donor agencies and academic institutions to discuss various policy issues that are within the food and agricultural sector. Various potential policy alternatives were identified for further analysis during this workshop. The policy options which addressed the smallholder productivity included adoption of hybrid varieties of maize; increased cash crop production; adoption of agroforestry techniques such as alley cropping; adoption of soybeans in cropping rotations to increase soil fertility and introduction of small scale irrigation. In what follows, only the collaborative and capacity strengthening efforts related to these policy issues will be discussed, although various other issues were identified and addressed subsequently by other policy analysis teams. Other components of the Agricultural Services Project included agricultural extension policies; agricultural research issues; rural credit policies; irrigation development; and input supply for agriculture.

Identification of Data Sources for Policy Analysis

Using the policy issues suggested by the workshop participants as guidelines, the policy analysis teams prepared an inventory of existing data in Malawi to be used in their analysis. Food Security and Nutrition Monitoring System data collected by the Agricultural Development Divisions (ADDs) formed a major source along with other existing information such as Annual Surveys of Agriculture (ASA).

In the Annual Surveys of Agriculture, a nationally representative sample of smallholder households are interviewed during each crop year. The information collected through the ASA included household size and composition, size of smallholder garden plots, cropping patterns, yields of crops, input use, timing of crop operations, off-farm employment, livestock owned and marketed, extension contacts and remittances. In addition to these two major data sets which were already available in the Ministry of Agriculture, smallholder crop production estimates from the ADDs, fertiliser use data from agricultural research trials and markets and prices data from the Rural Development Projects were identified as potential data sources (Babu 1991). A data management team was formed to help policy analysts from both the government and the World Bank in preparing these data sets for analysis. It included a statistician, a computer programmer and an economist from the Ministry of Agriculture.

Preparation of Data Sets for Policy Analysis

A typology of smallholder farm households was developed to prepare the data sets in analysing the policy issues. Recognising the heterogeneous nature of smallholder farming households in terms of differences in resources availability, three broad categories of households were identified. They were further classified into eight groups based on the agro-ecological zones defined by the development divisions (Babu 1992).

Table 1 presents the basic typology developed for policy analysis in the smallholder sector. The households in the first category have sufficient resources to capitalise opportunities provided through the policy options. They are also able to respond to relative price changes through additional investments. Households under the second category satisfy their basic needs in good years and take limited risks in bad years. With improvements in their income, they could respond better to the policy changes considered under the project. The third category included both chronically food deficit households and those who are sporadically deficit in food. A major use of this typology was to design strategies that correct differential requirement of these categories of households in promoting poverty alleviation and growth along with equity considerations.

Table 1: A Tentative Typology of Smallholder Households

Household Characteristics	Area Cultivated Per Household by ADD (ha)							
	Karonga		Mzuzu					
1. Surplus producers with market orientation	>1.50	>1.00	>1.00	>1.50	>2.00	>2.00	>1.50	>3.00
2. Smallholders with enough land to meet food needs	0.75 1.50	0.75 1.00	0.50- 1.00	1.00- 1.50	1.00- 2.00	1.25 2.00	0.75- 1.50	1.75- 3.00
3. Food deficit household	0.50 0.75	0.25 0.75	0.50- 1.00	0.50- 1.00	0.50 1.00	0.50 1.25	0.50- 1.50	1.00- 1.75
Chronic	<0.50	<0.25	<0.50	<0.50	<0.50	<0.50	<0.50	<1.00

Source: Ministry of Agriculture, Lilongwe.

Based on this typology, the data sets were prepared to address specific policy issues. For example, the Food Security and Nutrition Monitoring data were reorganised to analyse the following: characteristics of food insecure households, nature and seasonality of household employment, coping strategies of food insecure households, labour availability for agricultural operations, technology adoption characteristics, nature and extent of market availability for inputs and outputs, patterns of expenditures and growth linkages, and food security, health and nutrition linkages. The Annual Survey of Agriculture data was prepared in line with policy issues relating to incentive structure, agricultural technology, crop diversification and public expenditure requirements in the agricultural sector. The data preparation team worked hand in hand with the policy analysis team in making the data readily usable for policy analysis.

Linking Capacity Strengthening with Policy Analysis

Using the technical mission of donor agencies — whose primary goal is to prepare project documents — for strengthening capacity in government departments contributes to successful implementation of proposed projects. For example, an understanding of the methods of policy analysis used for preparing the projects enables the government economists react constructively to the project proposals. In addition, a good grasp of the results of alternative policies

enhances their capacity to influence the decision makers at various levels in implementing prudent policies.

In adopting the food security and nutrition monitoring data for policy analysis, two sets of policy analysis training were provided by the World Bank technical mission. In the first, the policy analysts at the ADDs were given a week-long formal training in converting the farm-household data into meaningful policy recommendations. This also formed a part of their regular training in the analysis of FSNM data for policy alternatives at the ADD levels. The details of the contents and approach of training programmes are given elsewhere (Babu and Mthindi 1995). In the second set of training, policy analysts at the sectoral level (MOA headquarters) were trained on a one-to-one basis in analysing sectoral policy alternatives using the data sets described earlier. The first set of training along with training programmes that were on-going under FSNM resulted in a series of food security working papers at the ADD level which identified production-oriented policies to improve productivity and household food security of smallholder farmers (MOA 1991). The second set of training resulted in a series of background papers written specifically for preparing the project documents for the Agricultural Services Project (Simler 1992). These background papers were used further in the preparation of specific intervention projects and their implementation plan.

Converting Results of Policy Analysis into Intervention Projects

Policy research results as an outcome of policy analysis capacity strengthening interaction are given in Table 2. Two major policy issues that were addressed by the Agricultural Services Project to be funded by the loans from the World Bank included, reforming institutions and management of agricultural research, extension, and input supply systems; and increasing the farm income and food security of smallholder farmers through increasing productivity. Under each of these broad policy issues, several policy alternatives were considered for analysis by the government-donor teams. For example, under increasing farm income and food security, adoption of hybrid flint maize varieties, diversification through cash crop production, adoption of agroforestry techniques, and small-scale irrigation were some of the policy alternatives analysed for their potential impact. The basic results of the policy analysis conducted by the donor-government team which resulted in enhancing policy analysis capacity in the Ministry of Agriculture are given in the third column of Table 2. The project components that were guided by the results of policy analysis are given in the last column. These components were presented to the subject matter specialists and senior level decision makers during a workshop organised by the Ministry of

Agriculture and the World Bank. This provided an opportunity for brainstorming the project components and re-emphasising the results of policy analysis.

Table 2: Policy Issues and Conversion of Policy Analysis Results into Intervention Projects

Policy Issue	Policy Alternatives	Policy Research Results	Project Components
1. Reforming institutions and management of agricultural research and extension and input supply systems	establish a cost-effective research system to generate technology responsive to farmers' needs. provide cost-effective extension for productivity. increase availability and use of fertiliser by smallholders	Improved research management could reduce cost and increase research benefits; impact of extension could be increased by integrating with research at local levels; increased infrastructure for input delivery could increase the impact of technology generated from research	Improve research - extension linkages. Delinking credit from extension; expansion of livestock extension integrate women's programme into national extension support formulation and implementation of fertiliser policy reforms; institutional support for private sector fertiliser trade
2. Increase farm income and food security through increasing smallholder productivity	adoption of hybrid maize varieties. crop diversification with cash crops. adoption of agroforestry techniques	adoption of hybrid maize increases smallholder income by 57 per cent; inclusion of burley tobacco as a cash crop in credit increases net returns by 43, 15 and 17 per cent for small, medium and large smallholder; using <i>Acacia albida</i> as a tree crop for fertiliser for hybrid flint maize, the net returns of these farmers increases by 61, 18 and 17 per cent	Increased availability of hybrid maize seed by increasing seeds production and reducing their price; continued expansion and necessary support for liberalising tobacco to smallholder farmers; investment in projects for extension of Agroforestry technologies

Source: Ministry of Agriculture, Lilongwe

The government economists who were part of the policy analysis teams were also the members of the discussion groups which finalised the project components for implementation. These economists, trained in conducting the policy analysis and in understanding the implications of the results of policy analysis in preparing the agricultural services project, played the role of resource persons in these group discussions by helping the policy decision makers to better relate the policy results to the final outcome of the project goals. Without such a group of trained economists to facilitate the group discussions, these

project preparation exercises might have resulted in two possible but extreme outcomes; either the government decision makers take the World Bank project preparation mission's word for it or reject a part or total project components recommending further study. Even with the government economists involved in policy analysis and project preparation, projects can still be rejected with a recommendation for further study. But the capacity for such studies has been created by the approach to project preparation followed by the Malawian Ministry of Agriculture.

With the support of trained policy analysts, the policy decision makers of the government faced the World Bank mission with more confidence and speeded up the preparation of implementation documents to be used for negotiations. Some of the government economists who were members of the policy analysis teams were also part of the government negotiation team which was sent to Washington DC. The capacity developed in understanding the issues, policy analysis, and project preparation during the early stage of the project was helpful in feeding relevant information at appropriate time during the negotiations from the government side.¹ This facilitated the negotiations since the major actors from the government side were clear about objectives of the project and the process of implementation. The relevance of the conditionalities as they relate to the implementation of project activities was also better appreciated by the policy decision makers.

In addition to their use in the process of developing the Agricultural Services Project, the policy working papers were also fed into the general policy development framework of the Ministry of Agriculture. For example, the economists who were involved in the donor-government collaboration in policy analysis were also asked to develop a revision of the National Development Plan 1987-1997. The results of the policy analysis were effectively used in this process. This was possible due to the existence of trained human capacity to analyse the need for changing earlier policies and priorities. As mentioned earlier, the Food and Nutrition Information System which comprises the Planning Division, Prices and Marketing Divisions, and National Early Warning System in the Ministry of Agriculture, provided platform to debate the emerging policy results and convert them into policy statements of the Ministry of Agriculture.

1. Personal communication with Mwanthengere.

Lessons from Capacity Strengthening Through Government-Donor Collaboration

The process of converting data into policy guidelines and using them effectively in designing development projects is seen as a surmountable task facing governments given inadequate institutional and human capacity for policy analysis (Paul *et al.* 1989; Webber *et al.* 1988). Due to this deficiency, government agencies depend on the analytical capacity of the donors who fund development projects. This situation has resulted in government officials having very little or no power in setting priorities among development projects during the process of donor-government negotiations. Although recognised as a common problem in several developing countries, this has not been addressed adequately in the development literature. There is no general prescription to address this constraint since the solution could vary from country to country and call for an understanding of the need for capacity and improved policy information at various levels. However, from the case study of Malawi presented earlier, it is possible to derive some lessons for similar situations in other countries.

Human capacity in generation and compilation of data and policy analysis while necessary, is not generally sufficient to have meaningful policy decisions. Appropriate institutions that provide opportunities for policy debate are also required. Such institutional capacity could be developed either within the government or in the academic institutions although its presence outside government usually enables more open discussions. Such institutional development also provides a forum for addressing the pressing development problems in a policy context. Policy analysis units should also be created within government departments to deal with the missions of various donors and to convert the technical consultancy reports into readily understandable policy briefs. The use of food security and nutrition monitoring system for policy making and project preparation established the need for a policy analysis unit in the Malawi Ministry of Agriculture.

In the absence of necessary human capacity for policy and programme analysis within government sectors, such activities will continue to be undertaken by medium and long-term consultants. Generally, these consultants provide policy advice for six to twelve months. It is also a general expectation that these consultants would train and impart analytical skills to the local counterparts. However, given the short period of their presence and the work load, there exists in reality, a conflict between consultancy and capacity building. One approach to avoiding such conflict is to provide opportunities for local staff in the analysis with the help of consultants. Also, frequent policy

analysis workshops should be conducted to transfer the skills and the results of policy analysis.

In places where capacity building is seen as a part of consultancy, a wide gap emerges between the contents of training and their actual use. In these situations, it is helpful to use material developed by consultancy in the training programmes as was done in the Malawian approach. This furnishes real-world examples for training programmes and also enhance the utility of policy results in the design and implementation of development projects.

Existence of data generating capacity is a prerequisite for sound policy analysis and capacity building efforts. In Malawi, fortunately, the infrastructure for data collection and processing already existed. It was then easy to build on the policy analysis capacity which could use effectively the data generated from the field. Policy analysis capacity developed at the sectoral level may prove to be sterile without an information generating mechanism such as the food security and nutrition monitoring system in Malawi.

Generally we can notice a tendency among the consultants and international agencies to criticise the poor quality of data that are available within government ministries. Since the government officials are rarely given an opportunity to analyse the data, they do not realise the importance of quality improvements in data collection. The use of Annual Survey of Agriculture for policy analysis helped government economists to realise the weakness of the data in terms of missing variables and the quality of data itself. This information is currently being used for refining the ASA questionnaire. Unless the capacity is developed for data analysis and the government economists are used to policy analysis as their routine work, the quality of data will not be improved.

Lessons from the Malawi exercise also indicate that while adequate policy analysis capacity is necessary for better collaboration and reducing lopsided negotiations between donors and recipient governments, it is not sufficient. Necessary institutional structure and mechanisms to convert policy analysis results into concrete decisions are also required.

Linking capacity strengthening activities with policy analysis and project preparation missions of the donor agencies has several advantages. First, it enables a clear understanding of, and consensus on, the relevant policy issues confronting the country and being addressed by the donors and the government economists. Second, it leaves a capacity to undertake similar project preparation activities in the future. Third, it facilitates faster implementation of development projects. The time involved in project preparation, discussion and negotiation is long and could be reduced by trained economists working for the government (Giles 1979). Fourth, it increases the confidence of policy analysts and policy

makers to negotiate better with the donor teams and to reach consensus on implementable projects. Finally, monitoring and evaluation of the implementation projects for their intended benefits becomes easy with a group of trained economists who understand the goals of the project and the process of implementation.

Invariably, most of the development projects have a training component. A part of the project funds is set aside for project preparation. The funds needed for capacity building in policy analysis and project preparation could be taken from the training component of the project to be used prior to project implementation. Though this results in a reduction of training funds for project related activities, the project, as an outcome of thorough policy analysis, has a higher probability of meeting its intended objectives.

Concluding Remarks

This paper has analysed the issues of implementing donor-funded development projects with a good understanding and concurrence of government decision makers. Capacity to analyse potential policy alternatives that would result in development projects has been severely limited in several developing countries. This has resulted in donors imposing on governments the projects suggested by their consultants. Conflicts between the donors and the governments in the choice of policies and development projects could be resolved by joint analysis of policies and preparation of projects by the donor-employed consultants and the government economists. One such attempt in the Malawi Ministry of Agriculture has been described in this paper with a conceptual framework for identifying the areas of capacity strengthening which could benefit from such a collaboration. The use of already existing data generation mechanisms such as the Food Security and Nutrition Monitoring System in Malawi for policy analysis and project planning has been the basis for building the policy analysis capacity.

The process of donor-government collaboration in policy analysis, project preparation and capacity strengthening was described in the context of the World Bank funded Agricultural Services Project in Malawi. The lessons derived from this exercise indicate that training economists in the government departments in undertaking policy analysis enables them to negotiate better with donors. Capacity strengthening cannot, however, be undertaken in isolation from planning general development activities if a sustainable core of economists is to be trained in policy analysis in a short period of time. Utilising every possible opportunity for strengthening capacity at various levels of policy decision-making is important to achieving this task. With the limited capacity for policy analysis and project preparation in the developing country, and the dwindling

funds for future capacity strengthening through short-term and long-term training programmes, the significance of donor-government collaboration towards this goal can hardly be over-emphasised.

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