



Scotland Malawi Partnership submission to Scottish Government consultation
“Meeting Global Challenges & Making a Difference - Aligning Our International Development Policy with the Global Goals”

EXECUTIVE SUMMARY:

Representing our 921 members the length and breadth of Scotland, the Scotland Malawi Partnership strongly supports the Scottish Government’s International Development Fund.

We believe that, over the last decade the Scottish Government has made a distinctive, innovative and effective contribution to the wider UK international development effort, complementing the good work of DFID in Malawi and elsewhere.

In this submission we encourage the Scottish Government to maintain and reinforce those elements of its approach to international development which we feel have made it so distinctive, including its commitment to delivery through dignified partnership and engaging wider civic society.

We also make suggestions about innovative new ways we feel the Scottish Government could increase the impact and effectiveness of its programme, and we respond to all the various questions set down in the government’s 2016 consultation.

Page 3-6 give a summary of the recommendations we make.

Abbreviations:

FE	Further education
HE	Higher education
IDF	International Development Fund (of the Scottish Government)
INGO	International Non-Governmental Organisations
ITT	Invitation to Tender
LTSBF	Lloyds TSB Foundation
MaSP	Malawi Scotland Partnership
MDP	Malawi Development Programme (of the Scottish Government, part of the IDF)
MEL	Monitoring, evaluation and learning
NGOs	Non-Governmental Organisations
NIDOS	Network of International Development Organisations in Scotland
SFTF	Scottish Fair Trade Forum
SG	Scottish Government
SMP	Scotland Malawi Partnership
SNP	Scottish National Party
UN	United Nations
WASH	Water, Sanitation and Hygiene

CONTENTS:

	Summary of Recommendations:	Page 3
1	The International Development Fund:	Page 7
1.1	Scale of International Development Fund	Page 7
1.2	Benefits of dedicated Minister	Page 7
1.3	Benefits of network support	Page 7
2	Geographic Focus:	Page 8
2.1	Priorities for selecting countries	Page 8
2.2	Other priority countries beyond Malawi	Page 8
2.3	Geographic focus <i>within</i> Malawi	Page 9
3	Thematic focus:	Page 9
3.1	Reducing the thematic focus	Page 9
3.2	Scotland-Malawi Cooperation Agreement	Page 10
3.3	Cross cutting themes	Page 10
4	Increasing impact: an innovative approach	Page 10
4.1	Partnership principles	Page 10
4.2	Transparency	Page 11
4.3	Sustainability	Page 11
4.4	UN Sustainable Development Goals	Page 13
4.5	A programmatic approach	Page 13
4.6	A coordinating role	Page 14
4.7	Beyond Aid	Page 14
5	Funding Models:	Page 15
5.1	Flexible funding between calls:	Page 15
5.2	Longer Term Funding	Page 16
5.3	Small Grants Programme	Page 16
6	Practicalities	Page 17
6.1	Grant Management	Page 17
6.2	Size of grants	Page 17
6.3	Timings	Page 18
6.4	Grant Assessment	Page 18
6.5	Managing exchange rates and inflation	Page 18
6.6	Monitoring, evaluation and learning	Page 20
7	Wider Engagement	Page 20
7.1	Harnessing expertise within priority countries	Page 20
7.2	Institutional linking and capacity building	Page 21
7.3	Diaspora engagement	Page 21
7.4	Private sector engagement	Page 21
7.5	Supporting trade and investment	Page 22
7.6	Higher Education engagement	Page 22

SUMMARY OF RECOMMENDATIONS:

1 The International Development Fund:

1.1 Scale of International Development Fund:

- We encourage the SG to meet its manifesto commitments to increase the IDF early in the life of this new Parliament.

1.2 Benefits of having dedicated Minister:

- We strongly encourage the SG to continue to have a dedicated Minister for International Development.
- We encourage the SG to continue to have an engaging and outward-facing approach to international development.

1.3 Benefits of having network support:

- We are keen to encourage the SG's continued support of NIDOS, SFTF, SMP and MaSP.
- We encourage the SG to maintain the autonomy and independence of these four networks.

2 Geographic Focus:

2.1 Priorities for selecting countries

- We support the three existing criteria for establishing priority countries, especially the SG's commitment to building upon existing international development activity across Scottish civic society.
- We believe there is a little merit in the Scottish Government seeking to become a mini-DFID, trying to stretch the limited resources in the SG IDF across a large portfolio of countries.
- We encourage the government to reflect on its capacity and capability to have effective partnerships with multiple countries.

2.2 Other priority countries beyond Malawi:

- The mandate of the SMP is limited to Scotland's relationship with Malawi, we do not therefore look to make specific recommendations concerning development work beyond Malawi.

2.2 Geographic focus within Malawi:

- We encourage the SG to consider geographical clusters of activity within Malawi, whether by region or district but not to make this a requirement for funding.
- We advise the SG against focusing its international development efforts within Malawi in one region or district.

3 Thematic focus:

3.1 Reducing the thematic focus

- We discourage the SG from focusing its activity on just one or two thematic areas within Malawi.

3.2 Scotland-Malawi Cooperation Agreement

- We advise against a reduction in the number of strands as the Cooperation Agreement is updated.
- We advise against a move away from governance work as see the Civic Governance and Society Strand as foundational for all the SG's work in Malawi.

3.2 Cross cutting themes:

- We recommend the SG continues its cross-cutting commitments to gender equality, human rights and inclusivity.

4 Increasing impact: an innovative approach

4.1 Partnership principles:

- We encourage the SG to continue its commitment to a model built on the core principle of dignified partnership.
- We encourage the SG to consider the formal adoption of Scotland-Malawi [Partnership Principles](#) as it reflects on its international development policy and priorities.

4.2 Transparency:

- We encourage the SG to increase the quantity of online information publically available about its international development programme with individual web-pages for each project funded, to which grant-holders can upload photos, videos and up-to-date information.
- We recommend the SG publishes an annual impact and learning report.

4.3 Sustainability:

- We recommend the SG pilots a system where grant applicants are responsible for delivering five year projects, with six monthly reporting to the end, but with SG funding only available for the first three years.
- We recommend that project impact information is collected and shared for five years, not three, with an additional final impact statement for each project made after ten years.
- While strictly working within agreed values and principles, and maintaining a steadfast pro-poor commitment to 'leaving no one behind', we see strong merit in the SG encouraging projects to engage the private sector, where appropriate, in the interest of developing more sustainable projects.
- We recommend the SG considers having a formal contract signed with the implementing partner in the host country, with long-term commitments and responsibilities explicitly outlined.
- We recommend that the tender for the IDF independent grant assessor should specifically stipulate that there must be at least one Malawian actively involved in the development of advice relating to projects in Malawi.
- We recommend the SG ends its blanket ban on IDF being used for the purchase of a vehicle; instead maintaining a robust and transparent stance which seeks to minimize vehicle costs while ensuring the safety of implementing partners in Malawi and the sustainability of projects.

4.4 UN Sustainable Development Goals

- We stand with NIDOS, UNICEF Scotland, UN House, IDEAS, Learning for Sustainability and others across Scotland in calling for the SG to:
 - (i) Establish a post within the office of the First Minister, either as a Ministerial appointment or senior civil servant, dedicated to the implementation of the SDGs.
 - (ii) Support effective national structures to engage civic society, business and local government in the delivery of the SDGs.
 - (iii) Commit to publishing regular implementation reports detailing Scotland's progress against the SDGs, with channels for parallel reporting from Scottish civic society.
- The SMP encourages the Scottish Government to fund the development and administration of a central website (www.globalgoals.scot), collating information about activities across Scotland for the implementation of the SDGs
- The SMP recommends a modest investment in the coordination of Scotland's civic contribution to the SDGs, designed in such a way as to unlock existing potential capacity and resource across civic society.

4.5 A Programmatic Approach:

- We recommend the SG make a formal stipulation that all new grant applicants outline precisely how their prospective projects would interconnect and complement the existing portfolio. We recommend the SG has one overarching summary web-page, highlighting the flows and inter-connections between projects, and the cross-sector impact resulting from this joined-up, integrated approach.

4.6 A coordinating role:

- We recommend the SG explores the value of funding an independent organisation, working at the behest of the Government of Malawi, to collect and collate information about all development assistance in Malawi.

4.7 Beyond Aid:

- We recommend the SG follows the PCD policy asks outlined in NIDOS' report [Scotland's Place in Building a Just World](#).
- We recommend the SG produces an annual report on the impact of its international development and other government policies on global poverty.
- We encourage the SG in this regard to include formal parallel reporting channels such that civic society is able to have an independent, formally recognized, voice within this reporting.

5 Funding Models:

5.1 Flexible funding between calls:

- We encourage the SG to continue to maintain the current systems for grant decision-making for the majority of the IDF.
- We encourage the SG to pro-actively establish systems such that the new humanitarian fund has a budget which is able to roll over unspent funds from one year to the next.
- We suggest any flexible funding between funding calls: has the same standards of scrutiny and quality control as if there had been an open call; has the same levels of transparency; and has a compelling business case showing demonstrable value for money.
- Where the SG is especially interested in a consortium-led project, we suggest the government considers some form of 'innovation fund', where the SG outlines a specific issue in Malawi (nominated by Malawians) and invites consortia to submit applications outlining how they could help address the issue.
- We recommend that flexible spending between funding rounds should not exceed 20% of the total IDF.

5.2 Longer Term Funding:

- We encourage the SG to continue to award funds for no more than three years at a time, even where it has long-term commitments to strengthening institutions in countries like Malawi.

5.3 Small Grants Programme:

- We strongly encourage the SG continues its Small Grants Programme with annual calls for applications and an active learning and development process, through which the SMP and NIDOS are able to feed in the experience of members, making suggestions for the development of the programme.
- We encourage the SG to update the Invitation To Tender (ITT) for the Small Grant Programme programme management contract, such that it includes a requirement for telephone calls with all eligible applicants as part of the selection process.

6 Practicalities

6.1 Grant Management:

- We encourage the SG to support its civil servants to visit countries involved, developing their own personal knowledge and understanding, developing good working relationships with counterparts in the governments of these countries and, wherever possible, to be retained in their role for not less than three years.
- We encourage the SG to be alert and responsive to requests to amend projects once underway.
- We encourage the SG to endeavour to ensure:
 - (i) No civil servant manages more than 15 projects.
 - (ii) Every project has at least one face-to-face meeting with their SG project manager each year.
 - (iii) These are complimented by quick quarterly 'catch-up calls' – opportunities for either side to flag issues or opportunities.
 - (iv) All authorization requests for project amendments have a phone call or meeting to discuss the request, and a decision made, within one month of asking.

6.2 Size of grants:

- We encourage the SG to stop what we see as a trend through the life of the International Development Fund over the last decade for increasingly large grants, resulting in a decreased number of grants awarded and a decreased number of organisations involved.

6.3 Timings:

- We encourage the SG to have not less than ten weeks between call for funding applications and application deadlines.
- We encourage advance notice to the sector, as early as possible, prior to calls being released, and for the Scottish Government to then ensure these timescales are met.

6.4 Grant Assessment:

- We encourage the SG to include Malawian expertise within the scoring and decision-making process and to require that the external grant assessor is expected to speak with each eligible applicant to discuss any concerns or queries, as happens with the Small Grants Programme.

6.5 Managing exchange rates and inflation:

- We encourage the SG to:
 - (i) Recognize that in a dynamic environment such as Malawi, forecast underspends/overspends at the start of Quarter 4 (January) do not always match the actuals at the end of the financial year.
 - (ii) Continue to allow projects to hold currency gains as a buffer against currency losses for the duration of projects.
 - (iii) Allow projects once underway to take a pragmatic approach, offsetting inflation losses (where inflation exceeds that budgeted) on the one hand, with kwacha gains on the other.
 - (iv) At the end of projects, allow grant holders to propose how any currency gains can be re-invested in the sustainability of the project
 - (v) Recognize the uncertainty inherent in managing projects in a volatile currency like the Malawian Kwacha and be sympathetic to requests to alter the scale of delivery based on the performance of the Kwacha.

6.6 Monitoring, evaluation and learning

- We recommend the SG collates a shared learning document every six months with summary (anonymised) trends from the project reporting.
- We recommend the SG disseminates impact information at least annually.
- We recommend the SG collects and shares longitudinal data

7 Wider Engagement

7.1 Harnessing expertise within priority countries

- We encourage a broad and inclusive approach to the SG's understanding of 'local expertise' and are confident such expertise can and should help deliver the SG's programme ambitions.

7.2 Institutional linking and capacity building

- We recommend the SG considers committing a small proportion of the international development fund (under 15%) to an institutional strengthening fund from which small grants could support such linking.

7.3 Diaspora engagement

- We continue to encourage the SG to engage diaspora communities in its international development work while recognizing some of the challenges in this regard.

7.4 Private sector engagement

- We recommend the SG ensures all efforts to connect its international development fund and the private sector:
 - (i) Work within the core values of the IDF and the Scotland-Malawi [Partnership Principles](#).
 - (ii) Are held to the same standards of delivery as are third sector partners, with a clear theory of change, measurable outputs and outcomes, and demonstrable value for money.
 - (iii) Are informed by knowledge of the Malawian context.

7.5 Supporting trade and investment:

- We encourage the SG to be alert and responsive to opportunities to support innovative private sector engagement projects where this work fits within the Scotland-Malawi [Partnership Principles](#), has clear measurable positive impact in Malawi, and where projects offer value for money.

7.6 Higher Education engagement:

- We would welcome SG involvement and support as we continue our efforts to bridge this gap between academia with the NGO community.
- Should the SG look to commission formal research, we would encourage the government to first explore the possibility of *pro bono* or heavily discounted research work, and to ensure any such fees did not commit more than 5% of the total IDF in any given year.

SUBMISSION TO THE SCOTTISH GOVERNMENT

The Scotland Malawi Partnership strongly supports the Scottish Government's International Development Fund. We believe that, over the last decade the Scottish Government has made a distinctive, innovative and effective contribution to the wider UK international development effort, complementing the good work of DFID in Malawi and elsewhere. In this submission we encourage the Scottish Government to maintain and reinforce those elements of its approach to international development which we feel have made it so distinctive, including its commitment to delivery through dignified partnerships and engaging wider civic society. We also make suggestions about innovative new ways we feel the Scottish Government could increase the impact and effectiveness of its programme, and we respond to all the various questions set down in the government's 2016 consultation.

1 The International Development Fund:

1.1 Scale of International Development Fund:

We warmly welcome the [SNPs manifesto commitments](#) to: increase the International Development Fund (IDF) to £10m; to increase the Climate Justice Fund to at least £3m a year; and to establish a £1m a year fund to respond to humanitarian emergencies. **We encourage the Scottish Government to meet these commitments early in the life of this new Parliament** and we note the strong cross-party support that exists for this increase in the IDF.

1.2 Benefits of having dedicated Minister:

While a budget of £9m is perhaps comparatively small to have a dedicated Minister, **we strongly encourage the Scottish Government to continue to have a Minister for International Development.** We feel Humza Yousaf MSP performed well in this role in the last government, acted as a strong ambassador for Scotland's distinctive approach to international development which is driven by dignified partnership, mutual respect and understanding. Without a dedicated Minister we fear it is unlikely the Scottish Government will continue to have the same influence and impact with its international development and international relations activity.

One of the features of the Scottish Government's approach to international development which is so distinctive, and we believe makes it so impactful, is its willingness to meaningfully engage Scottish civic society – not just large INGOs but churches, schools, hospitals, universities, diaspora groups and all manner of community groups. We believe this commitment to working in synergy with civic society has helped significantly increase civic awareness, engagement and support for the Scottish Government's work in this space. By our estimates, more than 96% of media coverage relating to Malawi in Scotland has been positive in recent years: last year alone there were 135 positive Scottish media stories about Malawi (79 led by or featuring the SMP). According to our polling, 46% of Scots can name a friend or family that have a Malawi link and more than 96% of those who have an opinion, are in favour of Scotland's links with Malawi. **We encourage the Scottish Government to continue to have an engaging and outward-facing approaching to international development.**

1.3 Benefits of having network support:

We are keen to encourage the Scottish Government's continued support of the four networks: NIDOS, Scottish Fair Trade Forum, the Scotland Malawi Partnership and the Malawi Scotland Partnership. These four networks work together in a coordinated manner for maximum impact. Together, they have a membership which permeates across all corners of civic society in Scotland and Malawi, significantly extending the reach and impact of the Scottish Government's own programme. We applaud the Government for its continued support of these four networks and for its recognition that the great strength of this model is in the independence of these networks. Each of these networks exists to represent, coordinate and support the work of its own members. Having these networks independent of government, free to compliment and criticise as their members' wish, brings a great deal of credibility to the Scottish Government's programme, with civic society encouraged and supported to have its own voice independent of government. We continue to value the fact that the Scottish Government has never sought to exert unreasonable influence or control over the work of these networks. **We encourage the Scottish Government to maintain the autonomy and independence of these four networks, as we feel this increases the credibility and impact of the Scottish Government's own work.**

2 Geographic Focus:

2.1 Priorities for selecting countries

The SMP supports the three existing criteria for establishing priority countries¹, especially the Scottish Government's commitment to building upon existing international development activity across Scottish civic society. By building upon and complimenting existing civic efforts, the Scottish Government is able to unleash a powerful multiplier effect: a virtuous circle where popular activism inspires Government efforts, while Government support stimulates popular engagement. In this way resources committed by government are multiplied many times over by institutions and individuals within civil society. Following this model, we feel the Scottish Government is able to make an innovative, distinctive and effective contribution to international development.

According to 2014 University of Edinburgh research, the Scottish Government's investment in its Malawi Development Programme has been met with an almost ten-fold in-kind investment from Scottish civic society including hundreds of churches, schools, universities, hospitals and health boards, businesses, diaspora groups, local authorities and all manner of community groups. We know of no other development partner that can claim this level of domestic civic engagement and support for its international development efforts: the result has been a decade of all-party support in the Scottish Parliament.

We caution the Scottish Government against moving away from this model which has proven so effective. **We believe there is a little merit in the Scottish Government seeking to become a mini-DFID, trying to stretch the limited resources in the Scottish Government's International Development Fund across a large portfolio of countries.**

As the Scottish Government considers the optimal geographical reach for its IDF, **we encourage the government to reflect on its capacity and capability to have effective partnerships with multiple countries.** Understandably given the size of the Scottish Government's international development team, a number of the existing priority countries have had very few visits by a representative of the Scottish Government. It is perhaps difficult for the Scottish Government to have a genuinely partnership-led programme in countries where there is little if any direct communications with the host government, no links to civic society and limited knowledge of the cultural or historical context. By contrast, the Scottish Government has over the last decade developed a strong knowledge of Malawi, strong relationships with its government and civic society, and is in turn seen as a trusted and respect friend of Malawi. With a team of ten or less civil servants and a budget of £9 million, we suggest it would be extremely ambitious for the Scottish Government to deliver a genuinely partnership-driven development programme across multiple countries.

2.2 Other priority countries beyond Malawi:

The mandate of the SMP is limited to Scotland's relationship with Malawi, **we do not therefore look to make specific recommendations concerning development work beyond Malawi.**

However, we note that there is perhaps logic in taking into account geographic considerations. As countries contiguous with Malawi, Tanzania and Zambia share aspects of their culture and history with Malawi, perhaps making it easier for the Scottish Government to develop a working knowledge of these countries. Zambia shares particular cultural and historical synergies with Malawi: with parts sharing a common language (Chewa/Nyanja) and with David Livingstone a significant influence in both. Zambia and Tanzania are also often vulnerable to the same regional challenges as Malawi, including climate change, food security and other natural disasters. Furthermore, civil servants traveling to Malawi would also be able to visit neighboring countries with greater ease than those in other continents.

¹ The nature of the relationship with Scotland, both historical and contemporary; relevant activity and expertise within Scotland; and the levels of poverty as defined by the UN Human Development Index as measured through life expectancy, educational attainment and income.

2.3 Geographic focus *within* Malawi:

We encourage the Scottish Government to consider geographical clusters of activity within Malawi, whether by region or district but not to make this a requirement for funding. If projects working within the same area are encouraged to make constructive connections and share learning and contacts, we feel the programme as a whole will have greater impact. Accordingly, our partners the Malawi Scotland Partnership (MaSP) have an active regional programme, offering training, communication and resource centres, meetings and events coordinated by locally elected Regional Cluster Committees.

However, **we advise the Scottish Government against focusing its international development efforts within Malawi in one region or district** because:

- (i) Compared to a number of the other existing priority countries, Malawi is comparatively small in size: 94,080 km² of landmass, only about 17% larger than Scotland. Unlike Pakistan and India, it is not unrealistic for Scotland to have a nationwide programme in Malawi, especially given this is the largest component of the Scottish Government's international development fund.
- (ii) Scottish civic links with Malawi -including churches, schools, universities, hospitals, community groups etc- that have long-standing partnerships with communities the length and breadth of Malawi. It is very unlikely such organisations would move their historic links if the Scottish Government were to decide to focus on just one region or district. The government could therefore lose out on the full force of the multiplier effect from wider civic society if it were to focus on just one area of Malawi.
- (iii) Most significantly, we fear there could be unintended cultural, political or regional fall-out if one area was seen to benefit over another. There is a strong sense of regional identity in Malawi. Political issues like the divisive and unpopular higher education quota system have shown how easy it is for one area of Malawi to feel prejudiced against for perceived cultural or political reasons. The Scottish Government's development programme is well known and well respected in Malawi: if it were to focus exclusively in one area there is a risk that this could be seen as a political decision to favour one region or tribe over another.

3 Thematic focus:

3.1 Reducing the thematic focus

The SMP sees merit in reducing the number of countries the Scottish Government operates in, with a strong focus on Malawi where there has been the greatest impact. However, **we discourage the Scottish Government from focusing its activity on just one or two thematic areas within Malawi**, because:

- (i) A focus on just one or two areas could mean the Scottish Government was potentially working with just a handful of Scottish organisations, rather than the dozens of diverse civic organisations that are currently engaged. We fear this would reduce the existing multiplier effect which sees the resources committed by the Scottish Government multiplied many times over by Scottish civic society.
- (ii) The Scotland-Malawi Cooperation Agreement has resulted in four effective and impactful strands. After ten years of activity we would see it as a step backwards to cut short one or more of these strands.
- (iii) Poverty is multi-faceted and multi-dimensional: health challenges, for example, are compounded by the challenges in education, energy, food security and governance. One cannot be solved in isolation. The Scottish Government's development programme has worked best where it has connected, for example, school feeding projects with curricular development projects working in the same area, for maximum impact. A more thematically focused programme would lose many of these interconnections and have a reduced impact as a result.
- (iv) The 17 UN Sustainable Development Goals, to which the Scottish Government has committed itself both domestically and internationally, show the breadth of activity required to fight global poverty in the 21st century. It would be a step backwards if the Scottish Government chose to focus on just one or two of these goals in its international development work. We would see greater merit looking to have a cross cutting impact in one focused geographical area (Malawi) rather than trying to have impact in just one SDG across range of different countries.

3.2 Scotland-Malawi Cooperation Agreement

We welcome the Holyrood 2016 SNP manifesto commitment to update the Cooperation Agreement but **we advise against a reduction in the number of strands as this agreement is updated**. Rather, we hope the current agreement is updated and expanded to include the good work currently done in energy, renewables and water, sanitation and hygiene (WASH).

There is, we fear, a temptation for the Scottish Government to cut the Governance and Civic Strand which has at times been a more challenging area for work, with fewer applications and perhaps a less obvious and instantly measurable return on investment. **We advise against a move away from governance work as see the Civic Governance and Society Strand as foundational for all the Scottish Government's work in Malawi.**

The Scottish Government is well known and well respected in Malawi, it operates from a position of trust and understanding built on more than a century and a half of friendship. In this context Scotland can and does have an active role to place in supporting good governance. Scotland can take pride in its governance work in Malawi which, unlike many development partners, has not sought to impose change but rather strengthen institutional systems and support good governance through active dialogue underpinned by mutual respect and understanding. This dignified partnership approach is more likely to influence lasting change than an army of consultants parachuted in at great cost to tell Malawians how to run their country.

3.2 Cross cutting themes:

In keeping with our [Partnership Principles](#) and the UN's SDGs, we recommend the Scottish Government takes a pro-poor approach to international development looking to 'leave no one behind'. To do this, **we recommend the Scottish Government continues its cross cutting commitments to gender equality, human rights and inclusivity.**

4 Increasing impact: an innovative approach

We believe the Scottish Government already has an outstanding international development programme, delivering transformative positive impact, disproportionate to the comparatively modest investments made. We encourage the Scottish Government to continue the core ethos behind its distinctive and effective international development model: a commitment to working in synergy with civic society and driven by a sense of dignified partnership. We suggest that with innovative and bold commitments to partnership principles, transparency, sustainability, the SDGs, a programmatic approach, wider co-ordination and the beyond aid agenda, the Scottish Government could become a genuine world leader, establishing best practice for others to follow.

4.1 Partnership principles:

A key distinctive feature of the Scottish Government's international development programme has been its commitment to delivery through dignified partnership. **We encourage the Scottish Government to continue its commitment to a model built on the core principle of dignified partnership** as we believe this is key to success the Scottish Government has experienced and we hope this is a model increasingly adopted elsewhere.

Over the past six years our network has consulted hundreds of Scottish and Malawian organisations on what 'good partnership' means in international relations, developing the eleven Scotland-Malawi [Partnership Principles](#) to which we hold ourselves and members accountable. **We encourage the Scottish Government to consider the formal adoption of these eleven principles as it reflects on its international development policy and priorities.**

4.2 Transparency:

We encourage the Scottish Government to increase the quantity of online information publically available about its international development programme with individual web-pages for each project funded, to which grant-holders can upload photos, videos and up-to-date information. We feel this would help the Scottish Government communicate the breadth and impact of its international development programme and give voice and agency to the actual communities involved.

Every six months the Scottish Government collects large amounts of monitoring, evaluation and learning (MEL) data from the projects it funds. We believe there is strong merit in the government increasing its transparency by publically sharing more information from these reports; **we therefore recommend the Scottish Government publishes an annual impact and learning report.** Presenting information from this report in a range of accessible and engaging formats (including impact info-graphics for sharing on social media), the Scottish Government could develop a sustained positive narrative amongst a broad audience, showing the considerable impact its work is having in countries such as Malawi. Similarly, by sharing collated, and anonymized, information on the key learning experienced by projects funded, the Scottish Government could help identify trends and support projects to learn from each others' experience. In this regard, we welcome the commitment by the SNP in its 2016 Holyrood manifesto to "produce an annual report on the impact of our international development" activity. The Scotland Malawi Partnership would be happy to support this process if useful.

4.3 Sustainability:

Arguably the single greatest challenge for any international development partner is how to ensure efforts are genuinely sustainable. Too often there is a significant disparity between the lip service paid to "sustainability" as funds are applied for, and the lived experience on the ground. In recent decades Malawi has seen tens of thousands of short-term projects from other funders pop-up and disappear after a few years: at best offering short-term fixes to long term problems, at worst leaving communities cynical, dependent and even sometimes worse off as a result.

There has been a great deal written on this subject, by [ourselves](#) and by many others. We do not look to replay these discussions here but rather present five proposals which we believe could allow the Scottish Government to take an innovative and bold new approach to this age-old problem:

(i) Have five-year projects, only funded for the first three.

We recommend piloting a system where grant applicants are responsible for delivering five year projects, with six monthly reporting to the end, but with Scottish Government funding only available for the first three years. We believe this would be a radical way of ensuring all projects were designed around not just what can be achieved while funding is available but –more importantly- what will *continue* to be achieved after funding has ended. This model could be a major challenge for a number NGOs, presenting very understandable practical and financial challenges: however, we believe it would help significantly change the way projects are designed, moving away from short-term fixes to long-term solutions. We acknowledge that, following this approach, it is likely less would be spent on direct delivery within the first three years, with seemingly reduced medium-term impact, but with far greater investment in building capacity, institution strengthening and private sector engagement for sustained delivery, resulting in significantly increased long-term impact.

(ii) Publically report on impact after not just after three years but also five and ten:

As outlined above, we recommend having a dedicated web-page for each project funded by the Scottish Government in which organisations can themselves upload photos, videos and key updates. In the interest of sustainability, **we recommend that information is collected and shared for five years, not three, with an additional final impact statement for each project made after ten years.** Having a webpage in which both the Scottish Government and the grant-holder have shared responsibility for publically sharing an impact statement after ten years would encourage the design of more sustainable projects and impart a sense long-term responsibility to the communities involved.

(iii) Encourage projects to engage the private sector:

While strictly working within agreed values and principles, and maintaining a steadfast pro-poor commitment to 'leaving no one behind', we see strong merit in encouraging projects to engage the private sector, where appropriate, in the interest of developing more sustainable projects. Projects and local partners may be encouraged, where appropriate, to consider income generating activity where funds are strictly re-invested into the agreed development outputs and outcomes. This may require policy or administrative changes for the Scottish Government to allow funds invested by the government to be used to establish a revolving fund or social enterprise managed locally for sustained impact.

(iv) Have increased responsibility held by the local partner:

Sustainability requires local ownership but this is often hard to achieve without a degree of local responsibility. At present there is no formal responsibility held by the in-country partner. **We recommend the Scottish Government considers having a formal contract signed with the partner in the host country, with long-term commitments and responsibilities explicitly outlined,** as we feel this could help ensure projects are designed locally, with genuine agency for the partner organisation from the outset, and clear legal responsibility for delivery.

(v) Have Malawian non-governmental input to grant award decision making:

At present there is no Malawian civic input to the grant award decision-making, although the Government of Malawi is consulted in the process (which we welcome). There have been occasions in recent years where we have had concern at the lack of Malawi-specific knowledge in some of the advice and recommendations given by the independent grant assessor. **We therefore recommend that the tender for the independent grant assessor should specifically stipulate that there must be at least one Malawian actively involved in the development of advice relating to projects in Malawi.**

(vi) Permit projects to invest in vehicles:

At present projects are not allowed to purchase vehicle as part of their Scottish Government grant, this means that projects often have to lease or hire vehicles for the duration of the project even if this is many times more expensive than buying a second-hand vehicle. Having consulted widely on this issue in 2015, including in Malawi, the SMP made a recommendation to the Scottish Government that it reconsiders this policy. While we would not want significant proportions of the modest international development fund to be spent on vehicles, we recognise that not having any mode of local transport is often an impediment to sustainability when funding ends. Therefore, **we recommend the Scottish Government ends its blanket ban on international development funds being used for the purchase of a vehicle; instead maintaining a robust and transparent stance which seeks to minimize vehicle costs while ensuring the safety of implementing partners in Malawi and the sustainability of projects.**

In keeping with our existing advice on this topic, we suggest prospective project wishing to apply for funds for a vehicle must include a robust business case within their application, with:

- (i) A narrative explaining why such a vehicle is essential for the achievement of the stated outputs and outcomes, and explaining why there is no viable alternative transport option.
- (ii) Vehicle usage policies to guarantee that the vehicle is only being used for the agreed purposes.
- (iii) An end of project asset recovery plan in which the applicant details how the vehicle will either be:
 - (a) Sold, with capital either:
 - returned to the Scottish Government;
 - offsetting final year expenditure (with a reduced final installment from the SG); or
 - invested in post-project expenditure such as MEL or legacy work.
 - (b) Transferred to the local partner as part of the sustainability plans.
 - (c) Returned to the SG - with the new triennial calls for funding, the SG would be well placed to re-allocate a vehicle from one project ending to another project starting. If required and requested, MaSP/SMP would be happy to help this reallocation process.

[Click here](#) for more details on our proposal and consultations visit.

4.4 UN Sustainable Development Goals

We congratulate the Scottish Government for its strong commitment to delivering the UN Sustainable Development Goals (SDGs) both domestically and internationally. We believe Scotland has an important role to play as a global leader in the early adoption and effective delivery of these goals. We support a substantial response to the SDGs, including embedding SDGs within existing processes but also permitting meaningful debate, reflection and action beyond this.

Accordingly, **we stand with NIDOS, UNICEF Scotland, UN House, IDEAS, Learning for Sustainability and others across Scotland in calling for the Scottish Government to:**

- 1) **Establish a post within the office of the First Minister, either as a Ministerial appointment or senior civil servant, dedicated to the implementation of the SDGs.** Such a post would look to mainstream the SDGs across every department of government and enable a coordinated, coherent response, with the First Minister retaining ultimate responsibility for delivery.
- 2) **Support effective national structures to engage civic society, business and local government in the delivery of the SDGs.**
- 3) **Commit to publishing regular implementation reports detailing Scotland's progress against the SDGs, with channels for parallel reporting from Scottish civic society.**

With regards (2) above, the Scotland Malawi Partnership **encourages the Scottish Government to fund the development and administration of a central website, similar in respects to www.globalgoals.org, collating information about activities across Scotland (central government, local government, business, academia and civic society) for the implementation of the 17 SDGs** both internationally and domestically. Furthermore, **we recommend a modest investment in the coordination of Scotland's civic contribution to the SDGs, designed in such a way as to unlock existing potential capacity and resource across civic society.** We propose a model where Scottish civic organisations could bid to a small government-funded civic secretariat to be "National Champions" for specific SDGs for a given year, making clear what resources and capacity they could devote to this role (for example, the SMP might bid to be SDG17 champions one year, offering to host quarterly networking and planning sessions and an annual conference, maintaining the SDG17 section of the national website, and helping coordinate media engagement). At the end of each year, each National Champion organisation would be responsible for publishing a national impact report. In this way, modest Scottish Government could unlock experience, expertise, enthusiasm and capacity from across Scottish civic society. This is a model not dissimilar to that followed by the SMP in its own way over the past decade.

4.5 A Programmatic Approach:

In the paper accompanying this consultation, the Scottish Government sets out its aspiration to make its international development programme more coordinated and coherent, with a strong implication that this will be achieved through a reduction in the number of countries and a more focused thematic approach. As outlined in this submission, following our belief in a genuinely partnership-led approach, we welcome a reduction in the number of countries in which the Scottish Government operates but we caution against a reduced focus in thematic priorities, fearing such restrictions could reduce the existing civic multiplier effect and, with it, reduce the Government's overall impact.

We believe the Scottish Government can increase the coordination and coherence of its programme of activity without necessarily reducing the number of thematic priorities. We have recommended above increasing the Government's investment in transparency: having a dedicated web-page for each project it funds, and publishing regular impact and learning reports. We believe sharing this information will make it easier for prospective new projects to connect with and engage existing projects.

Informed by this information on existing projects, **we recommend the Scottish Government make a formal stipulation that all new grant applicants outline precisely how their prospective projects would interconnect and complement the existing portfolio.** MEL reporting requirements could similarly ask how projects are working together and making best use of the SMP and MaSP to support these links.

In this way, the Scottish Government would both incentivize projects to work better together and generate useful data on the inter-connections between projects. This would be an invaluable step to a genuinely

‘programmatically approach’: each year there would be a greater sense of the programme as a coherent whole - permeating across health, education, governance, business, energy and WASH – rather than a series of scattered and fragmented individual projects. With this information, **we recommend the Scottish Government has one overarching summary web-page, highlighting the flows and inter-connections between projects, and the cross-sector impact resulting from this joined-up, integrated approach.**

4.6 A Coordinating Role:

One of the greatest challenges facing Malawi is the lack of effective coordination between the hundreds of development partners and thousands of non-governmental organisations, community-based organisations and faith-based organisations involved in development projects. Through its funding of the SMP and MaSP, the Scottish Government has had good success ensuring strong efforts are made to coordinate and join-up Scotland’s many engagements with Malawi. Building on this success, there is perhaps a wider role the Scottish Government could play in helping the Government of Malawi coordinate all development assistance in Malawi.

Most of the largest development partners in Malawi do little to publically and pro-actively share information about what they are doing, where, and with what result. However, the SMP’s experience (for example, with our 2015 mapping of governance projects in Malawi) is that most development partners are happy to share information when asked.

We recommend the Scottish Government explores the value of funding an independent organisation, working at the behest of the Government of Malawi, to collect and collate information about all development assistance in Malawi. A freely available website could be established to publish information about who’s doing what in an accessible and engaging format with photos, videos, social media links. In time it is hoped that such a website could develop to include information on impact and learning, as well as giving a voice to the communities themselves engaged but this would likely be in a second phase of development. The first phase would be limited to establishing the buy-in of all development partners for the sharing of outline information

We recognise that such an undertaking would require:

- (i) A formal request from the Government of Malawi.
- (ii) Significant diplomatic efforts with the other development partners in Malawi: making clear the Scottish Government was not looking to control or influence any other work in Malawi.
- (iii) A commitment to build upon rather than duplicate existing in-country structures (district-level development planning, sector coordination structures, etc) and existing international transparency efforts such as IATI.
- (iv) Strong systems and a sustained investment to ensure the necessary data is not just collected but also regularly updated and maintained.

4.7 Beyond Aid:

There is now increasing popular and cross-party commitment to the concept of policy coherence for development (PCD): that all government departments and policies should act coherently to comply with, and contribute to, the goal of equitable and sustainable global development.

In recent years the Scottish Government has shown increasing interest in this spirit of PCD, which we applaud. Furthermore, we have seen increasing involvement and coherence across government and its partners in the links with Malawi, for example:

- The formal MOU signed between Education Scotland and the Ministry of Education in Malawi;
- The involvement of Visit Scotland in supporting tourism links with Malawi;
- The work of Scottish Development International with the Malawi Investment and Trade Centre to develop business, trade and investment with Malawi;
- The continued partnership between the Scottish and Malawian Parliaments, with regular twinning and exchanges of both MSPs/MPs and staff;
- The commitment by the Scottish Government to fund Scotland’s six Development Education Centres (we strongly support this decision, and the SNP’s Manifesto commitment to funding the DECs for the full duration of this Parliament at not less than £300,000 a year).

The SMP has worked closely with NIDOS on PCD policy recommendations for the Scottish Government, these are set out in detail in NIDOS' 2014 report [Scotland's Place in Building a Just World](#). **We recommend the Scottish Government does all it can to implement these recommendations.**

We recommend the Scottish Government produces an annual report on the impact of its international development and other government policies on global poverty and recognize this was an explicit 2016 SNP manifesto commitment. We see this as an invaluable step towards a PCD or 'beyond aid' approach. **We also encourage the Scottish Government in this regard to include formal parallel reporting channels such that civic society is able to have an independent, formally recognized, voice within this reporting.** The Scotland Malawi Partnership would be happy to work with the Scottish Government to this end.

The Scotland Malawi Partnership is similarly active in lobbying the UK Government to address policy areas beyond international development which we feel have a negative impact on Malawi and Scotland's links with Malawi. Within this, we call for improvements to the grossly dysfunctional visa application system for Malawians invited into the UK and for a full renegotiation of the unjust and out of date colonial-era 1955 UK-Malawi tax treaty. **We recognize that the 2016 SNP manifesto committed the Scottish Government to joining this call for the UK-Malawi tax treaty to be updated.**

5 Funding Models:

In general, we believe the current funding model used by the Scottish Government works well and we discourage the Scottish Government from moving away from this general approach which has proven effective and efficient.

5.1 Flexible funding between calls:

We encourage the Scottish Government to continue to maintain the current systems for grant decision making for the majority of the IDF: ensuring value for money by having free, fair and transparent competition between grant applicants through an open call for applications. However, we recognize that, for a minority of the IDF, it may be necessary to have more flexible grant awarding to be responsive to unforeseen opportunities and challenges that arise.

In the past such flexible spending has often been so the Scottish Government can respond to natural disasters or other humanitarian crisis, such as the January 2015 floods in Malawi. We welcome the SNP manifesto commitment to establishing a £1 million a year humanitarian emergencies fund, as the system to date of taking emergency humanitarian funds from the IDF -including at times clawing back unspent funds from projects- has proven problematic.

By their very nature humanitarian emergencies cannot be forecast or planned. Accordingly, **we strongly encourage the Scottish Government to pro-actively establish systems such that the new humanitarian fund has a budget which is able to roll over unspent funds from one year to the next.** Otherwise, the government could find itself in the farcical position of having to look for emergencies in quarter four to avoid unspent funds.

We hope that, with the new humanitarian fund there is reduced need for the Scottish Government to have significant unplanned IDF expenditure between funding rounds. **We suggest any such flexible expenditure requires:**

- (i) **The same standards of scrutiny and quality control** as if there had been an open call, with a compelling theory of change with clear outputs and outcomes against which success can be measured
- (ii) **The same levels of transparency** as if there had been an open call.
- (iii) **A compelling business case showing demonstrable value for money** despite having not been through a competitive process.

We recognize the value of consortium-led projects for flexible funding and we note that establishing a successful consortium can be a complicated process: sometimes the Scottish Government can play a useful role in brokering these links, sometimes networks like the SMP can play an important function, and sometimes consortia are best developed independently and organically. Consortia are most successful where there is absolute clarity as to the roles and responsibilities of each organisation.

Where the Scottish Government is especially interested in a consortium-led project, we suggest the government considers some form of ‘innovation fund’, where the Scottish Government outlines a specific issue in Malawi (nominated by Malawians) and invites consortia to submit applications outlining how they could help address the issue. We suggest a two-stage application process, starting with a concept note, might be most appropriate for such a fund.

We hope that, with the new humanitarian fund there is reduced need for the Scottish Government to have significant unplanned flexible IDF expenditure between funding rounds (we do not include network funding within our understanding of ‘flexible funding’). Given the need to show demonstrable value for money, and in the interest of fairness, **we recommend that flexible spending between funding rounds should not exceed 20% of the total IDF.** We fear that if flexible unplanned expenditure exceeded 20% of the IDF this could undermine calls for applications: organisations might be more interested in building close working relationships with the IDF civil servants with the hope they can make a private pitch for funding and avoid the need to go through external assessment or open competition. We would also be concerned that if significant funds were held back from the competitive calls, there would be increased risk of underspend if suitable opportunities did not arise or, worse, a risk that unsuitable projects are funded in quarter four to avoid underspend.

5.2 Longer Term Funding:

Speaking to institutions in Malawi like the College of Medicine, we see the significant impact that sustained Scottish Governments investment has had, with multiple grants for multiple projects over the last decade. **We welcome this continuity of effort but encourage the Scottish Government to continue to award funds for no more than three years at a time.** While recognizing the benefit of long-term relationships it is still vital that all grants awarded offer demonstrable value for money with clear outputs, outcomes and success indicators: we think this is best done on a triennial basis. For this reason, even the four networks core funded by the Scottish Government (SMP, MaSP, NIDOS, SFTF) have to apply for funding every three years, reporting against clear objectives every six months.

5.3 Small Grants Programme:

We strongly encourage the Scottish Government continues its Small Grants Programme (another SNP manifesto commitment) with annual calls for applications and an active learning and development process, through which the SMP and NIDOS are able to feed in the experience of members, making suggestions for the development of the programme.

We see this programme as being an integral part of the international development programme and an excellent example of the value of engaging a wider range of partners across Scottish civic society. At less than £500,000 a year, this programme costs less than many individual IDF project grants, and yet the Small Grants Programme delivers sustained impact across a range of development priorities in Malawi and beyond. The impact of these comparatively small grants is greatly increased by working with and through smaller, often community-led organisations, with considerable volunteerism and goodwill in both Scotland and Malawi. Furthermore the programme’s Feasibility and Capacity Building grants have played an important role in both countries, helping to develop innovative new approaches, instilling best practice and helping make organisations more sustainable.

We are also keen to commend the work of the Lloyds TSB Foundation (LTSBF) in the management of this programme. Our members that have engaged the programme -both those that have been successful with applications and those who have not- have had a very positive experience with LTSBF. LTSBF have been committed to supporting applicants, taking time to discuss applications and individually telephoning all eligible applicants to chat through any concerns or questions they might have. Smaller organisations often comment that they feel they lack the professional form-filling experience, and jargon, needed to make a successful application. In this context, the opportunity to talk through any concerns or questions, rather than be summarily rejected where aspects of the application are unclear, is greatly appreciated. Our members speak of the ‘positive and engaging attitude’ of LTSBF as they manage the programme. For these reasons, we hope LTSBF continues to bid for this contract and **we encourage the Scottish Government to update the Invitation to Tender for this grant management contract such that it includes a requirement for telephone calls with all eligible applicants,** as LTSBF have done to date.

6 Practicalities

6.1 Grant Management:

The Scottish Government is to be applauded for encouraging its civil servants within the international development team to commit time to be actively engaged in sector activity and discussions week in, week out. As a result of this engaging and outward-facing approach these civil servants have a strong understanding of the sector, with a wide range of effective working relationships. We believe that this strengthens the international development programme, and we note that this is not always the case with other development programmes led by other governments.

Furthermore, we observe that in recent years we have seen civil servants within the Scottish Government's small international development team stay longer in these posts, with increased opportunity for travel to the countries involved. We strongly support this trend. Effective grant management requires a strong understanding of the project, the organisations involved, and the country of operation. **We encourage the SG to support its civil servants to visit countries involved, developing their own personal knowledge and understanding, developing good working relationships with counterparts in the governments of these countries and, wherever possible, to be retained in their role for not less than three years.**

We also encourage the Scottish Government to set and maintain minimum standards of engagement between projects and their project managers within the Scottish Government, such that civil servants have a strong working knowledge of all projects and effective working relationships with the grant holders, with regular space for open and honest discussions about how the project is going and how plans have evolved. Countries like Malawi are dynamic environments in which it is not uncommon to have sudden and seismic political, economic or social change. Almost all projects will require adjustments and fine tuning mid-grant to respond to the evolving environment in countries like Malawi. **We encourage the Scottish Government to alert, responsive to such considerations and sympathetic to requests to amend projects once underway.** One advantage of a log-frame approach is it allows the government to easily approve changes to outputs as long as a convincing case is made as to the need for this change, and that the revised outputs will still achieve the original outcomes.

We encourage the Scottish Government to endeavor to ensure:

- (v) No civil servant manages more than 15 projects.**
- (vi) Every project has at least one face-to-face meeting with their Scottish Government project manager each year.**
- (vii) These are complimented by quick quarterly 'catch-up calls' – opportunities for either side to flag issues or opportunities.**
- (viii) All authorization requests for project amendments have a phone call or meeting to discuss the request, and a decision made, within one month of asking.**

6.2 Size of grants:

We encourage the Scottish Government to stop what we see as a trend through the life of the International Development Fund over the last decade for increasingly large grants, resulting in a decreased number of grants awarded and a decreased number of organisations involved. There is a temptation in government to see larger grants as easier to administer and, as a result, a better value investment. We disagree with this premise. While we encourage a continued commitment to programmatic coordination and coherence, we see the diversity of stakeholders engaged in the IDF as key to its success. Each new organisation brings its own outlook and expertise, and our experience is that smaller organisations have an especially strong multiplier effect given the extent to which volunteerism increases return on investment. We believe this diversity of expertise and the resultant multiplier effect more than off-sets any seeming economies of scale or administrative savings which may make a smaller number of larger grants seem more attractive.

The standard *modus operandi* for a number of other government development agencies would be to see a mere £9m as too small amount to fragment, fearing increased administration costs and inefficiencies. This traditional 'safe' train of thought would see such a £9m fund contracted to a private business, often a large multi-national corporation, to implement on behalf of the Government (the four largest global accountancy firms –KPMG, PwC, Deloitte and Ernst & Young- implement a considerable proportion of UK development funds). This traditional model sees work contracted and sub-contracted within the UK, with each successive layer of business taking generous consultant and management fees, slowly whittling funds away long before any implementation begins. We highlight this to illustrate the stark contrast, and bold leadership, the Scottish Government has chosen to show to date, resisting temptations to transfer large sums of development finance to well known 'safe' brands for implantation on the assumption this will result in increased efficiency and greater impact. Instead, the Scottish Government has -if you include membership of the four networks it supports- engaged thousands of organisations in its international development, maximising the impact of the limited funds available and establishing public and all-party support.

6.3 Timings:

Following the Scotland-Malawi [Partnership Principles](#), and listening to our partners in Malawi, we know that the international development projects with the greatest impact are those driven by local priorities, rising out of long-term partnerships with open and sustained discussions (ideally face-to-face) prior to the submission of any funding applications. Conversely, we know that projects that are hastily put together to meet a tight application deadline, with little community-level engagement at the point of project design, rarely have the impact they foresee and very rarely prove sustainable.

For this reason, **we encourage the Scottish Government to have not less than ten weeks between call for funding applications and application deadlines.** Furthermore, **we encourage advance notice to the sector, as early as possible, prior to calls being released, and for the Scottish Government to then ensure these timescales are met.** In this way, projects are able to schedule visits for joint project planning, actively engaging and listening to the actual communities involved, before grant applications are submitted.

6.4 Grant Assessment:

We appreciate that grant application assessment is often an unpopular and thankless job, and we recognise that unsuccessful IDF applicants are now given more constructive feedback than was previously the case. However, we note that the positive experience members have with the Small Grants Programme is not always paralleled with the main IDF itself. **We encourage the Scottish Government to include Malawian expertise within the scoring and decision-making process and to require that the external grant assessor is expected to speak with each eligible applicant to discuss any concerns or queries, as happens with the Small Grants Programme.** This would avoid projects being rejected for reasons of misunderstanding or misreading of application forms.

6.5 Managing exchange rates and inflation:

The Malawian Kwacha remains a volatile currency, often strengthening during the tobacco auction season (through the UK's spring and summer) and weakening the rest of the year. Overall, there has been a significant decrease in the value of the Kwacha over the last decade, from 260 to the GB Pound in May 2006, to 1,010 in May 2016, but with occasional sudden increases - in May 2013 the Kwacha jumped 20% in value in a fortnight (Source: [XE.com](#)). Scottish Government grants are awarded in GB Pounds but implementation of the Malawi Development Programme is typically in Kwacha, leaving projects exposed to currency fluctuations in the three+ years from budget development to project completion.

Malawi's inflation rate remains high and fluctuating: currently at 22% percent, having peaked at 37.9% in 2013 (Source: [Trade Economics](#)). While we recommend our members factor in inflation in full (using historical averages) when developing project budgets, we know many are reluctant to submit funding applications with an annual budget uplift of 20-40% fearing this will count against them at the stage of independent assessment. We

also fear that the International Development Fund would struggle to accommodate a portfolio of projects each with c30% annual inflation factored in (which would result in c25% of the triennial cost in year one, c33% in year two and c42% in year three).

We encourage the Scottish Government to:

(vi) Recognize that in a dynamic environment such as Malawi, forecast underspends/overspends at the start of Quarter 4 (January) do not always match the actuals at the end of the financial year.

(vii) Continue to allow projects to hold currency gains as a buffer against currency losses for the duration of projects.

(viii) Allow projects once underway to take a pragmatic approach, offsetting inflation losses (where inflation exceeds that budgeted) on the one hand, with kwacha gains on the other. At present this is not formally allowed, meaning projects can find themselves in the perverse situation where they simultaneously are both under-spent and over-spent (see box one): a common sense approach could allow one to cancel the other out.

(ix) At the end of projects, allow grant holders to propose how any currency gains can be re-invested in the sustainability of the project

(x) Recognize the uncertainty inherent in managing projects in a volatile currency like the Malawian Kwacha and be sympathetic to requests to alter the scale of delivery based on the performance of the Kwacha. Projects are responsible for reporting expenditure, against the agreed budget in GB Pounds rather than Kwacha, we therefore suggest that there be flexibility and understanding that some deliverables may have exceeded target levels where the Kwacha has dropped in value but equally they may have reduced below target levels where the Kwacha has strengthened. Obviously the differing nature of projects will mean some projects, and some budget lines within projects, are more/less able to be responsive to the variations in the exchange rate. For example, there is typically little if any flexibility in staff salary budget lines but more in a marketing budget (a currency depreciation in quarters one and two, yielding additional Kwacha, could be absorbed by increasing marketing activities in that period). We recommend the Scottish Government is understanding and responsive to requests for necessary amendments to project plans mid-project where:

- There is a demonstrable external factor (in this case published exchange rates).
- The processes followed for the amendments are as agreed in the risk register.
- The amendments continue to achieve the agreed outcomes if not the outputs.

Box One: The exchange rate/inflation rate challenge:

The quandary our members often find themselves in under the current policy is best explained through a hypothetical example:

- A project has a budgeted exchange rate of £1:MK1,000.
- The total year one project budget is £1,000 = MK1,000,000.
- In year one the value of the Kwacha drops by 30% to £1:MK1,300.
- This means the £1,000 budget yields MK1,300,000 instead of MK1,000,000.
- However, under the current Scottish Government policy, projects have to separate out the MK300,000 as currency gain and ensure this is not spent by the project.
- Unsurprisingly for a country like Malawi which imports more than it exports, a decrease in the value of the Kwacha often results in increased inflation – in this hypothetical example say to 30%. This means the goods/services that cost MK1,000,000 when the budget was drawn up now cost MK1,300,000.
- To be able to deliver the agreed outputs the project has to overspend by MK300,000.
- Following the current policy, which does not allow currency gains to offset inflation losses, this project would have to report to the Scottish Government that it is both MK300,000 overspent and MK300,000 underspend (with these funds held aside and returned to the government at the end of the project).

6.6 Monitoring, evaluation and learning

We believe the monitoring and evaluation processes are adequate within the International Development Fund but that there is more that can be done to enhance the resultant learning. Large quantities of data are generated from projects on a six-monthly basis, with log-frames providing detailed information on outputs and outcomes. However, it often takes many months before feedback is received from these reports and we feel that more could be done to share learning and impact.

We recommend the:

- (i) **Collation of a shared learning document every six months with summary (anonymised) trends from the project reporting** including common challenges experienced and what seems to have worked to help mitigate these challenges. Making this information available would help ensure learning experienced in one area carried over to all others, strengthening the programme and ensuring projects were well equipped to respond to changes and challenges within Malawi. Also, having this information shared would help the four network agencies develop training, advice and support services to respond to these challenges.
- (ii) **Dissemination of impact information at least annually.** Ideally this would capture cross-cutting impact across the programme, communicated in a variety of innovative and engaging formats (e.g. info graphics or videos shared on social media).
- (iii) **Collection and sharing of longitudinal data,** with each grant recipient responsible for submitting a five and ten-year impact summary to understand the long-term impact and sustainability of different projects. Analysis of this data would help inform future decision-making: identifying traits which made projects more likely to be sustainable in the long term.

7 Wider Engagement

7.1 Harnessing expertise within priority countries

This is perhaps at the core of what makes the Scottish Government's international development work distinctive: that the communities of those directly involved are seen as partners and active participants, and not simply grateful recipients. In Malawi, there is a great deal of relevant experience and expertise which can, and does, inform the Scottish Government's work in the country.

Too often donors find it easier, or safer, to rely on expertise from consultants and corporations rather than local knowledge and experience. Behind this lies the assumption that a consultant's experience fighting poverty in one country or continent can unproblematically be successfully transplanted into another. We do not share this view. We believe all development work must be designed and led by our partners in the communities directly involved and we encourage the Scottish Government to continue to ensure all projects funded are driven by this sense of dignified partnership, doing everything possible to tap into local expertise.

In Malawi such expertise can be found across higher education, government (local and central) and parliament, business, faith-based organisations, traditional leaders, NGOs, and all manner of community groups. **We encourage a broad and inclusive approach to the Scottish Government's understanding of 'local expertise' and are confident such expertise can and should help deliver the Scottish Government's programme ambitions.**

Our partners the Malawi Scotland Partnership (MaSP) are always ready to help bring together expertise within Malawi and are well connected throughout various sectors.

It is important the Scottish Government engages and compliments governmental and non-governmental planning at both a local and national level. In Malawi, this involves being responsive to the outcomes of formal planning processes nationally (MGDSII) and locally (District Development plans) but also alert to civic-led dialogue, for example such as that led by the Public Affairs Committee, the CCJP, the CCAP, MEJN, etc.

7.2 Institutional linking and capacity building

There are certainly many excellent examples of mutually-beneficial institutional twinning arrangements between Scotland and Malawi in which skills and experience have been shared on a two-way basis. Of particular note perhaps, the longstanding twinning between the two Parliaments, facilitated in part by the Commonwealth Parliamentary Association, and the formal partnership between Education Scotland and Ministry of Education in Malawi, and the capacity building work by Police Scotland in Malawi. We believe there is considerable scope for this model to be further developed, for example to support increased local authority or hospital linking, and we see a useful potential role the Scottish Government could play in facilitating this. **We recommend the Scottish Government considers committing a small proportion of the international development fund (under 15%) to an institutional strengthening fund from which small grants could support such linking.** There is a strong body of literature available detailing what makes a successful institutional twinning, including by the Tropical Health Education Trust (THET) and the Association of Commonwealth Universities (ACU).

If the Scottish Government were interested in establishing such an institutional strengthening programme, we would encourage the government ensure:

- (i) Institutional links work within the Scotland-Malawi [Partnership Principles](#).
- (ii) There is a clear theory of change for institutional strengthening, with outputs and outcomes against which the success of links can be measured.
- (iii) Expectations are carefully managed at both sides, with formal partnership agreements in place from the outset.
- (iv) We are led by needs in Malawi rather than ideas, opportunities or interests from Scotland.
- (v) There is clarity as to how such links can be sustained beyond the period of funding: institutional strengthening is not a quick process.
- (vi) Engagements are planned in such a way as to ensure human capacity is retained within Malawi, with benefits and learning spread between key staff members to ensure a sustained institutional memory.
- (vii) Communications technology is embraced such that progress can be sustained between reciprocal visits.
- (viii) The programme is informed by the experience and learning of existing Scotland-Malawi institutional links.

7.3 Diaspora engagement

The SMP has always appreciated the huge potential diaspora communities have to add value to Scotland's international relations and international development efforts. It is often said that more funds travel from the global north to the global south through diaspora remittances than through formal development efforts.

There is perhaps no other group with such unique and valuable knowledge and experience relevant to the shared history and culture between Scotland and Malawi. For this reason, **we continue to encourage the Scottish Government to engage diaspora communities in its international development work.**

Experience has shown that engaging the diaspora is not always unproblematic. Informed by the experience of the sector we encourage the Scottish Government not to assume that:

- (i) all in the diaspora *wish* to be involved in formal international development efforts.
- (ii) there is one single "diaspora community", or that one group serves to represent all the various diaspora communities in Scotland: this would be to do a dis-service to the diversity within, and politics between, the many different diaspora communities within Scotland.
- (iii) engaging the diaspora in Scotland can or should replace real partnership working with those in the countries the Scottish Government operates in.

7.4 Private sector engagement

We see value in the Scottish Government engaging the private sector in both Scotland and the country of operations, for the leverage of additional funds and increased sustainability. **We recommend the Scottish Government ensures all efforts to connect its international development fund and the private sector:**

- (i) **Work within the core values of the IDF and the Scotland-Malawi [Partnership Principles](#).**

- (ii) **Are held to the same standards of delivery as are third sector partners, with a clear theory of change, measurable outputs and outcomes, and demonstrable value for money.**
- (iii) **Are informed by knowledge of the Malawian context** – we should not assume that markets and expertise in Scotland are automatically replicable in Malawi,

7.5 Supporting trade and investment:

The Scotland Malawi Partnership has been active in this space through our [2017-20 Strategic Plan](#). We help coordinate activities across Scotland in our Business, Trade, Investment and Tourism Forum and are currently building Scottish markets for 13 Malawian products: Kilombero rice (JTS); Mzuzu Fairtrade ground coffee (Traidcraft); Scotland Street Coffee (Brodies); Malawi AAA coffee (Luckie Beans); Malawi Mzuzu coffee (Ovenbird Coffee Roasters); Lost Malawi Tea, Malawi Green Tea and Malawi Antler Tea (Rare Tea Company); Malawian Peanuts (Liberation Nuts); Fairtrade Sugar (Co-operative own brand Fairtrade sugar); Geobars (Traidcraft); Ubuntu Fairtrade Cola; Malawian Gin (Africanos World). One innovative recent success is SMP member ‘Brewgooder’ who quickly raised £50,000 through crowdfunding for a craft Scottish Lager brewed at cost price by Brewdog, with profits going directly to clean water projects in Malawi. It is estimated this will yield £700,000 of sustainable funds by 2019.

We think the Scottish Government has had strong impact through the projects it has funded supporting the development of Malawian exports into Scotland, for example, the JTS Kilombero Rice which was recently rolled out to all Co-op shops in Scotland.

We encourage the Scottish Government to be alert and responsive to opportunities to support innovative private sector engagement projects where this work fits within the Scotland-Malawi [Partnership Principles](#), has clear measurable positive impact in Malawi, and where projects offer value for money.

7.6 Higher Education engagement:

Every Scottish university and many of its colleges are members of the SMP, and the Partnership hosts a regular Further and Higher Education Forum. Through this forum we regularly publish a [Directory of FE/HE links](#) with Malawi. This is a useful tool for the sharing of experience, learning and contacts between Scottish universities engaged with Malawi.

The SMP’s FE/HE forum has been active in recent years looking to help ‘[bridge the gap](#)’ between academia and NGOs. Each year we support and advise many academics to undertake research in Malawi but there is often a disconnect between this research and the work of NGOs and others active in Malawi. We are keen to see more of the academic study between Scotland and Malawi driven by and designed around the needs of Malawian communities. Too often NGOs have programmes which lack an adequate research base, not knowing who to contact or how to commission research and fearing such studies might be prohibitively expensive or time consuming. And too often academics embark on research projects of personal interest rather than driven by genuine need, and subsequently struggle to find practical applications for the research outputs as a result.

We would welcome Scottish Government involvement and support as we continue our efforts to bridge this gap, connecting academia with the NGO community.

We appreciate circumstances may arise where there is a compelling case for the Scottish Government to invest a small proportion of its IDF to itself commission research relating to the fund. In this scenario **we would encourage the government to first explore the possibility of *pro bono* or heavily discounted research work** (the SMP has had good success working with a range of universities, receiving services on a *pro bono* basis as there remains a great deal of goodwill towards Malawi within Scottish higher education), **and to ensure any such fees did not commit more than 5% of the total IDF in any given year.**

We recognize that Scottish universities have a significant existing and potential future role to play in helping to build capacity of higher education in Malawi - Malawi currently has the world’s lowest HE enrollment rate. We have above outlined our comments regarding institution-to-institution capacity building.

We also note that Scottish universities could play an important role in parallel open government reporting in Scotland, working with wider civic society representatives.