



# NGO REGULATORY AUTHORITY

NGO SECTOR  
REPORT

**2021**



## **ABOUT THE REGULATOR**

The NGO Regulatory Authority (NGORA), is a statutory corporation mandated to register and regulate operations of NGOs in Malawi. The statutory areas of focus are in promoting the development of a strong independent civil society in Malawi that inspires public and donor confidence; enhancing collaboration between Government and NGOs in furtherance of public benefit; and ensuring transparency and accountability of the NGO sector. NGORA is governed by an independent board of directors drawn from various professional bodies. It reports to parliament through the line ministry of Gender Community Development and Social Welfare.

### **Vision**

An NGO sector that maximizes public benefit.

### **Mission**

Delivering Sustainable Development through NGO Sector Regulation.

### **Functions**

Section 20 of the NGO (Amendment) Act, 2022 gives the Regulator the following powers to:

1. Register NGOs and maintain a register incorporating a database of NGOs operating in Malawi, and maintain registers or sub-registers, including any as may relate to exempted NGOs and international NGOs;
2. Operate a Public Documentation Centre where members of the public may freely access the NGO register and data-base, including records and returns of NGOs lodged in the Public Documentation Centre;
3. Monitor compliance by NGOs within the provisions of the Act or any other written law;
4. Withhold, suspend or cancel registration of an NGO in the event of failure or refusal to comply with the provisions of the Act;
5. Review implementation and financial reports submitted by NGOs to ensure transparency and accountability;
6. Determine, from time to time, the incentives applicable to NGOs under the Act or any written law and make necessary recommendations to the Minister;
7. Commission surveys, enquiries and research, with a view to advise the Minister with regard to any matter affecting NGOs in the country;
8. Receive, investigate and determine complaints against NGOs;
9. Register and resolve, through mediation or conciliation, disputes between NGOs or between NGOs and other persons; and
10. Do all such other things as necessary, incidental or conducive to the better carrying out of the objects and functions of the Authority specified in the Act.

## **FOREWORD**

At the end of each financial year, all registered NGOs are mandated to submit to the Regulator audited financial statements, annual reports outlining activities undertaken in that year, and annual returns summarizing the NGOs administrative information. Since 2020, the Regulator has been summarizing the submitted reports and producing the annual Sector Report which summarizes the finances as well as the activities done by the NGOs. This report is therefore a summary of reports submitted for the 2021 calendar year in order to inform the government as well as the public on the role of the NGO sector in the development of the country.

Over the years, the Regulator has struggled with regulating and providing proper guidance to the government due to low compliance rates by registered NGOs. The challenges were also exacerbated by the high number of charitable NGOs who register with other legal regimes and not with the Regulator. To address the challenges, the government amended the NGO Act in order to make the Regulator a one stop registration center and make the sector more accountable.

NGORA further deployed officers in all the districts of the country to provide services to its stakeholders and monitor NGO work. Despite the presence of officers in the districts, the Regulator has found it hard to properly execute its operations especially on monitoring NGO work as the officers do not have means of transportation to assess the activities being implemented by the NGOs.

In spite of these challenges, NGORA has been successful in amending the NGO law, developing the NGO management information system (myNGO), providing guidance to NGO board members on governance issues and training Area Development Committee (ADC) leaders on NGO work among others.

In addition, the Regulator is currently in the process of developing regulations to help in operationalizing the amended law. It also has plans to continue training board members and reach out to all the 7,000 ADC leaders in the country in order to increase NGO accountability and make sure that the citizenry is engaged and able to monitor NGO work.



Voice Mhone

**CHIEF EXECUTIVE OFFICER**

## **Definitions**

### **1. NGO Regulatory Authority**

The Regulator for all NGOs operating in Malawi, established under Section 6 of the NGO Act (Cap. 5:05 of the Laws of Malawi).

### **2. Exempted NGO**

An NGO exempted from the provisions of the NGO Act under Section 5.

### **3. NGO**

Non-Governmental Organization constituted for public benefit purpose to which the provision of the NGO Act is applicable.

### **4. International NGO**

An institution or organization for public benefit purposes, established under the laws of a country other than Malawi, or established under a treaty or convention and conducting some or all its activities in Malawi.

### **5. Sectors**

NGOs carry out various activities/projects towards the fulfilment of their objectives. Related activities are usually grouped based on their thematic relationship referred to as sectors.

### **6. Financial Year**

A period of 12 months used by institutions in order to calculate their budgets, income and expenditures.

### **7. Advocacy**

Advocacy NGOs primarily promote policies and/or actions addressing specific concerns, points of view, or interests. In the context of development, they work to influence the policies and practices of governments and development institutions.

### **8. Service Provision**

In service provision, NGOs work towards improving quality of life by ensuring access to basic services like education, shelter, water, health, food etc.

### **9. Capacity Building**

Capacity Building refers to actions that improve NGOs effectiveness or enhance ability to work towards its mission. Capacity building efforts can include a broad range of approaches, e.g. financial support, providing training and supporting collaboration with other NGOs.

### **10. Public Benefit Purpose**

Organizational purposes involving developmental and charitable purposes including but not limited to, educational, health, welfare, advocacy, cultural, civic, social, recreational, scientific, environmental, or other similar objects for the benefit of the general public, a section thereof or members of the

organization. Excluded are activities involving a church or religion, trade union, employer's organization or political party

**11. ADC**

Area Development Committee

## Preface

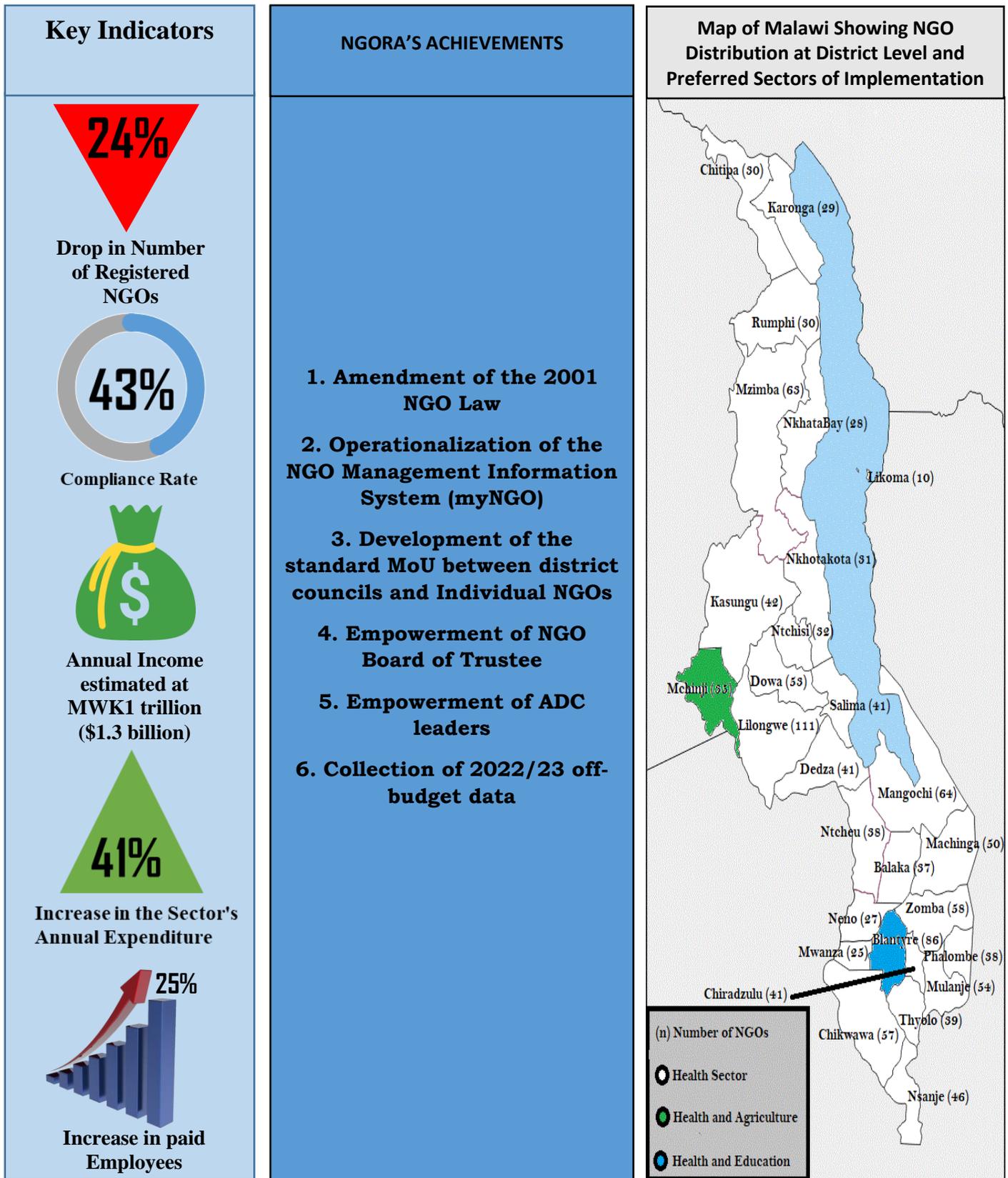
In the last 10 years Malawi has witnessed a substantial growth in the number of NGOs registered under the NGO Act (Cap. 5.05 of Laws of Malawi). The NGO sector recorded a significant growth after the country's multiparty elections in 1994 which opened up democratic space in Malawi. In the year under review, the number of registered NGOs in the Regulator's NGO registry stood at 880.

NGOs are spread all over the country and vary from local to international. They implement diverse activities in different sectors such as health, education, agriculture, gender, human rights and the environment. They further employ various strategies including policy changes, advocacy, research as well as training when implementing their activities. In so doing they mobilize resources from different donors around the world to help improve the provision of basic services, especially in areas the Government struggles to reach. The sector also provides employment to thousands of Malawians of diverse professions; thus, it has proven to be a major player in complementing Government's development efforts.

Even though the sector is credited with all these positive outcomes, its expansion has sometimes resulted in abuse of not only resources but also the public who interact with these NGOs on a day-to-day basis. A negative image of the NGO sector can also negatively impact on how the nation as well as economy is perceived.

An analysis made from the 2021 Audited financial reports submitted by 307 out of the expected 715 NGOs to the Regulator revealed a total expenditure of MWK412 billion, compared to the MWK244 billion in the 2020 (from the 228 that submitted their audited financial reports). With an average income of MWK1.4 billion in the year in under review, an estimated annual income of MWK1 trillion for the sector was calculated. Nevertheless, it is hard to have a clear picture of the sector's contribution to the economy with only 43% of the sector submitting annual reports. The submission of inaccurate data on sources of funding also causes challenges in determining the sector's contribution to the country's development. With these challenges, it is therefore crucial that NGOs are monitored and their activities shared to promote transparency as well as accountability in the sector.

## 2021 NGO Sector's Executive Summary



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# Chapter 1: Background

## 1.0 Introduction

The NGO (Amendment) Act, 2022 gives power to the Regulator to review and provide free access to the public of annual returns submitted by NGOs. In 2020, the Regulator developed an online portal called myNGO to reduce costs and time taken by its stakeholders to travel to the Regulator's secretariat offices to access NGO returns and for NGOs to register and submit their annual returns. MyNGO has proven to be an easy way of accessing NGO information, and even though it provides the public with NGO data online, the Regulator will continue to make a summary of the submitted returns through the Sector Report.

The information contained in the Sector Report is useful for decision makers including the government and Parliament as demand for the sector's data is ever increasing.

The Sector Report profiles and quantifies the contributions of the NGO sector towards the development of the country. The report also profiles key issues the sector faces in carrying out its activities as well as achievements made in that particular year. It also highlights the Regulator's key achievements in the year under review as well as its plans for the future.

### 1.1 Scope

This report was developed using data that was obtained from 307 NGOs that fully complied with the NGO law for their 2021 financial year. The report also provides a brief summary of information for NGOs that were registered during the same period. Among other things, the report outlines information on the sectors growth, contribution towards national development and the Regulator's achievements and challenges during the same period.

### 1.2 Objectives

The report was developed to provide decision makers with credible information of the NGO sector. Specifically, the report aims to:

1. Address the demand for NGO information by all relevant stakeholders;
2. Determine the sector's growth;
3. Determine the sector contribution towards national development and;
4. Determine the sector's activity alignment towards MIP-1 of the MW2063

### 1.3 Limitation

The major limitation towards the development of the report was delays in the submission of annual returns by the sector. This led to the Regulator extending the report submission period which resulted in delay on the development and release of the 2021 annual sector report. In addition to this, moderate low compliance from the sector also limited the information contained in the report

and finally, a lack of resources limited the regulator from physical verification of the reported activities by the sector.

## Chapter 2: Compliance

Upon registration, NGOs are given a year to operate after which, they are mandated by law to submit annual reports to the Regulator. This chapter details the types of reports the NGOs are mandated to submit, the levels of compliance in the period under review and the efforts the regulator has put in place in order to improve the sector's compliance.

### 2.1 Types of Reports

The NGO law mandates all NGOs registered under the Act to submit on annual basis the following documents which would be part of the registry accessible to the public:

1. An audited annual financial statement;
2. An annual report outlining the activities undertaken by the NGO in that year and;
3. An annual return form.

The filing of these returns as of 1<sup>st</sup> January, 2022 has been strictly online through the myNGO online portal.

### 2.2 Compliance levels

Out of the 880 NGOs that were in the Regulator's registry by 30<sup>th</sup> June, 2020, a total of 92 NGOs did not implement any projects (were dormant) in 2021, 26 had closed, and 47 were new registrations and therefore exempt from submitting annual returns. This means that the Regulator expected to receive annual reports from a total of 715 active NGOs. In the year under review, a total of 307 NGOs submitted their reports representing a 43% compliance rate. This is the highest compliance rate recorded with the lowest being 5% in 2016.

Figure 1 summarizes the sector's compliance rates for the past 5 years.

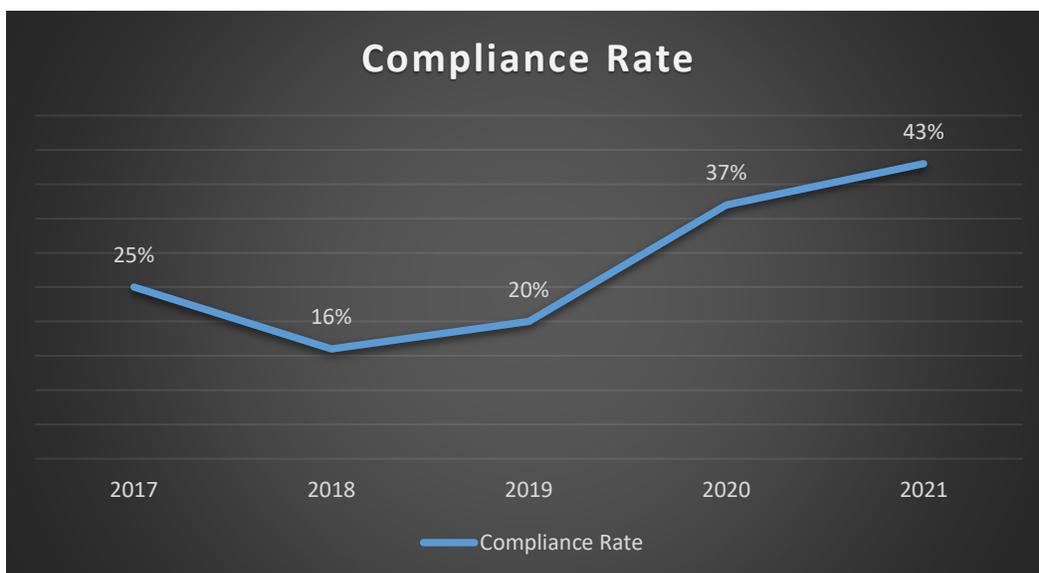


Figure 1: The Sector's Compliance Trend in the past 5 years

## **2.3 Efforts to Improve Compliance**

There were a number of factors leading the moderate low compliance rates as reported by the sector. To address the problems, the Regulator took a number of measures to make it easy for the sector to comply with the NGO law. Among others, the Regulator did the following:

1. Opened District Service Center Offices across the country to make it easy for stakeholders to access the Regulator's services;
2. Developed the NGO management information system labeled myNGO which allows online registration and submission of reports. The system gives free public access to NGO information and;
3. Allowed NGOs with an annual income of MWK100 million to submit management accounts instead of audited financial statements while waiting for their accounts to be audited .

Although these efforts were put in place, challenges were still noted especially in the use of the online platform to submit reports since this was the first year of implementation.

The Regulator therefore took steps to understand the experiences of the system users in order to understand their challenges, concerns and recommendations after the end of the report submission period. All issues raised by the users were addressed.

# Chapter 3: Growth and Contribution to National Development

The report defines growth as the overall change in the number of NGOs that have been registered with the Regulator as well as financial increase in terms of funding received and the total expenditure by the sector for the year in review. This chapter also focuses on the utilization of the grants received in line with the national development agenda.

## 3.1 NGO Registration

This section focuses on the growth of the sector in terms of registration. The analysis is on the number of NGOs that registered with the Regulator in the just ended calendar year. A total of 47 NGOs were registered, a 24% decline to the previous year. Amongst the newly registered NGOs, 39 were local and 8 international NGOs.

Figure 2 summarizes NGO registration trends and percentage changes over the past 5 years.

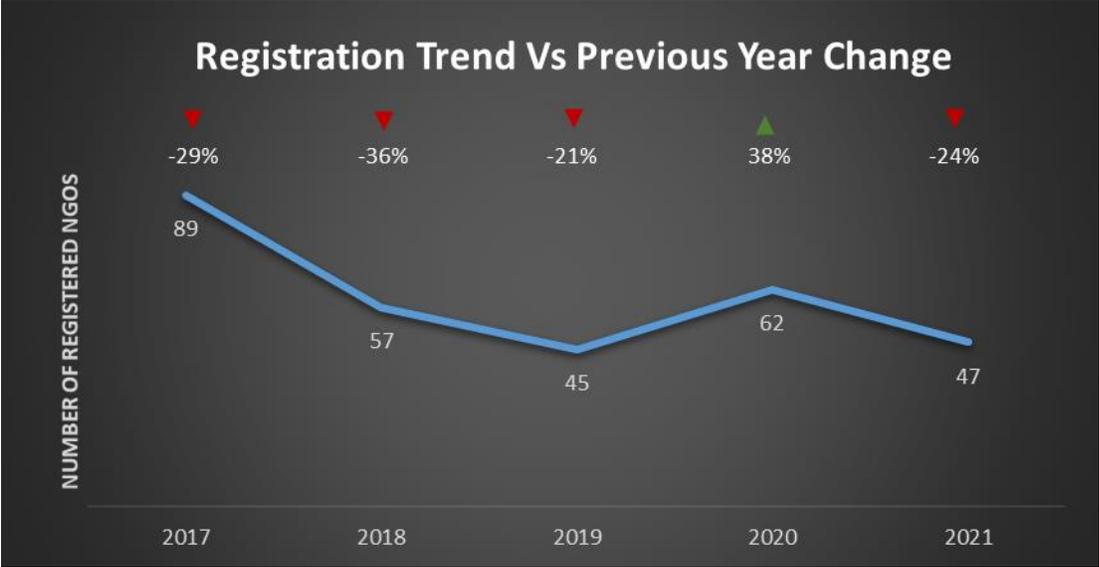


Figure 2: NGO Registration trend and annual percentage changes over the past 5 years

### **3.3 Closed and Dormant NGOs**

The NGO (Amendment) Act S. 20 (d) gives the Regulator powers to withhold, suspend or cancel registration of an NGO in the event of failure or refusal to comply with the provisions of the Act. It should be noted that in the period under review the Regulator did not close, cancel or suspend the registration of any organization as it has been sensitizing the sector before implementation of the provision.

Even though no NGO had their registration cancelled or suspended, the Regulator followed up on NGOs that had not been compliant for 3 consecutive years in order to assess their status. The activity was done through phone calls and physical visits by District Service Center Officers. 147 non-compliant NGOs were contacted and out of these, 92 reported to have had no activities in the years (dormant), 26 had closed while the other 29 were still active and just not compliant with the law.

### **3.4 Active NGOs**

NGORA categorizes active NGOs as those that are in its database and are implementing projects on the ground; or have a valid licence for the current year. For the period under review, a total of 880 NGOs were in the Regulator's registry and based on the results from the activity above, a total of 715 were active.

### **3.5 Financial Growth**

The sector's financial growth in terms of annual income has increased by 42% from MWK244 billion in 2020. Substantial increases have also been noted in individual NGOs, this was evident in both the top and bottom 20 NGOs where 52% reported to have had an increase in their annual income.

Based on the financial statements that were received in the 2021 calendar year from 307 NGOs, grants amounting to MWK429 billion were received through the NGO sector, and a total of MWK412 billion was recorded in expenses. Figure 3 summarizes the comparative income and expenditures reported by the sector for the past 4 years and the percentage change in the years.

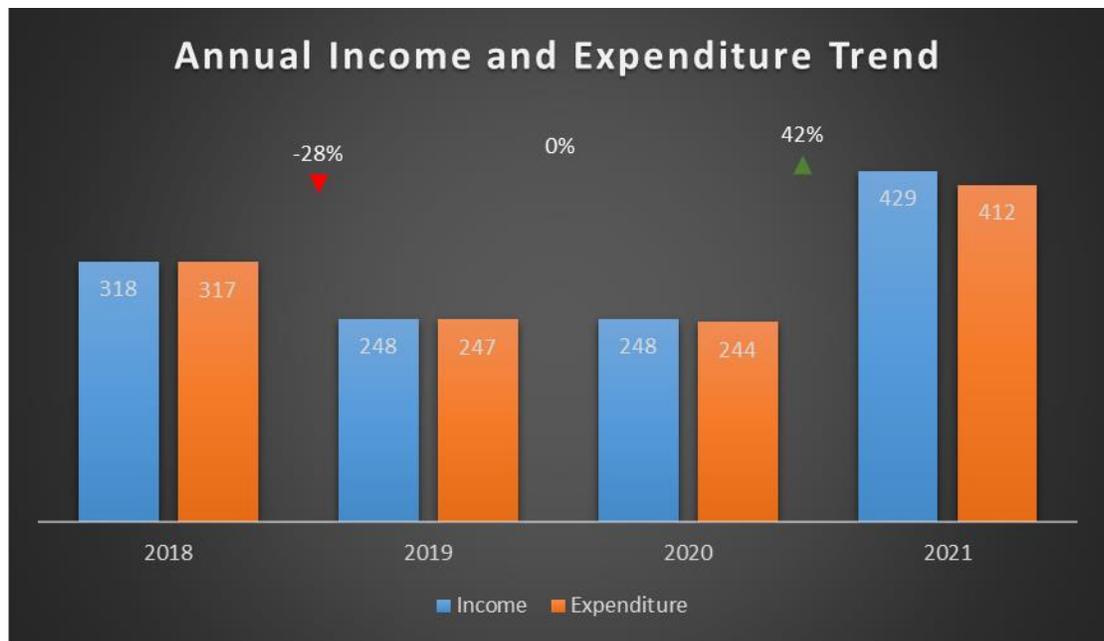


Figure 3: Sector's Annual Income and Expenditure Trends since 2018

### 3.6 Leading NGOs by Funding

The NGO with the highest annual income for the year under review was World Vision International which received MWK35.9 billion followed by Christian Health Association in Malawi (CHAM) with MWK35.2 billion. An analysis of NGO financial statements also indicates that there were 68 NGOs that reported to have received an annual income of at least MWK1 billion. Further to this, with an average annual Income of over MWK1.4 billion, the estimated annual income for the sector was set at MWK1 trillion.

There were notable changes amongst individual NGOs for both their income and expenditure during the year in comparison to the 2020 calendar year. An assessment of the top 20 NGOs indicated an annual income of MWK247 billion representing a 33% increase to what the top 20 reported to have received in 2020. It was also noted that at least 60% of the top 20 NGOs had an increase in their annual income with an NGO called Give Directly having the most increase. Action Aid on the other hand had the most decrease in funding amongst NGOs that were funded the least.

Table 1 summarizes the income and expenditure for the top 20 NGOs.

Table 1: Annual Income and Expenditure for the top 20 NGOs

<b>Name of NGO</b>	<b>Income % Change</b>	<b>2021 Annual Income (MWK)</b>	<b>2021 Annual Expenditure (MWK)</b>	<b>2020 Annual Income (MWK)</b>	<b>2020 Annual Expenditure (MWK)</b>
World Vision International (WVI)	25% ▲	35,908,712,376.60	34,986,311,136	26,988,046,944.95	27,867,828,722.24
Christian Health Association in Malawi	*	35,261,880,820.00	35,261,880,820.00		
Partners in Hope	26% ▲	15,098,065,093.00	15,062,998,773.00	11,167,362,938.00	11,059,373,901.00
Give Directly	72% ▲	14,728,867,158.00	14,728,867,158.00	4,068,791,693.00	4,068,791,693.00
Save the Children International	18% ▲	14,636,857,487.04	14,704,730,454.39	11,965,182,704.21	11,890,243,218.34
Elizabeth Glaser Pediatric Aids Foundation	-39% ▼	14,486,770,000.00	14,486,770,000.00	20,087,051,250.00	20,087,051,250.00
Baylor College of Medicine Children's foundation-Malawi	17% ▲	14,450,638,891.00	14,433,909,874.00	11,963,217,633.00	11,747,394,100.00
Plan International INC. Malawi	-17% ▼	11,730,704,000.00	12,073,258,000.00	13,730,380,000.00	13,137,988,000.00
Care Malawi	44% ▲	11,574,807,802.95	11,124,051,977.67	6,442,166,075.58	6,383,546,272.80
Population Services International	5% ▲	10,790,615,492.00	8,948,135,731.00	10,256,058,611.00	9,027,625,484.00
JHPIEGO Corporation	17% ▲	10,173,070,250.00	10,173,070,250.00	8,463,678,390.00	8,463,678,390.00
Management Sciences for Health	*	8,193,682,500.00	8,026,040,142.00		

Scottish International Relief Malawi/Mary's Meals Malawi	-4% ▼	7,850,002,000.00	8,109,606,000.00	8,196,009,000.00	8,205,391,000.00
One Acre Fund	8% ▲	7,057,553,000.00	6,695,218,000.00	6,463,239,000.00	4,464,550,000.00
Banja La Mtsogolo	-3% ▼	6,643,757,000.00	6,423,839,000.00	6,852,420,000.00	6,683,706,000.00
Family Health International	*	5,971,329,823.54	5,739,081,277.07		
Action Aid Malawi	-96% ▼	5,958,942,000.00	6,344,161,000.00	11,695,162,000.00	11,906,188,000.00
Catholic Relief services (CRS)	11% ▲	5,796,107,984.82	5,548,317,311.42	5,176,560,730.80	5,143,962,670.08
Partners in Health (APZU)	*	5,186,158,540.77	4,767,598,989.06		
World Relief International	49% ▲	5,076,618,965.00	4,760,833,137.00	2,614,160,495.00	2,949,383,412.00
<b>Grand Total</b>	<b>33% ▲</b>	<b>246,575,141,184.72</b>	<b>242,398,679,031.00</b>	<b>166,129,487,466.00</b>	<b>163,086,702,113.00</b>

### 3.7 Least Funded NGOs

A similar assessment was done for NGOs with least annual income in the year. Since a majority of the bottom 20 NGOs did not submit their 2020 returns, a comparison on how much they received in the previous.

Table 2 summarizes the income and expenditure details.

Table 2: Least Funded NGOs and how they fared in the previous year

<b>Name of NGO</b>	<b>Income % Change</b>	<b>2021 Annual Income (MWK)</b>	<b>2021 Annual Expenditure (MWK)</b>	<b>2020 Annual Income (MWK)</b>	<b>2020 Annual Expenditure (MWK)</b>
Community Partnership for Relief and Development	-51% ▼	73,180,289.00	80,833,917.00	110,173,994.00	111,113,818.00
The Heart Warmers Foundation	82% ▲	64,979,226.03	49,628,091.05	11,874,301.25	11,779,604.15
Gulugufe	71% ▲	63,988,000.00	63,391,000.00	18,570,000.00	17,297,000.00
Young Women's Christian Association of Malawi	-5% ▼	61,012,701.00	86,037,797.00	64,338,578.00	33,243,432.00
Kids World Outreach Society	-13% ▼	58,056,304.00	57,124,515.00	65,600,371.00	60,886,511.00
Rivers of Goodness	50% ▲	54,109,544.00	61,891,012.00	27,122,187.00	22,134,050.00
Friends of Mulanje Orphans (FOMO)	-99% ▼	50,205,330.48	58,908,672.84	99,734,663.88	70,075,037.04
Mustard Seed Communities	14% ▲	47,433,662.00	51,567,651.00	40,919,398.00	41,983,184.00
Reach the Needy	83% ▲	47,269,604.12	47,246,247.07	8,018,117.10	8,383,974.15
African Institute of Corporate Citizenship	-67% ▼	44,578,717.00	43,348,943.00	74,429,118.00	66,576,073.00
2nd Milk Industry	-16% ▼	43,126,780.00	44,535,652.00	50,075,614.00	49,409,121.00
Network of Journalists Living with HIV (JONEHA)	-17% ▼	38,273,890.00	37,989,890.00	44,888,014.00	44,761,015.00
Action Ministries Trust	-8% ▼	36,399,537.00	34,896,263.00	39,207,158.00	40,925,960.00

Water Witness International	51% ▲	31,326,959.00	31,326,959.00	15,319,374.00	15,319,374.00
Parents of Disabled Children Association of Malawi (PODCAM)	78% ▲	30,595,137.00	30,997,011.00	6,819,437.90	6,233,437.00
Bhubesi Pride Foundation (BPF)	45% ▲	26,148,231.00	26,148,231.00	14,415,203.00	14,415,203.00
Hygiene Village Project	-22% ▼	23,145,178.00	23,676,000.00	28,286,075.00	47,316,000.00
Chanasa	6% ▲	8,797,217.00	8,880,594.00	8,260,116.00	9,504,858.00
Tongole Foundation	-40% ▼	6,064,452.00	5,468,062.00	8,485,084.00	7,560,504.00
Youth Project Excellence	7% ▲	5,685,448.00	5,658,761.00	5,314,033.00	5,309,011.00
<b>Grand Total</b>	<b>9% ▲</b>	<b>814,376,206.63</b>	<b>849,555,268.96</b>	<b>741,850,837.13</b>	<b>684,227,166.34</b>

### 3.7 Funding & Partnerships

This section highlights sources of funding for NGOs as well as the partnership between local and international NGOs. The partnership is assessed in order to gauge the financial support local NGOs receive from international NGOs. It was observed that on funding, most NGOs do not clearly indicate the actual amounts received from their donors.

#### 3.7.1 Sources of Funding

The sector is highly dependent on donations for its operations. The donations are categorized as being from:

1. Foreign Government Agencies;
2. Affiliate NGOs;
3. United Nations Agencies;
4. Through Malawi Government MDAs;
5. Private donors;
6. NGO partnerships and;
7. Self-generated income.

In their reports, a significant number of NGOs did not clearly disclose their donors or the amount received in the year, hence these were categorized as other donors. There is need to provide clarity on the annual return form in the next report submission period so that the required information is correctly submitted by the NGOs.

Table 3 summarizes the amount received per donor category.

*Table 3: Sources of Funding*

<b>Source of Funding</b>	<b>Amount (MWK)</b>	<b>Percentage (%)</b>
Other Sources	217,056,509,310	52
International Government Agencies	82,922,888,029	20
Affiliated NGOs	54,891,911,751	13
Through Malawi Government MDAs	30,482,768,214	7
Private Donors	15,302,646,033	4
NGO Partnership	7,353,164,899	2
UN Agencies	6,923,126,585	2
Self-Generated Income	2,066,985,179	<1

From the table 3, international government agencies were the major funders of the sector. International government agencies based in Malawi donated MWK18 billion of the MWK83 billion and overall, USAID was the highest donor with MWK57 billion.

2% of the funding was also obtained from NGO partnerships. Local NGOs reported to have received a total of MWK5 billion from international NGOs while the remaining MWK2 billion was partnerships amongst international NGOs.

### **3.8 Contributions Towards Economic Development**

The Regulator conducted a pilot impact assessment of the sector at input level. The assessment focused on five indicators namely; total grants received in Malawi Kwacha and foreign currency, total grants received in kind, gender of employees, total amount spent on salaries and total PAYE.

The activity targeted 140 NGOs who submit their annual returns and had a focal person on the myNGO platform. The focal persons were chosen based on their participation in an interactive meeting the Regulator held. Out of the targeted NGOs, 60 submitted the requested information.

#### **3.8.1 Grants Received in Foreign Currency**

As a country that heavily depends on international trade, Malawi is facing challenges with its forex reserve. The country depends on different sectors to bring in foreign currency and the NGO sector is one of the main forex earners.

Based on the information obtained from the pilot, it was revealed that in 2021 the 60 NGOs received total grants amounting to MWK274 billion of which MWK125 billion was received in Malawi Kwacha and MWK149 billion was received in foreign currency. 70% of the amount was received in United States Dollars.

#### **3.8.2 Gifts in Kind**

Out of 60 NGOs 16 reported to have received grants in kind, which were valued at MWK16 billion.

#### **3.8.3 Staff Capacity**

An assessment was also done on NGOs staff capacity and from the submitted information it was noted that the 60 NGOs had 7,974 employees out of which 40% are females. This indicates that the sector is also contributing towards the implementation of the Gender Equality Act as well as the 50-50 campaign.

##### **3.8.3.1 Salaries and PAYE**

The NGOs indicated that out of the MWK274 billion total grants received, a total of MWK60 billion was spent on salaries and MWK12 billion on PAYE.

# Chapter 4: Areas of Operation and Funds Utilization Towards National Development

## 4.1 Areas of Operations

This chapter focusses on different areas of operations on which NGOs prefer to work in. The chapter concentrates on areas of interventions and physical areas of implementation. It will also assess utilization of funds towards the development of the country, profile the employment levels in the sector and services delivered in the year.

### 4.1.1 Preferred Areas of Interventions

It was observed that just like in the past years, the Health sector has been dominant as 17% of NGOs aligned their activities to the sector, followed by education at 16%, third is a tie for agriculture and gender at 11% each. 4<sup>th</sup> is the at 10% WASH sector (10%). The WASH sector had the most increased intervention is might be due to the interventions that were implemented as a result of the COVID-19 pandemic. Figure 4 summarizes the preferred areas of interventions as reported by the sector;

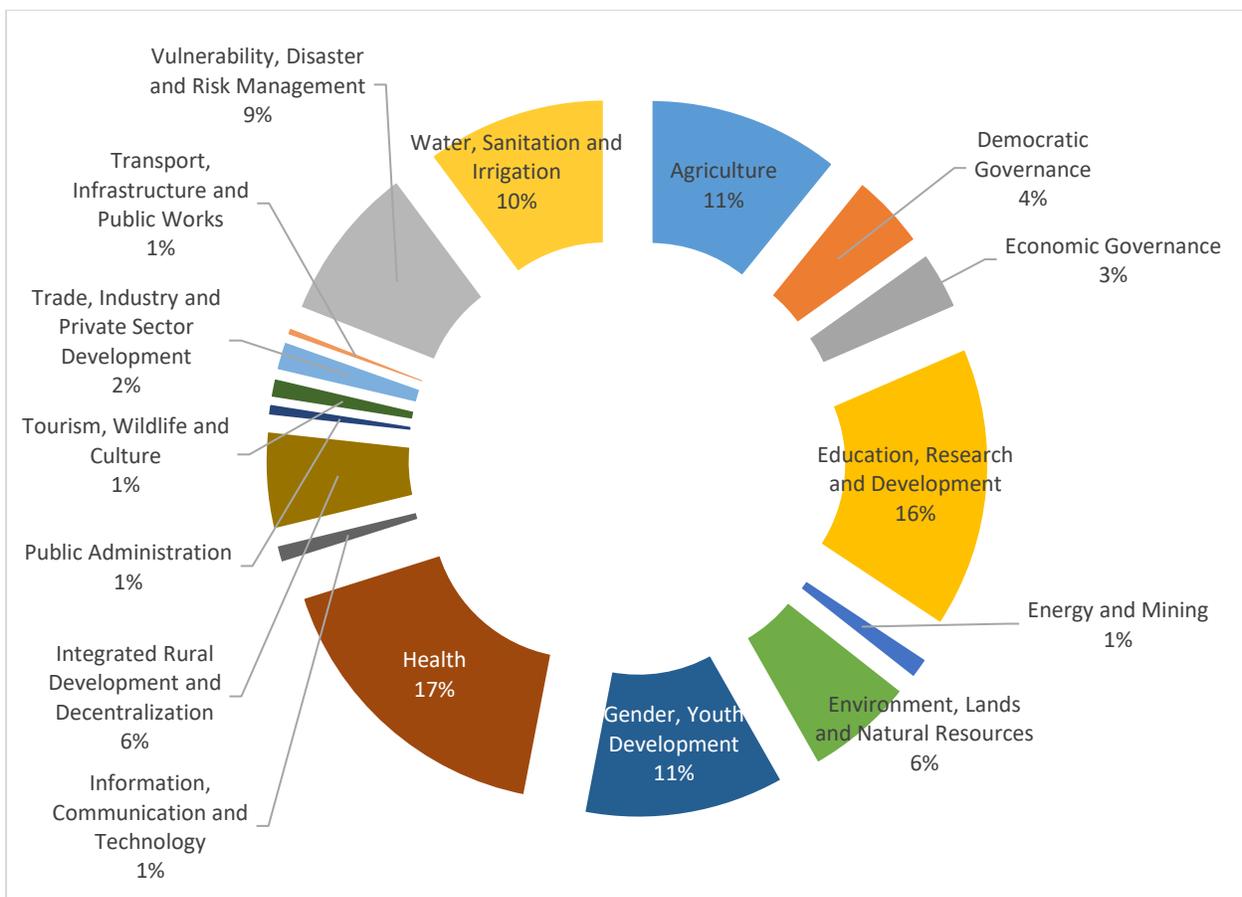


Figure 4: A Summary of the preferred Sectors of implementation

Most NGO reports indicate that their activities were aligned to multiple sectors, in this case the Regulator tried to assess the expenditure of some of the major sector players who had reported to have implemented activities in a single sector. This was done to appreciate the investment in the three preferred sectors. Table 4 shows how much was received and spent;

*Table 4: Annual Income for major Sector players*

	<b>Income billion)</b>	<b>(MWK' billion)</b>	<b>Expenditure billion)</b>	<b>(MWK' billion)</b>
<b>1. Health</b>				
Christian Health Association in Malawi	35		35	
Partners in Hope	15		15	
Elizabeth Glaser Pediatric Aids Foundation	15		15	
Population Services International	11		9	
Management Science for Health	8		8	
<b>2. Education</b>				
Scottish international Relief Malawi/Mary's Meals Malawi	8		8	
Malawi Relief Fund - UK	4		3	
Advancing Girls' Education in Africa	1		0.5	
Timotheos Foundation	1.1		0.8	
Ahlu Sunnah Foundation	0.9		0.6	
<b>3. Agriculture</b>				
Assemblies of God Care	0.6		0.6	
Total land Care Malawi	0.6		0.6	
Development Fund of Norway	0.5		0.4	
Foundation for A Smoke-Free World, Inc DBA Agriculture Transformation Initiative	0.5		0.5	
Lilongwe Society for the protection and Care of Animals	0.5		0.3	

The summary indicates that for NGOs that solely align their activities to one sector, the health sector had the highest income and expenditure compared to the other sectors. It is also noticeable that although the country is heavily dependent on agriculture, it is not the most funded as it is 3rd.

The analysis also revealed that there is an information gap on how much NGOs are spending per sector, as well as the expenditure for those that are engaged in multiple sectors.

#### **4.1.2 Preferred Physical Areas of Implementation**

The NGO mapping in 2020 revealed unequal distribution of project implementation at district level with Likoma and Neno having the lowest number of NGOs (4 and 18 respectively) and Blantyre having the highest (59) followed by Mangochi (57).

Based on the submitted reports, it was noted that Lilongwe was reported to have had the highest number of NGOs (111) followed by Blantyre (86). The two are also reported to be the districts where most NGOs are based. Likoma and Mwanza were reported to have had the least number of NGOs (10 and 25 respectively).

The NGOs reported to have been mostly implementing Health related activities, this was evident when the analysis on the same at district level revealed that a majority of the activities implemented in the 26 out of the 28.

#### **4.1.3 NGO Project Monitor**

In 2020 the Regulator's district officers who apart from providing services to stakeholders, collect information of NGO work through the District Executive Committee Meetings commonly referred to as DEC among other forums. This information has been of great use not only to the Regulator but also to the public as it is demanded by different stakeholders both at district and national level.

To ease information sharing with all the necessary stakeholders, a summary of the collected information is published in the newspapers quarterly as the NGO District Project Monitor. The Monitor contains information on projects introduced, the resources to be used, sector preference and thematic areas, it also highlights the district with the highest share of resources. The quarterly reports contain a comparative summary of two successive years. Table 5, provides a consolidated summary of the monitors that have been produced in the past 3 quarters since January, 2022.

Table 5: Consolidated District NGO Monitor

<b>Indicator</b>	<b>2022 (Jan – Sept)</b>	<b>2021 (Jan – Sept)</b>
Number of District Executive Committee Meetings	218	211
New Projects Introduced	260	255
District with Highest Number of Projects	Mzimba (12)	Chikwawa (21)
Total amount of Resources for the new Projects	MWK132.5 billion	MWK113.4 billion
District with the Highest Resources	Kasungu (MWK68 billion)	Machinga (MWK19.2 billion)
Average Implementation Period	2 years	1.7 years
Preferred Sector of Implementation	Health and Agriculture	Health and Gender, Youth Development
Preferred Thematic Area	Nutrition	HIV/AIDS Management
Non-Registered NGOs with Active Projects	13	16

## 4.2 Funds Utilization Towards National Development

During the year under review, the submitted audited reports indicated that a total of MWK412 billion was spent in various initiatives as part of complimenting government’s efforts, and thus improving the livelihood of Malawians. This section discusses some of the initiatives taken by the NGOs including job creation and other services delivered in the year under review.

### 4.2.1 Employment

24,844 individuals were reported to have been employed as per the submitted returns. This is a 1.5% decrease of total number of employees as reported by the NGOs in comparison with the 2020 report.

#### 4.2.1.1 Paid Employees

Though with a 22% increase in the number NGOs who have submitted reports, the number of paid employees was noted to have increased by 41% compared to 2020. From the total employees, 16,330 were paid employees of which 98% were reported to have been Malawians.

It was also noted that the number of expatriates had increased to 318 from 259 in 2020.

#### 4.2.1.2 Nationality and Education

Amongst the NGOs that submitted reports, 70% reported to have had a Malawian as an executive director. With a majority of them (51%) having a master's degree as their highest qualification.

The same qualification was noted to be common amongst the expatriates who were heading the other NGOs (43%) and 21% were reported to hold a degree while 6% were PhD holders.

#### 4.2.1.3 Non-Paid Employees

The number of volunteers or non-paid employees has decreased by 52%. This could also explain the decrease in the total number of employees engaged in the sector.

Figure 5 summarizes the employment trend over the past 4 years.

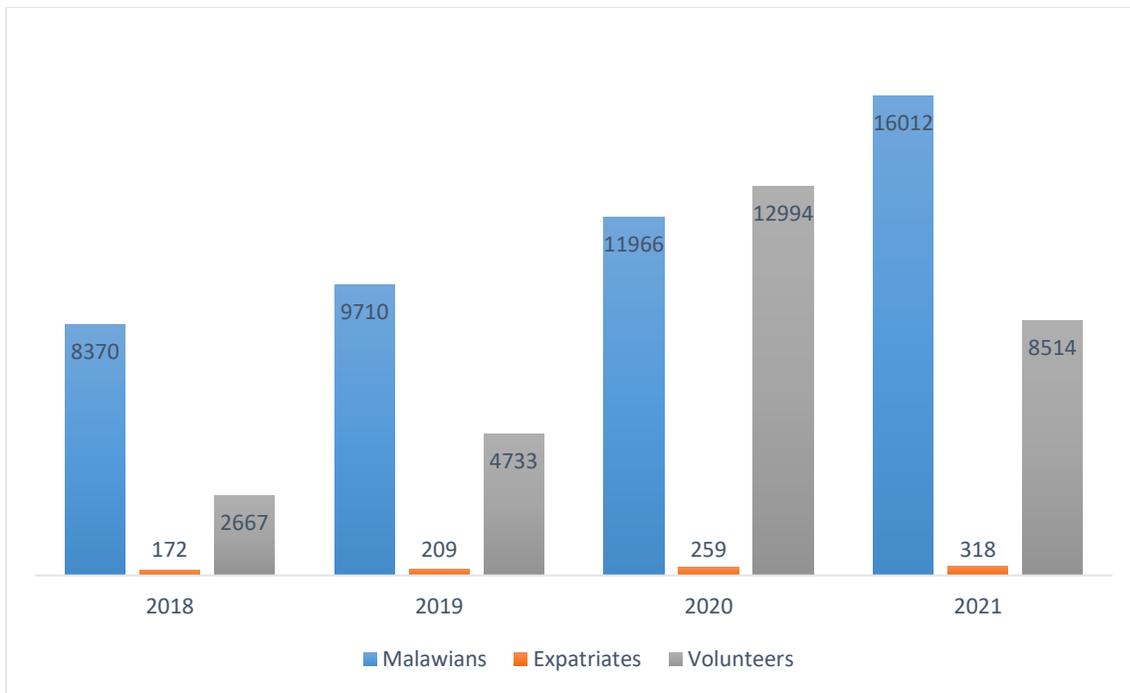


Figure 5: NGO Staff Capacity trends

## 4.2.2 Service Delivery

### WASH Services



### 4.2.2.2 Education



#### 4.2.2.3 Energy



#### 4.2.2.4 Social and Economic Empowerment



## Chapter 5: NGORA Operations

This chapter discusses the operations of the Regulator in the year, it also provides information on the sources of revenue, major achievements and challenges faced by the Regulator.

### 5.1 Revenue

NGORA has two major sources of revenue namely; NGO fees and Government Subversion. Of late the Regulator has been depending much on subversion than NGO fees. Unfortunately, the subversion funding is not consistent, and as such it has made it hard for the Regulator to properly execute its mandate as it always operates below its budget. Table 5 summarizes the Regulator's revenue since 2015-16 financial year.

*Table 6: NGORA's Revenue Summary Since 2015*

<b>NGORA'S SOURCES OF REVENUE</b>					
<b>Financial Year</b>	<b>NGO Fees</b>	<b>Government ORT</b>	<b>Government PSIP</b>	<b>Donors (UNDP)</b>	<b>Total</b>
2015 – 2016	70,000,000	55,700,000			125,700,000
2016 – 2017	72,000,000	20,000,000		72,000,000	162,000,000
2017 – 2018	183,000,000	80,000,000			263,000,000
2018 – 2019	213,000,000	150,000,000			363,000,000
2019 – 2020	205,000,000	612,000,000	500,000,000		1,317,000,000
2020 – 2021	192,000,000	612,500,000			808,929,000
2021 – 2022	212,600,000	498,375,000			710,975,000

The table above clearly illustrates the variations that have been there in annual income. It is clear that instead of being revised upwards, the income has been declining and thus making the execution of programs hard. As a way of sustaining its operations, the Regulator re-issued the fees regulation in March 2021. Together with the development of the management information system which requires NGOs to submit reports only if they have paid their annual licence fees, a slight increase in fees collection was noted in 2022.

Figure 6 summarizes detailed contributions of NGO fees collected against the total revenue over the past 7 years.

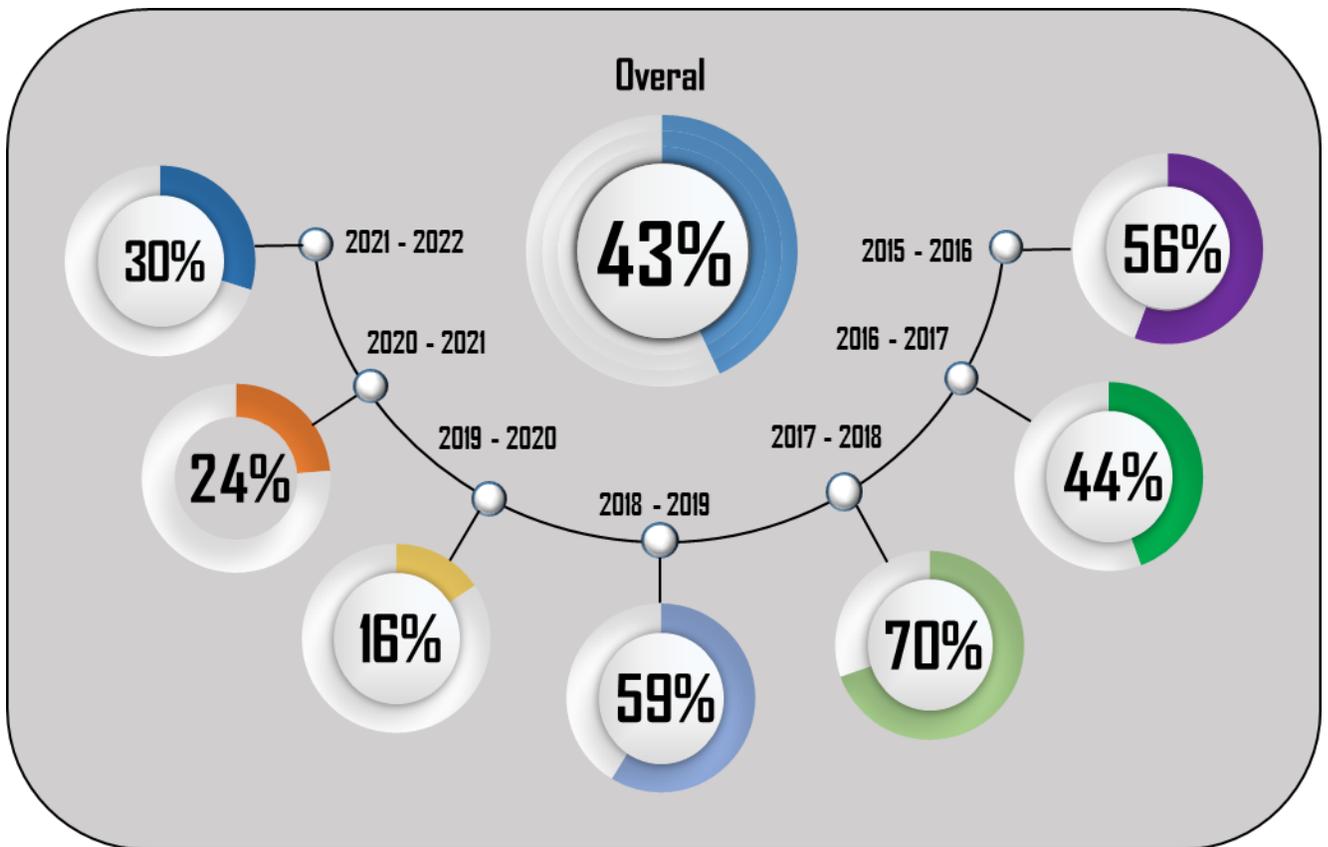


Figure 6: Contribution of NGO fees towards NGORA's revenue for the past 7 years

## 5.2 NGORA's Key Achievements as at March, 2022

This section focuses on the Regulator's key achievements in the year under review. The achievements were aimed at improving the regulatory role in order to improve accountability in the sector as follows;

### 5.2.1 Amendment of the NGO Act

NGORA embarked on the journey to amend the 2001 NGO Act in 2016 when some inconsistencies were noted in the principle Act, for instance; forcing NGOs to register with CONGOMA before registering with the Regulator which was against freedom of association, and not giving enough powers to the Authority to properly regulate the sector. During the year Regulator continued to lobby for the amendment of the Act. The NGO law was amended in March 2022, and was assented to by the President in May, 2022.

The amendment of the law sought to streamline and strengthen the capacity of the Regulator while ensuring that there is alignment of NGO interventions to the national development agenda. Specifically, some of the key highlights in the proposed amendments were as follows;

1. Turning the NGO Board to the NGO Regulatory Authority;
2. Consolidating the registration and regulation of NGOs to be done by a single entity (NGORA) and not by the Regulator and CONGOMA;

3. Subversion of the Regulator to be getting funds directly from treasury
4. Upward revision of penalties from MK50,000 to MK5,000,000 to deter NGOs from practices of money laundering and terrorism financing
5. Provision of freedom of association to NGOs by not forcing NGOs to register with CONGOMA
6. Revision of membership of board members for the Regulator so that the board should not be dominated by NGOs but to be appointed from diverse backgrounds including professional bodies, traditional leaders and faith leaders.

### **5.2.2 Operationalization of the Management Information System**

The NGO management information system labeled myNGO was developed in order to reduce cost and time in the registration, reporting and accessing of NGO information by NGOs and the public. The system was developed and launched in 2021 and became fully functional in July 2021 when NGOs started registering and submitting reports through it. It also acts as an online public documentation center where the public can access NGO information.

Out of the 307 NGOs that submitted their reports this year, 280 submitted through the system, this was because mandatory submission of reports through the system was implemented in January, 2022 and the other NGOs had already submitted through email or delivered hardcopies. The system has also reduced the period for registration and renewal of annual reports from 90 to 14 working days. It also enables the public to get NGO information with just a click of a button.

### **5.2.3 Development of a standard MoU**

In 2017, during the Annual General meeting of the Malawi Local Government Association (MALGA), District Commissioners requested the Regulator to develop a standard MoU that would be signed between the council and individual NGOs to ease the monitoring of NGO projects. In collaboration with the Ministry of Local Government, CONGOMA and with technical support from the Ministry of Justice, the Regulator drafted the MoU in 2021 which was then perfected through consultations with district council officials. The MoU is aimed at achieving the following;

1. Improving the monitoring of NGO projects by the district councils
2. Improving transparency and accountability of NGO work
3. Improving the working relationship between NGOs and district councils

Since the MoU was shared with the councils in March, 2022; implementation stands at 19% as out of the 260 new projects introduced since January, 2022, only 50 have signed the MoUs.

### **5.2.4 Empowerment of NGO Boards of Trustees**

The NGO database has an updated list of at least 2,500 NGO board members/Trustees. The data is based on information from submitted reports and newly registered NGOs. The sector has an estimated total of 4,500 board

members and the Regulator empowered a total of 395 board members on their role in the governance of NGOs in the year under review.

The Regulator plans to empower all the remaining trustees on their role and also raise awareness on the new Law.

### **5.2.5 Empowerment of ADC Leaders**

The 2020 NGO mapping revealed that there is a total of 375 ADCs in the country. Knowing that the ADC leaders are key in community development, the Regulator empowered ADC leaders from the 6 pilot districts (Mzimba, Dowa, Mangochi, Balaka, Blantyre and Nsanje) in early 2020.

In the year under review, the Regulator empowered chairpersons and secretaries for all the 375 ADCs on their role in NGO work. Due to constant communication with the empowered leaders, the Regulator receives monthly reports from the ADC leaders on information concerning NGOs that have introduced new projects or phased out. The ADC leaders also provide the Regulator with updates concerning projects. They also report malpractices by NGOs, this demonstrates an impact made by the Regulator's engagement with them.

### **5.2.6 Off Budget Data**

For the first time, the Regulator requested for a projection of the off-budget data. This was aimed at complimenting the national budget on the off-budget section, and planned activities of the NGOs and alignment to the MIP-1.

10 out of the targeted 20 NGOs, submitted the requested information. It should be noted that the submission of the data was not compulsory. The requested information has captured on the Ministry of Finance Financial Statement as following;

1. Total resources of MK147bn budgeted by the 10 NGOs;
2. Major sources of funding;
3. Intervention alignment to the MIP-1;
4. Project implementation plan;
5. Planned partnerships.

The information was shared with the ministry of finance who included it in the 2022-23 government's financial statement. Being a pilot, the results from this activity revealed the importance of collecting the off-budget data prospectively hence this will be done on an annual basis and with more NGOs in order to properly guide the government during budget preparations.

## **5.3 Challenges Faced**

Though the Regulator managed to register the above successes, it faced the following changes;

### **5.3.1 Financial Capacity**

As indicated, the Regulator highly depends on Government funding in financing its operations as overall the fees contribution is 43%. It has been noted that

instead of the revenue increasing as per the inflation, it decreased. This made the implementation of some planned activities to suffer. For example, the physical verification of the activities submitted in reports of NGOs and engagement of district councils and networks to improve the implementation of the MoUs did not take place.

### **5.3.2 Moderate Low Compliance**

The sector's moderate low compliance has negatively affected the expected output of the Regulator's activities. Overall the report submission rate which is currently at 43% makes it hard for the Regulator to properly advise government on the sector's work. The low number of submissions of the off-budget data as well as forex data made it hard for the Regulator to properly assess the sector's impact on national economy and make recommendation of the same.

## Chapter 6: Conclusion and Recommendations

This chapter summarizes the key findings and discusses key recommendations based on the findings.

### 6.1 Summary of Key Findings

The following were some of the key findings as per the analysis from the received reports;

1. A 24% decrease in the number of registered NGOs in the year compared to the previous year;
2. The sector's accountability is improving moderately now at 43%;
3. A 42% increase in the sector's annual income;
4. Health continues to be the most preferred sector by NGOs;
5. Christian Health Association of Malawi (CHAM) had the highest income amongst NGOs who are engaged in a single sector;
6. Lilongwe has the highest number of NGOs implementing activities;
7. A 25% increase in the number of paid employees in the NGO sector, and a 52% decrease in the number of volunteers engaged compared to the previous year and;
8. Financial challenges continue to affect the Authority's programs.
9. 60 top level NGOs had a MK149 billion in forex

### 6.2 Recommendations

The following recommendations are made based on the discussed findings;

1. As per the NGO law, registration of all NGOs operating illegally should be enforced in order to improve accountability in the sector;
2. The Regulator ensure development of regulations that will operationalize the NGO law
3. The Regulator will monitor NGO work by physical verification from submitted reports thereby promoting transparency and accountability in the sector;
4. Due to the high numbers of NGOs working in the Health sector there is need for Government ministries and district councils to ensure cases of duplication of efforts are minimized by properly guiding new NGOs on areas to work in;
5. The Regulator will engage the sector in making sure the engagement of volunteers is minimized for the sustainability of the sector; and
6. The Regulator should find resource mobilization strategies that will help in sustaining its operations.

### **6.3 Conclusion**

The overall objective of the annual sector report was to validate and profile the activities that were submitted to the regulator through the annual returns. The analysis showed an increase (6%) in the sector's compliance compared to 2020. The year saw a 24% decrease in registration and a total of 24 NGOs reported to have closed.

The analysis noted that in pursuit of complimenting the government's development agenda, the sector through 307 NGOs spent a total of MWK412 billion. The report also revealed that grants amounting to MWK30 billion was diverted to the sector through government MDAs. A 25% increase on paid employees was also noted in the analysis while 52% decrease was noted in the engagement of volunteers.

Though the report has shown an increase in compliance, overall the regulator is still facing a challenge in profiling the sector's impact on the nation's development agenda due to moderate low numbers of received returns. The Regulator had challenges to achieve some of its targets due to financial constraints as it depends on government support.

With the new law in place, the Regulator plans to develop regulations to operationalize the law which will complement other interventions to improve the sector's compliance and make sure there is accountability. Further to this, it will also ensure that the funds that brought in the country through the sector, benefits the citizenry.

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