



NGO BOARD OF MALAWI

2019 NGO SECTOR REPORT

January, 2021

Table of Contents

Chapter 1: Background Information	1
1.1 Introduction.....	1
1.2 Scope.....	2
1.3 Objective.....	2
1.4 Methodology.....	2
1.5 Limitations.....	2
Chapter 2: Sector growth	2
2.1 Sector growth.....	3
2.1.1 Registered NGOs.....	3
2.1.2 Active NGOs.....	4
2.1.3 Income and expenditure.....	4
2.2 Contribution to national development.....	4
2.2.1 Sectors of NGO operations.....	5
2.2.2 Leading sector players	5
2.2.3 Employment.....	6
2.2.4 Total expenditure by top 20 NGOs.....	7
2.2.5 Leading NGOs by funding.....	8
2.2.5.2 NGOs with the least amount of funding	9
2.5.6 Funds Utilization.....	10
2.5.6.1 Funds utilization by the top 20 NGOs.....	10
2.5.6.2 Funds utilization by the least 20 NGOs	11
Chapter 3: Sector sustainability	13
3.1 NGO Funding and Sector Sustainability.....	13
3.1.1 Income and expenditure in the NGO Sector.....	13
3.1.1.1 Total funding	13
3.1.1.2 Sources of funding	13
3.2 Sector sustainability.....	15
3.2.1 Defining sustainability.....	15
3.2.2 Legal environment	15
3.2.3 Organizational capacity.....	15
3.2.4 Financial viability.....	16
3.2.5 Advocacy	16
3.2.6 Service provision.....	17
3.3 Operations of the NGO Board.....	18
3.3.1 NGO Board revenues	27
3.3.2 2019 NGO Board achievements.....	19
3.3.3 Challenges faced by the NGO Board.....	20
Chapter 4: Sector compliance	21
4.1.1 Types of reports	21
4.1.2 Defining compliance.....	21
4.1.3 Compliance levels.....	21
4.1.4 Efforts to improve compliance.....	22

Chapter 5: Conclusion and Recommendations.....	23
5.1 Conclusion and recommendations.....	23
5.2 Summary of study findings.....	23
5.3 Recommendations.....	24
5.4 Conclusion.....	24
5.4 References.....	25

List of Tables

Table 1.1: Leading Sector Players.....	6
Table 2.1 Leading NGOs by Funding.....	8
Table 3.1 NGO Board's Revenue Trend.....	18

List of Figures

Figure 1: New registration trends.....	3
Figure 2: Cumulative NGO registration.....	4
Figure 3: 2018 and 2019 NGO distribution by sector.....	5
Figure 4: 2018 and 2019 NGO employment trend.....	8
Figure 5: NGO Board 2018 and 2019 income and expenditure.....	8
Figure 6: 2019 major funders.....	14
Figure 7: NGOs that funded other NGOs.....	14
Figure 8: Reporting compliance rate in the past 5 years.....	22

Acknowledgement

The NGO Board of Malawi, is grateful to all the individuals for their generous contributions towards the development of the 2019 NGO Sector Report.

We acknowledge the Board's Chief Executive Officer, Mr. Voice Mhone, the Director of Economic and Monitoring Services, Mr. Geoffrey Chimwala, as well as the Director of Corporate Services, Mrs. Linda Njikho, for providing great leadership and support in the development of the report.

Special thanks go to the technical team from both departments for the provision and verification of data, analysis and report writing. The members include; Patrick Mwale (Data Manager), Bosco Mphika (Documentation Officer), Tissie Msonkho (Communications Officer) and Innocent Kachikopa (Registration and Reporting Officer).

The Board would also like to thank all NGOs that submitted their annual returns thereby making the production of this report possible.

List of acronyms

ADC	Area Development Committee
CONGOMA	Council for Non-Governmental Organizations in Malawi
CSO	Civil Society Organization
DDP	District Development Plan
HRDC	Human Rights Defenders Coalition
MGDS	Malawi Growth and Development Strategy
NGO	Non-Governmental Organization
PDC	Public Documentation Centre
SWG	Sector Working Group
UN	United Nations
USAID	United States Agency for International Development

Chapter 1: Background Information

1.1 Introduction

The NGO Board is a statutory body established by an Act of Parliament (NGO Act 2001) with the sole mandate of registering and regulating the operations of NGOs in Malawi. The Board's vision is to have an NGO sector that maximizes public interest as it strives to contribute towards sustainable development through effective NGO regulation. Section 3 of the NGO Act provides for the following as the objectives of the NGO Board:

1. Promoting the development of a strong independent NGO sector in Malawi and facilitating the formation and effective functioning of NGOs for public benefit purpose;
2. Creating a conducive environment for NGO development through Government provision of incentives;
3. Promoting donor and public confidence in the NGO sector and encouraging the development of an NGO code of conduct, incorporating principles of fiduciary integrity, public accountability, democratic decision-making, developmental synergy, non-discrimination and beneficiary enquiry;
4. Facilitating the relationship between NGOs and the Government involving constructive collaboration and partnership in furtherance of the public interest; and
5. Affirming the human rights enshrined in the Constitution of the Republic of Malawi

In pursuit of achieving the above objectives, the Board has over the years realized that one of the challenges facing the NGO sector is lack of a common platform to share information coupled with failure by the NGOs to submit reports to the NGO Board for consolidation and sharing with stakeholders within the NGO sector and policy makers. The Government, NGOs and even donors have been approaching the Board to provide crucial information necessary for evidence-based decision-making processes. However, such information has not been presented in a properly analyzed format and in a form that stakeholders can easily and timely access. This compelled the NGO Board to introduce an NGO Sector Report which analyzes all information collected from NGOs for sharing with all stakeholders. This is in line with Section 18 of the NGO Act which empowers the Board to provide free public access to the NGO register and database, including the records and returns of NGOs lodged in the Public Documentation Centre (PDC). This is coupled with commissioning surveys, enquiries and research to get information with a view to advise the Government with regard to any matter affecting NGOs in Malawi. Based on this premise, the Board reviewed the documents filed by NGOs in the year 2019 and came up with this report which summarizes keys issues worth noting by stakeholders within the NGO sector.

1.2 Scope

The 2019 Annual NGO Sector Report details information on the NGO sector, including growth in funding, expenditure and sustainability of the sector during the calendar year under review. The content for the Sector Report is based on the information contained in the reports submitted by 143 NGOs that fully complied during the reporting year. It also includes data from NGOs that got registered in 2019. The Board used three major sources of data namely:

Annual Audited Financial Statements;
Annual Return Forms; and
Annual Technical Reports.

1.3 Objective

The primary objective for developing this sector report is to provide stakeholders with quality, credible and reliable data pertaining to the operations of NGOs in the country. Specifically, the analysis of the information submitted by the NGO through annual returns was undertaken to:

- a) assess the growth of the NGO Sector since 2019;
- b) respond to stakeholders' demand for data on NGO work; and
- c) assess the sustainability of NGO programmes

1.4 Methodology

The Board used the information contained in the reports filed by NGOs and being kept in the Public Documentation Centre. Income and expenditure figures were obtained from the Audited Financial Statements of the NGOs and the other information such as employees in the NGO Sector were obtained from the 2019 Annual Returns. The Board relied on this information to the extent that no verification with the NGOs was done.

1.5 Limitations

The major limitation is that the information in the report only covers 143 NGOs that complied with NGO reporting requirements by filing the required reports with the Board for the year under review. This is against the 700 NGOs whose annual reports were due during the year under review. The Board also noted that some NGOs did not complete all the information on the return forms since most of them did not provide details pertaining to their actual income or expenditure.

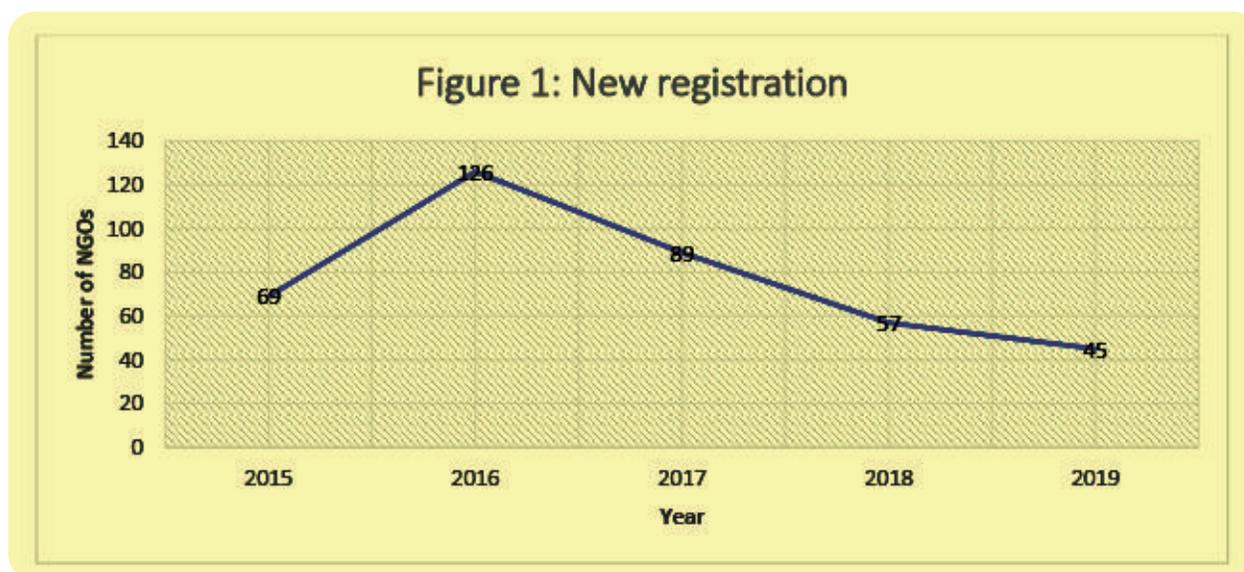
Chapter 2: Sector growth

2.1 Sector growth

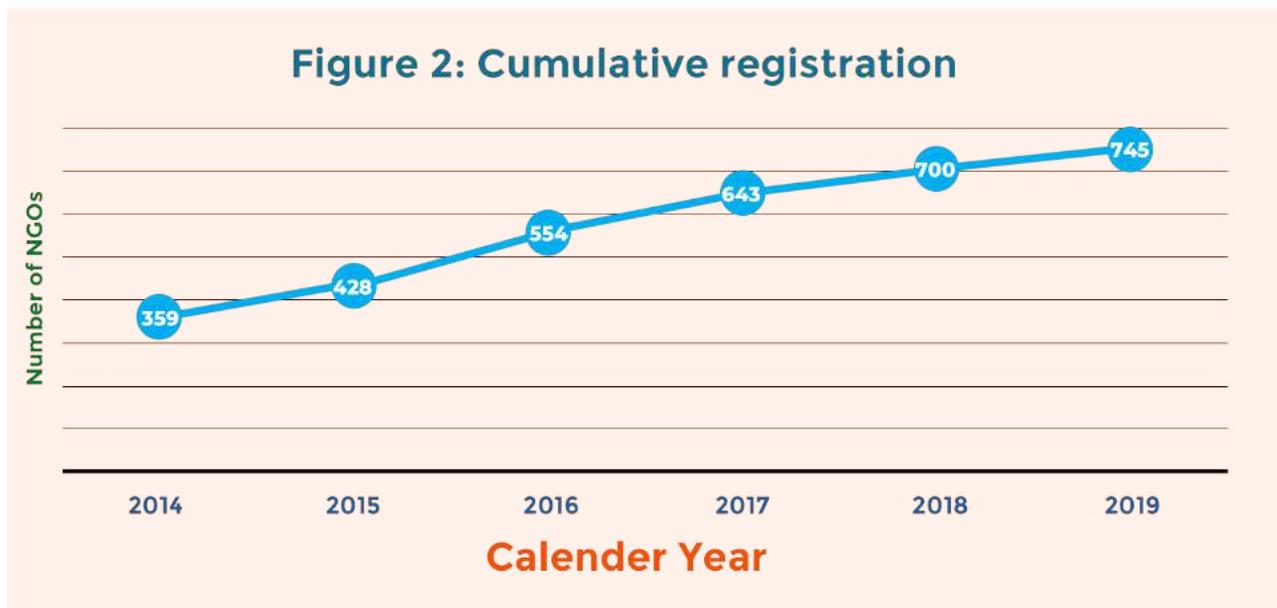
The Board defined growth of the sector in terms of increase in numbers of registered NGOs, total income and expenditure by the sector as well as an increase in number of people employed in the sector.

2.1.1 Registered NGOs

The NGO Board was established in 2001 but became fully operational in 2015 when the Government recruited staff, including the Chief Executive Officer. Since 2015, the Board has been registering NGOs. Figure 1.1 shows the trend in terms of the number of new NGOs that registered with the Board from 2015 to 2019. The trend indicates that more NGOs were registered in 2016 and the number of new NGOs has been declining over the years since then. There were more NGOs that registered with the Board in 2016 with the recruitment of the CEO who had intensified registration campaign during Annual General Assembly and development of the NGO Board Website. On the other hand, random surveys on why some NGOs were operating without registering with the Board established that some of them complained to have no resources to pay for the registrations fees and hence contributed to the decline in numbers of new NGOs registering with the Board.



Much as the number of NGOs that the Board has been registering over the years has been declining, the total number of NGOs on register had an upward trend as depicted in figure 2 below. This therefore implies that in terms of numbers, the sector has been growing. For instance, from 2017 to 2018 and 2018 to 2019 the sector grew by eight percent (8%) and six percent (6%), respectively.



2.1.2 Active NGOs

NGO Board defines active NGOs as organizations in its register that have valid annual licenses and have had active projects being implemented at community level. The Board noted from its register that during the year under review, 745 NGOs were on its register but only 506 had valid annual licenses. From the verification exercise done with 75 Area Development Committee leaders followed by confirmation with 312 NGOs through phone calls established that 103 NGOs were still operational but did not submit reports for the past three consecutive years (2017-2019) and hence had no valid annual licenses. Further, through the same phone calls 23 NGOs confirmed to have closed whilst 47 NGOs confirmed to have been inactive due to lack of funding. The analysis, therefore, revealed that a total of 173 NGOs were found to be inactive in the year under review on account of not having valid annual licenses and active projects on the ground.

2.1.3 Income and expenditure

Analysis of audited financial statements for 113 NGOs that had fully complied with reporting requirements by submission of all the reports revealed that in 2018 the NGO Sector had a total annual income and expenditure amounting to K318 billion and K317 billion, respectively. Similarly, in 2019 the analysis of the submissions by 143 NGOs show that the sector's income and expenditure was K248 billion and K247 billion, respectively. Thus, both income and expenditure declined by 28 percent from 2018 to 2019.

2.2 Contribution to national development

NGOs complement government's efforts through implementation of various activities in different sectors that contribute to national development and also reduce unemployment levels.

2.2.1 Sectors of NGO operations

The Malawi Government introduced 16 Sector Working Groups (SWGs) in 2008 to spearhead and strengthen the implementation of Malawi Growth and Development Strategy (MGDS). All development partners including NGOs and Civil Society Organizations (CSOs) were urged to align their work to the strategy through the SWGs. The Board does not in any way influence an NGO to work under a particular sector, neither does it limit the number of sectors under which an NGO is supposed to focus their energies on. Thus NGOs can operate in one or more sectors depending on their choice. However, an analysis on NGOs registered and those who submitted annual reports in 2018 and 2019 indicates that the most preferred sectors of operation were; Education (39 percent), Health (39 percent) and Agriculture (22 percent) as shown in the Figure 3 below.

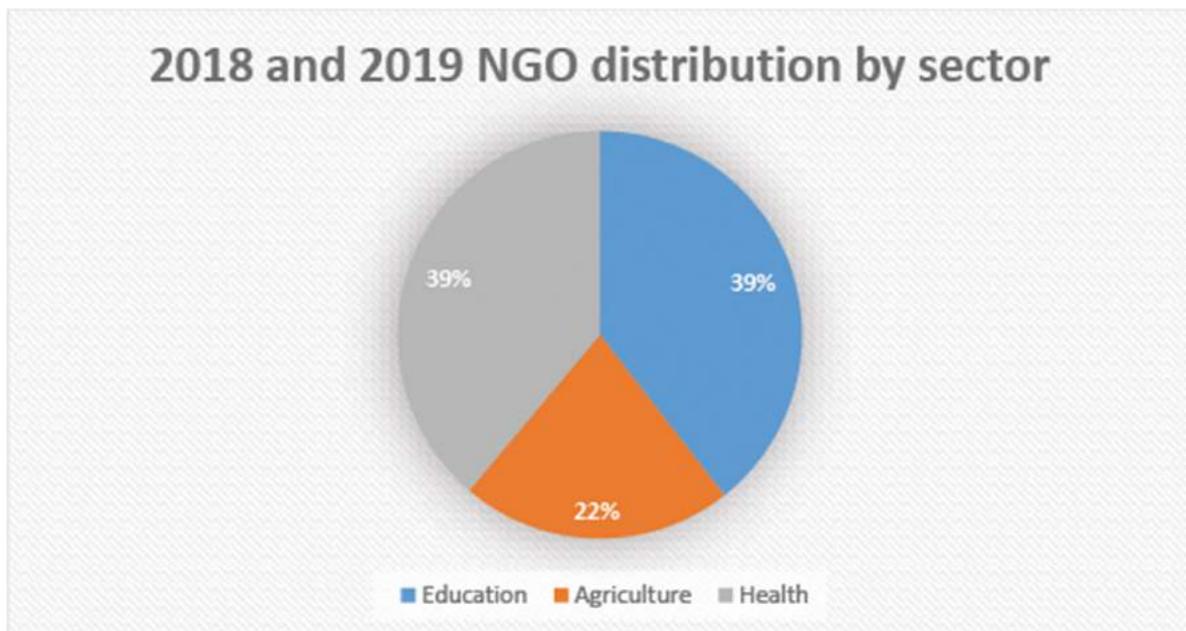


Figure 3: Shows the distribution of 2018 and 2019 NGO registration by sector

2.2.2 Leading sector players

Analysis of Audited Financial Statement for the 143 NGOs within the three preferred sectors revealed that in terms of expenditure, more resources were spent under the Health Sector followed by the Education Sector as noted from Table 1.1 below;

NGO NAME	2019 Income (MK'billion)	2018 Income (MK'billion)	% Change
1. Health			
Elizabeth Glazer Paediatric Aids Foundation (EGPAF)	13.8	7.6	↑ 82.38
Baylor College of Medicine	13.4	10.1	↑ 31.94
JHPIEGO	8.0	6.2	↑ 26.53
2. Education			
Catholic Relief Services (CRS)	11.7	17.2	↓ 31.84
CAMFED Malawi	4.9	2.3	↑ 114.66
World Education, INC		34.4	
3. Agriculture			
Oxfam	3.0	7.7	↓ 60.51
United Purpose	8.0	11.2	↓ 28.24
Welthungerhilfe	3.0	5.3	↓ 43.54

From Table 1.1 above, it is noted that the percentage change of annual income for the leading sector players declined from 2018 to 2019. Agriculture Sector experienced a huge decline followed by Education while the Health Sector had an average increase of 46.95 percent.

2.2.3 Employment

In 2018 the NGO Sector had employed 11,209 employees of which 8,370 were Malawians; 172 expatriates and 2,667 volunteers. On the other hand, in 2019 the sector had employed a total of 14,652 employees of which 4,733 were volunteers, 9,710 Malawians and 209 expatriates and hence an increase in terms of number of people employed in the sector by 30.7 percent from 2018 to 2019. The analysis further reveals that over the years, there were more Malawians employed in the NGO sector than foreigners. The graph below summarizes the employment trend in the past two years.



2.2.4 Total expenditure by top 20 NGOs

Analysis of income and expenditures revealed that much of the resources within the NGO sector are managed or spent by a few big NGOs. Audited Financial Statements for top 20 NGOs show that they had a total expenditure of K222.6 billion and K184 billion in 2018 and 2019, respectively. This shows that total expenditure by the top 20 NGOs declined by 17 percent from 2018 to 2019. The top most NGO had an audited expenditure of K50 billion in 2018 but it declined to K34 billion in 2019. Thus, total expenditure for the top most NGOs declined by 32 percent.

2.2.5 Leading NGOs by funding

Table 2.1 below shows their respective income and expenditures. From this table it is evident that World Vision had the highest income and expenditure followed by Save the Children and the least was I-Tech.

Table 2.1

NGO Name	Registration Number	2019 Income (MK)	2019 Expenditure (MK)
World Vision International	NGO/I/03/24	34,823,190,960.00	34,549,257,600.00
Save the Children	NGO/I/12/022	15,286,312,080.00	15,449,207,760.00
Elizabeth Glazer Pediatric Aids Foundation (EGPAF)	NGO/I/12/09	13,825,921,680.00	13,825,921,680.00
Plan International Malawi	NGO/I/03/020	7,574,853,000.00	13,466,389,000.00
Baylor College of Medicine	NGO/I/13/109	13,442,487,643.00	13,442,487,643.00
Catholic Relief Services	NGO/I/13/51	11,254,597,920.00	12,029,317,200.00
Management Sciences for Health	NGO/I/07/005	10,653,655,608.00	10,653,655,608.00
Population Services International	NGO/I/07/31	14,371,568,141.00	10,378,873,062.00
United Purpose	NGO/I/03/37	8,022,204,000.00	8,327,104,000.00
JHPIEGO	NGO/I/13/101	7,970,222,000.00	7,970,222,000.00
Banja La Mtsogolo	NGO/L/03/022	7,438,187,000.00	7,648,858,000.00
Concern Worldwide	NGO/I/02/001	5,863,125,905.00	5,931,049,797.00
Care Malawi	NGO/I/03/35	6,093,192,240.00	5,809,590,000.00
CAMFED Malawi	NGO/I/12/ 06	4,687,793,000.00	4,940,737,000.00
Trocaire	NGO/I/08/015	3,969,898,200.00	3,969,898,200.00
Development Aid from People to People	NGO/L/03/032	3,434,561,632.00	3,526,670,531.00
Self Help Africa	NGO/I/03/051	3,179,121,585.00	3,092,734,547.00
Oxfam	NGO/I/03/03	3,196,663,200.00	3,036,163,500.00
Welthungerhilfe	NGO/I/13/249	3,282,892,690.00	3,006,734,392.00
I-TECH	NGO/I/12/014	3,079,385,559.00	2,995,294,990.00

2.2.5.2 NGOs with the least amount of funding

Table 2.2 below shows the list of NGOs that received the list amount of funding in the year 2019. From this list, Circle J Ministries International had the least amount of funding in the year.

Table 2.2

NGO Name	Registration Number	2019 Income (MK)	2019 Expenditure (MK)
Circle J Ministries International	NGO/I/18/039	8,115,000.00	8,115,000.00
Bhubesi Pride Foundation Limited	NGO/L/18/055	12,767,580.00	13,324,840.00
Friends of Aids Support Trust(FAST)	NGO/L/13/076	17,452,027.70	13,550,046.45
Action Ministries Trust	NGO/L/19/021	19,381,898.00	17,499,637.00
Gospel in Action Ministries	NGO/L/16/065	20,000,000.00	19,314,923.00
IMPACT	NGO/I/16/053	21,763,589.00	22,235,019.00
Facilitators of Community Transformation	NGO/L/19/034	23,856,989	23,856,989
Foundation for Community and Capacity Development	NGO/L/14/37	33,946,045.00	20,595,346.00
2nd MilK Ministry	NGO/L/18/006	42,311,553.00	31,807,750.00
Edukans	NGO/I/18/008	44,577,859.00	41,917,194.00
Foundation for Civic Education and Social Empowerment	NGO/L/16/085	49,375,584.05	49,367,911.90
Grassroots Movement for Health & Development	NGO/L/13/104	53,903,541.00	50,281,595.00
Urunji Childcare Trust	NGO/L/13/084	54,863,924.72	53,522,644.36
Future Vision Ministries	NGO/I/12/10	70,852,766.79	67,416,691.10
Good people International	NGO/I/18/051	73,994,421.65	21,971,060.08
Ruth's Shawl		76,012,355.00	84,416,721.00
GGEM Farming	NGO/L/19/020	76,070,880.00	74,768,400.00
Zikomo Yesu Enterprises/Wa Yesu Ministry	NGO/L/15/22	83,393,112.00	93,594,169.00
Tovwirane Organisation	NGO/L/03/54	87,592,616.00	87,542,556.00
Action Hope Malawi	NGO/L/16/092	89,723,131.14	84,848,302.78

2.5.6 Funds Utilization

In the year under review, analysis of technical report for both top 20 and the least 20 NGOs revealed that NGOs registered meaningful contribution to various sectors with much contribution realized in education, health and agriculture.

2.5.6.1 Funds utilization by the top 20 NGOs

The study focused on funds utilization by top three NGOs namely: Trocaire, DAPP and Plan International. The analysis revealed that in 2019 Trocaire and DAPP enhanced crop production whilst Plan International huge contribution in the education sector.

NGO Name	Focus Districts	Contribution
Trocaire	Balaka, Chikwawa, Machinga and Zomba	Enhanced crop production through irrigation by promoting both rain-fed and winter irrigated cropping. Crops grown include cereals like maize, sorghum and millet during rain-fed. In winter crops like maize and vegetables are involved
DAPP	Thyolo and Mzimba	Connected smallholder farmers and Macadamia Nuts producers to the macadamia nut value chain. Increased the quantity of macadamia nut production and processing in Malawi thereby supplying good quality macadamia nuts that met the national and international Food Laws. The project benefited 3000 farmers. In 2019, 277,000 macadamia tree seedlings had been planted by farmers in the two districts.
Plan International	Lilongwe, Mulanje, Chikwawa and Kasungu	Facilitated the development of a model primary school in one of the rural schools; constructed 2 school blocks and renovated 2 school blocks at Chikwawa Primary School. In Lilongwe PIM constructed 5 teachers houses, 3 toilets and 6 classroom blocks at Malikha and Mkoma primary schools

2.5.6.1.1 Sample infrastructure and knowledge investment by the top 20 NGOs



Infrastructural development by plan international. Pic1. Girls Hostels built in Mulanje (1) and Mzimba (1). Pic2. Teachers houses built in Lilongwe (7), Mulanje (2) and Kasungu (2). Pic3. Toilet Blocks built in Lilongwe (2), Mulanje (2) and Kasungu (2)



Knowledge investment by DAPP. Pic1. Carpentry and joinery students at DAPP Mikolongwe vocational school. Pic2. Tailoring Mobile Training students in Phalombe. Pic3. Students Teachers under training at DAPP TTC

2.5.6.2 Funds utilization by the least 20 NGOs

The present study also learnt that some small NGOs that struggled to raise resources in 2019 were able to demonstrate that they used the little resources for the benefit of Malawians. For instance, IMPACT and Friends of Aid Support Trust made enormous contribution in the education sector whilst BASEDA focused on women empowerment.

NGO Name	Focus Districts	Contribution
IMPACT	Lilongwe	Constructed 3 ECD centers and an abandoned home in a village community. Over 100 children from over 30 villages attended these ECD
Basic Services Development Agency (BASEDA)	Mchinji and Kasungu	Supported 38 members with elected leaders to acquire land, bricks and sand and began the initial construction of the chicken housing. BASED further supported 15 other members and elected leaders to acquire land, construct kraal and later supplied them with start up flocks
Friends of AIDS Support Trust	Nsanje	Provided bursaries to 18 girls and 22 male students at Mtowe CDSS, Chekerere CDSS, Nkhande CDSS and Nsanje CDSS.

2.5.6.2.1 Sample infrastructure and knowledge investment by the Least 20 NGOs



Though with the least amount of funding circle J Ministries managed to build a CBCC at T/A Kuntaja in Blantyre

Chapter 3: Sector sustainability

3.1 NGO Funding and Sector Sustainability

This section discusses critical factors that may enhance or negatively affect the operations of NGOs in the country. However, before defining and understanding determinants of the NGO sector sustainability, income and expenditure within the sector is analyzed.

3.1.1 Income and expenditure in the NGO Sector

3.1.1.1 Total funding

The NGO Sector had a total income and expenditure of **K247 billion** and **K247 billion**, respectively in 2019 as compared to a total income and expenditure of **K453 billion** and **K416 billion**, respectively in 2018. Overall, both income and expenditure tremendously declined by 45.47 percent and 40.61 percent, respectively from 2018 to 2019.

3.1.1.2 Sources of funding

An analysis of the Annual Returns reveals that the NGO Sector had received a total income of **K140 billion** from the Donor Community (this amount is only for 121 NGOs that indicated the amount of money received in their Annual Return Form), with the highest donation of **K34.8 billion** and an average of **K478 million**. From the NGOs that submitted their Annual Return Forms, it was revealed that the European Union, DFID and USAID funded more NGOs (nine each) followed by WFP, Bread for the World and Oxfam. The graph below summarizes the major donors by the number of NGOs funded.

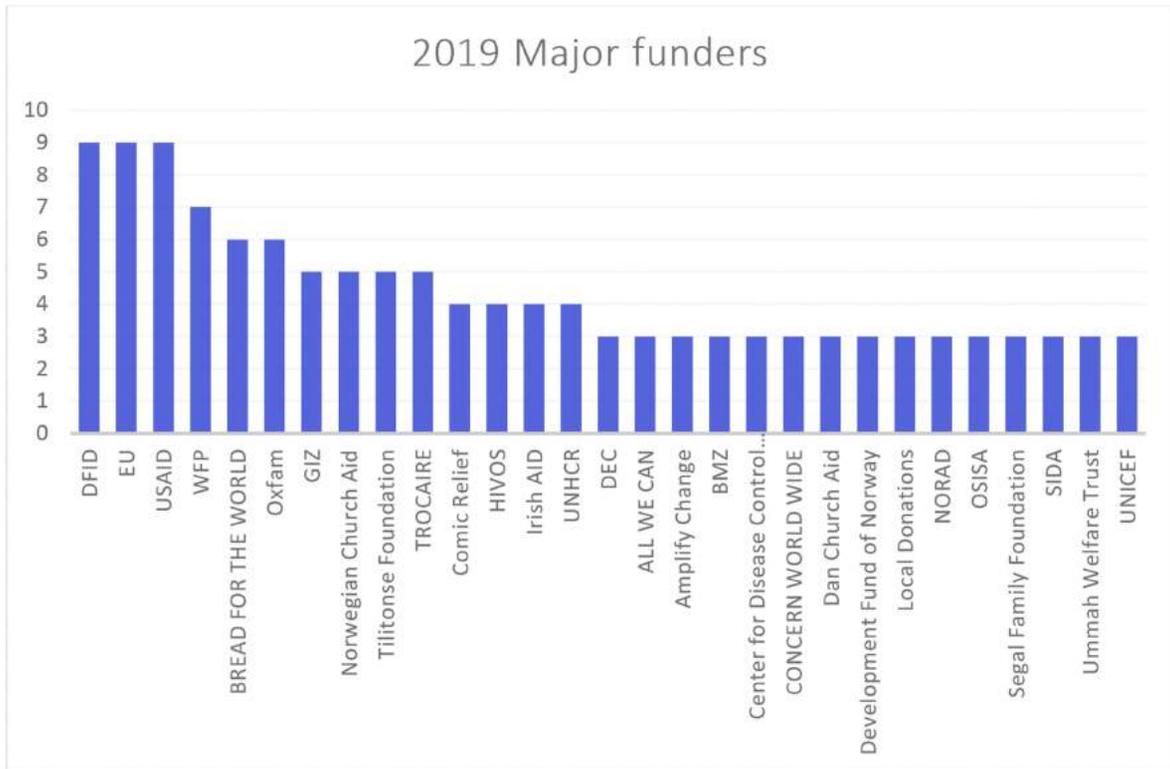


Figure 6: Major funders of NGOs

From figure 6 above, the analysis also revealed that some NGOs were sub-granting to other NGOs e.g. Norwegian Church Aid, Tilitonse Foundation and Oxfam thereby promoting partnerships amongst themselves which need to be sustained. Figure 7 below summarizes NGOs that were able to fund the activities of other NGOs.

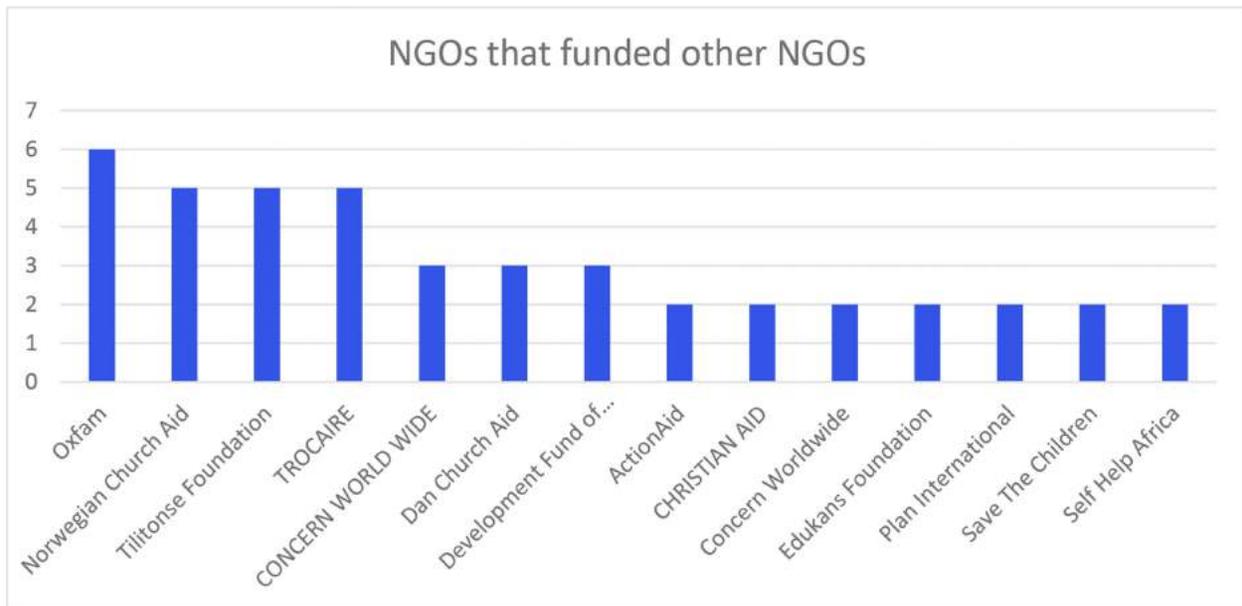


Figure 7: NGOs that funded other organizations

3.2 Sector sustainability

3.2.1 Defining sustainability

The NGO Board adopted USAID definition of NGOs sector sustainability as the ability of the sector to improve its overall institutional capacity to continue its activities among target population over an extended period of time, minimize financial vulnerability, develop diversified sources of institutional and financial support, and maximize impact by providing quality. The variables that were considered in assessing the sustainability of the NGO Sector in Malawi included the following: Legal environment, Financial viability, Organization capacity, Advocacy and Service provision.

3.2.2 Legal environment

The NGO Board realizes that for an NGO Sector to be sustainable, the legal and regulatory environment should support the work of NGOs. For instance, it should facilitate new entrants, help prevent governmental interference and give NGOs the necessary legal basis to engage in appropriate fundraising activities and legitimate income-producing ventures. In scanning the operating legal environment for NGOs, some of the questions that were asked included; Is there a favourable law on NGO registration? Are NGOs and their representatives allowed to operate freely within the law? Are they free from interference by the Government? Can they freely address matters of public debate and express criticism?

The NGO Sector in Malawi is regulated by an NGO Law which was enacted in 2001. One of its objectives is to promote the development of a strong independent civil society in Malawi and also affirm the human rights enshrined in the Republican Constitution. The sector is also guided by the NGO Policy, whose primary goal is to fortify the relationship between the NGO Sector and the Government, and to enhance capacities and effectiveness in the areas of regulation, coordination, service delivery, advocacy and community empowerment. Both the legal and policy instruments do not restrict operations of NGOs and do not provide room for the Government to infringe on their rights to exercise freedom of assembly or association. In fact, the policy recognizes the role of NGOs and CSOs in ensuring that the Government is transparent and accountable in its dealings. The Government has been in the process of amending the NGO Law to among other things promote freedom of association as provided for in Section 32 of the Republican Constitution and most importantly, promote transparency and accountability within the NGO Sector. In Malawi, we have many organizations that are illegally operating as NGOs but the NGO Board has never taken any decision to close them let alone suspend or cancel registration of an NGO despite having such mandate. Alternatively, the Board has always taken the approach of contact and dialogue to resolve issues.

The amendment of the NGO Law attracted a lot of discomfort from NGOs especially on the sections to do with the enhancement of penalties and the introduction of imprisonment for misappropriation of resources within the NGO sector. However, the Government later scrapped of such provisions from the Bill to show its commitment of ensuring that NGOs operate in a conducive environment which does not stifle civic space as well as to ensure the sustainability of the NGO Sector.

3.2.3 Organizational capacity

A sustainable NGO Sector will contain a critical mass of NGOs that are transparently governed and publicly accountable, capably managed, and that exhibit essential organizational skills. Questions evaluated include: Do most NGOs have a clearly defined mission to which they adhere? Is there a clearly defined management structure within NGOs, including a recognized division of responsibilities between the board of directors and staff members? Are there permanent, paid staff

among leading NGOs? Do NGOs' resources generally allow for modernized basic office equipment? Is there a problem of founder's syndrome in the NGO Sector?

Analysis of the registration forms submitted by NGOs during registration revealed that all the registered NGOs have their respective missions and objectives clearly spelt out but 90 percent of them have had the tendency of not strictly adhering to them. It was noted that most of these NGOs could disregard their objectives and move to areas that are not even within their constitutional mandate as they are dictated by the wishes of donors at a material time. Further, during registration, NGOs indicate details of their Board of Directors/Trustees and senior management but engagement with Board Chairpersons revealed that only 58 percent of chairpersons for the 700 registered NGOs that were contacted confirmed to have been involved in one way or the other in the affairs of the NGOs. Most of the chairpersons indicated that their Executive Directors do not recognize the role of Board of Directors/Trustees. In fact, about 13 percent of the chairpersons declined, through phone calls, to have been told that they were Board Chairpersons for the NGOs. In terms of office space and equipment, the Board visited office premises for the top 20 big NGOs but the exercise established that only 25 percent of them had their own offices. These factors show that sustainability of the NGO Sector is not assured, especially from the perspective of their organizational capacities. Most of them still use rented premises despite being operational for so long and this is a sad development.

3.2.4 Financial viability

A critical mass of NGOs must be financially viable and the economy must be robust enough to support NGO self-financing efforts and generate philanthropic donations from local sources. For most NGOs, financial viability may be equally dependent upon the availability of, and their ability to compete for international donor support. Questions asked under this dimension include: Do NGOs raise a significant percentage of their funding from local sources? Do NGOs typically have multiple/diverse sources of funding? Are there sound financial management systems in place? Do revenues from services, products, or rent from assets supplement the income of NGOs? Do Governments and/or local businesses contact the NGOs for services?

An analysis of NGO Annual Returns for 2019 shows that 98 percent of the NGOs, both local and international, get their funding from international donors. Further analysis of the returns also revealed that just one percent of the registered NGOs in Malawi have diverse sources of revenue in form of charging reasonable fees for people to access health services in their Health facilities and none of the NGOs generate additional revenues from their assets. In addition to this, it was established that, unlike in other countries, NGOs in Malawi do not get Government contracts to implement social related interventions. This, therefore, shows that the NGO Sector in Malawi is not financially viable and hence issues of sector sustainability are but a mere dream.

3.2.5 Advocacy

The political and advocacy environment must support the formation of coalitions and networks, and offer NGOs the means to communicate their messages through the media to the general public, articulate their demands to government officials and monitor government actions to ensure accountability. Questions include: Are there direct lines of communication between NGOs and policymakers? Have NGOs formed issue-based coalitions and conducted broad-based advocacy campaigns? Have these campaigns been effective at the local and/or national level in increasing awareness or support for various causes? Are there mechanisms and relationships for NGOs to participate in the political process? Is there awareness in the wider NGO community on how a favorable legal and regulatory framework can enhance NGO effectiveness and sustainability? Is there a local NGO advocacy effort to promote legal reforms that will benefit NGOs, local philanthropy, etc.?

The NGO Board had a total of 745 NGOs in its 2019 register out of which **33** were in advocacy work representing **four percent** (4%). In Malawi, there has been continued demand for civic space led by the Human Rights Defenders Coalition (HRDC) which has over the years, tirelessly fought for the rights of the marginalized and its efforts also contributed to the change of political regime in 2020. It is a known fact that in 2018 there were some cases where leadership of the coalition and other CSOs that were into advocacy faced challenges such as violence and threats of violence as documented in HRDs' Risk Assessment Report of 2019. However, they generally had space to voice out their concerns some of which were being considered by the Government. The Republican Constitution (Section 32), the NGO Act and the NGO Policy promote freedom of association and assembly and respect for human rights. The Government has expressed commitment to create conducive legal and policy environment for the work of NGOs and CSOs to blossom and it is pleasing to note that the current leadership of the country recognizes the role that CSOs played during the recent elections and hence seeks to ensure that civic space is not stifled in any way. This is evidenced by the mushrooming of NGOs and CSOs some of which are not even registered by the NGO Board but are allowed to operate and contribute to national development. As such, the sector sustainability is assured since there are no intentions to close down any CSOs but rather take on board their constructive contributions being made during their advocacy work.

3.2.6 Service provision

Sectoral sustainability will require a critical mass of NGOs that can efficiently provide services that consistently meet the needs, priorities and expectations of their constituents. Key questions include: Do NGOs provide services in a variety of fields? Do the goods and services that NGOs produce reflect the needs and priorities of their constituents and communities? Are there goods and services that go beyond basic social needs provided to a constituency broader than NGOs' own memberships? When NGOs provide goods and services, do they recover any of their costs by charging fees? Does the Government recognize the value that NGOs can add in the provision of basic social services?

Analysis of the NGO reports at the NGO Board's disposal revealed that 97 percent of the registered NGOs are in more than one sector. Some NGOs are in more than one district and others are in almost all the Traditional Authorities in some districts. While some NGOs undertake needs assessment of the targeted beneficiaries, a majority of NGOs bring project initiatives in the communities some of which are not among the priority needs in such communities. Interaction with Area Development Committee leaders in six districts namely; Mangochi, Blantyre, Nsanje, Dowa, Mzimba and Balaka established that 84 percent of them had never had a meeting with NGOs to discuss community needs but they just receive communication from the NGOs about the interventions they bring to their areas. The leaders mentioned that these NGOs do not charge or demand anything from them to recover their costs and therefore, had no problems to accept any development initiatives in the districts. Meetings with Directors of Planning from the six Councils mentioned above, noted that the Government acknowledges the good work that NGOs do in the country at all levels but were concerned that most of the NGOs do not align their work to the development strategies particularly the District Development Plans (DDP) and that some equally needy areas within the district are not covered as the NGOs concentrate on the same beneficiaries throughout. In this regard NGO Sector sustainability will only be achieved if the ADC leaders are fully engaged and that alignment of the NGO work to DDPs is done and properly monitored and evaluated.

From the analysis done in this section, it is observed that out of the five factors, the NGO Sector sustainability is assured under three aspects representing 60 percent. This is something worth commending although much more needs to be done to ensure long term sustainability of the NGO sector.

3.3 Operations of the NGO Board

3.3.1 NGO Board revenues

The NGO act 2001 does not oblige Government or National Assembly to appropriate resources to the NGO Board for its operations. However, through administrative arrangement the Government has been supporting the Board since 2016 through the Ministry of Gender, Children Disability and Social Welfare. Thus, the Board as a regulator of NGOs in the country has two major sources of revenue for its operations namely: Government ORT and NGO Fees which contribute 80 percent and 20 percent respectively of its annual budget except in financial year 2016/17 when the Board accessed donor funding through the Joint Annual Work Plan between the Government of Malawi and UN Agencies. The revenue trend for the past five years is as displayed in Table 3.1 below:

Source of Revenue					
Financial Year	NGO Fees	Government ORT	Government PSIP	Donors (UNDP)	Total
2015-2016	70,000,000	55,700,000	-	-	125,700,000
2016-2017	72,000,000	20,000,000	-	72,000,000	164,000,000
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
Total (MWK)	743,000,000	917,700,000	500,000,000		2,232,700,000

Table 3.1: NGO Board's Revenue Trend

From Table 3.1 above, it is evident that from 2015 to 2017 the Board was generating more of its revenue from fees than from the Government but after the revision of NGO fees, the Government has been providing more resources than the fees. This trend, therefore, shows that intention to raise fees is not aimed at stifling civic space but to ensure that adequate resources are mobilized for the Board to execute its mandate of effectively regulating the NGO sector.

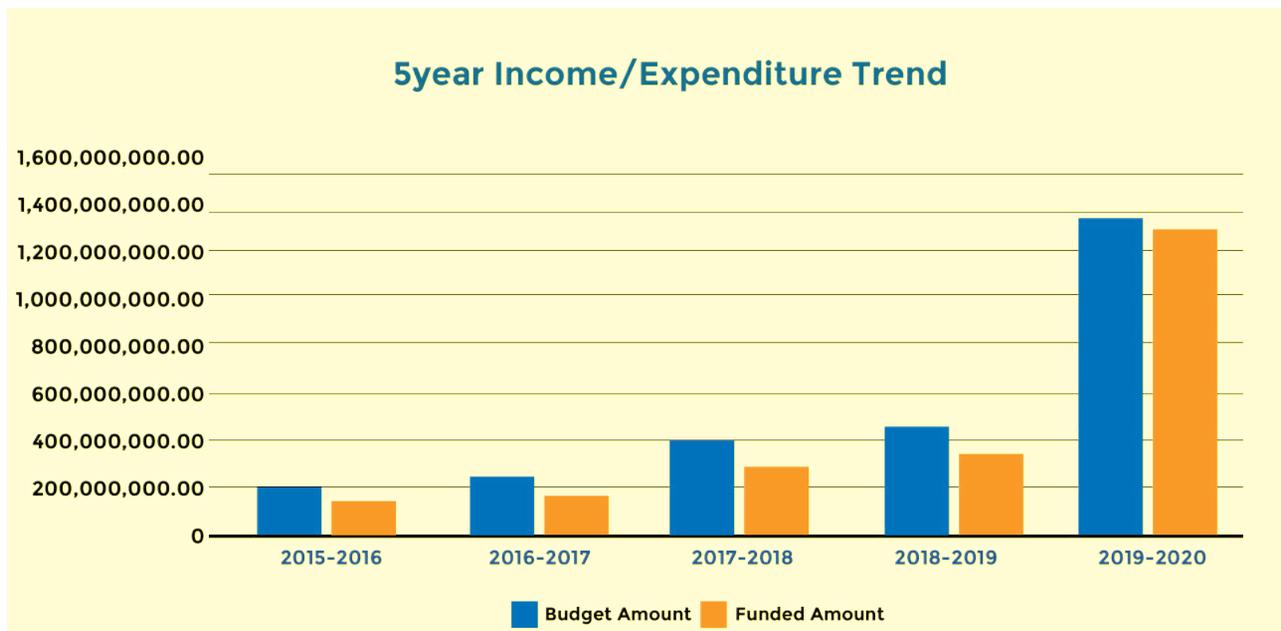


Figure 5: Shows the trend of income and expenditure for 5-year period

It must be noted from figure 5 above that, the Board has for the past four years been operating below the budget and the required capacity. This had negatively impacted the implementation of the NGO Act and formulation of subsequent regulations.

Realizing that the revenue collected were far below the minimum resource requirements, the Board revised NGO fees in January 2018. However, the collection is not fully realized due to the outstanding court injunction against the implementation of the regulations. NGOs through the Council for Non-Governmental Organizations (CONGOMA) obtained an injunction restraining the Board from implementing the new fees regulations on assertions that the fees were aimed at shrinking civic space. Records at the NGO Board disposal show that out of the 740 registered NGOs, 542 are local NGOs whose average annual expenditure for the last three years has been below **K100 million** implying that a majority of the NGOs still pay **K50,000** per annum to get their annual licenses renewed. Thus, the revised annual fees are not different from the amount these NGOs were paying before the fees regulations were effected and hence issues of stifling civic space are but mere speculations which cannot be substantiated. The revision of fees takes into account the resource constraints experienced by a majority of the NGOs.

3.3.2 2019 NGO Board achievements

The NGO Board recorded a number of achievements related to revitalization of the institution with the aim of strengthening it to better regulate the NGO Sector:

1. Bought and occupied own office premises
2. Procured five 4X4 vehicles to aid movement during monitoring of NGO work
3. Facilitated the drafting of NGO Act 2001 amendment which was submitted to OPC for further approval
4. Established six district offices in Nsanje; Dowa; Balaka; Blantyre; Mangochi and Mzimba. These offices built the capacity and empowered Area Development Committee Leaders to assist in NGO Board work and also work with District Council Sector Heads to ensure that NGO work is aligned to District Development Plans (DDP)
5. Developed a standard MoU for NGOs operating in the Health Sector.
6. Developed and launched a Five-Year Corporate Strategy (2020-2024) to operationalize the NGO Policy

7. Developed a draft regulation on NGO reporting pending finalization by Ministry of Justice. The regulation will ensure increased compliance in the NGO sector according to Section 22 of the NGO Act 2001
8. Recruited additional nine employees increasing the number of employees to 19.

3.3.3 Challenges faced by the NGO Board

The NGO Board faced a number of challenges to do with NGO coordination in the year under review. These include:

1. Low compliance levels among NGOs due to among other things weak enforcement of the NGO Law coupled with inadequate capacity of the NGO Board.
2. An injunction obtained by the Council for Non-Governmental Organizations of Malawi (CONGOMA) restraining the implementation of NGO fees regulations and tabling of the NGO Amendment Bill which sought to among other things transform the NGO Board to become an NGO Regulatory Authority.
3. Weak NGO Law requiring comprehensive review. This means the law falls short of its aims of promoting among other things freedom of association and building a strong and independent but effective Civil Society;
4. Huge appetite for allowances among Government staff at Local Councils affected the work of NGOs and the NGO Board; and
5. Covid-19 pandemic negatively affected the effective functioning of the NGO Board as it had to suspend implementation of key activities

Delayed appointment of board members. Since the expiry of the last board members' term in December 2018, the new appointments were done almost two years later, in September, 2020.

Chapter 4: Sector compliance

4.1 Report submission

Section 22 of the NGO Act requires every registered NGO to file with the NGO Board annual reports and information which shall be part of the registry accessible to the public.

4.1.1 Types of reports

On annual basis, and by such date as may be prescribed, NGOs are obliged to submit the following reports to the NGO Board: Audited Annual Financial Statements; Annual Technical Reports outlining the activities undertaken by the NGO in that year and such other information as may be prescribed; an annual return reflecting details of its trustees, directors, office bearers, auditors and such other information as may be prescribed including source of funding.

4.1.2 Defining compliance

The NGO Board defines compliance in terms of report submission. Thus, an NGO that has submitted all the required reports as outlined in this section has complied with the NGO Law.

4.1.3 Compliance levels

The analysis revealed that out of the **697** NGOs that qualified for submission of annual reports, only **181** NGOs submitted either partial or full reports implying that about **26 percent** of the NGOs on register complied compared to **25 percent** in the previous year. Those that submitted all the four required reports were **113** representing **16 percent** compliance in 2018.

In 2019, the Board had on its register a total of **745** NGOs out of which **700** NGOs' annual reports were due for submission to the NGO Board. A total of **228** NGOs submitted either partial or all the reports but only **143** NGOs filed all the required reports. Compliance levels in 2019 therefore stood at **20 percent**. The finding reveals that compliance levels improved by **4 percent** from 2018 to 2019. Figure 8 on the next page shows the NGO compliance rates since 2015 against the target goal of **65 percent** compliance rate

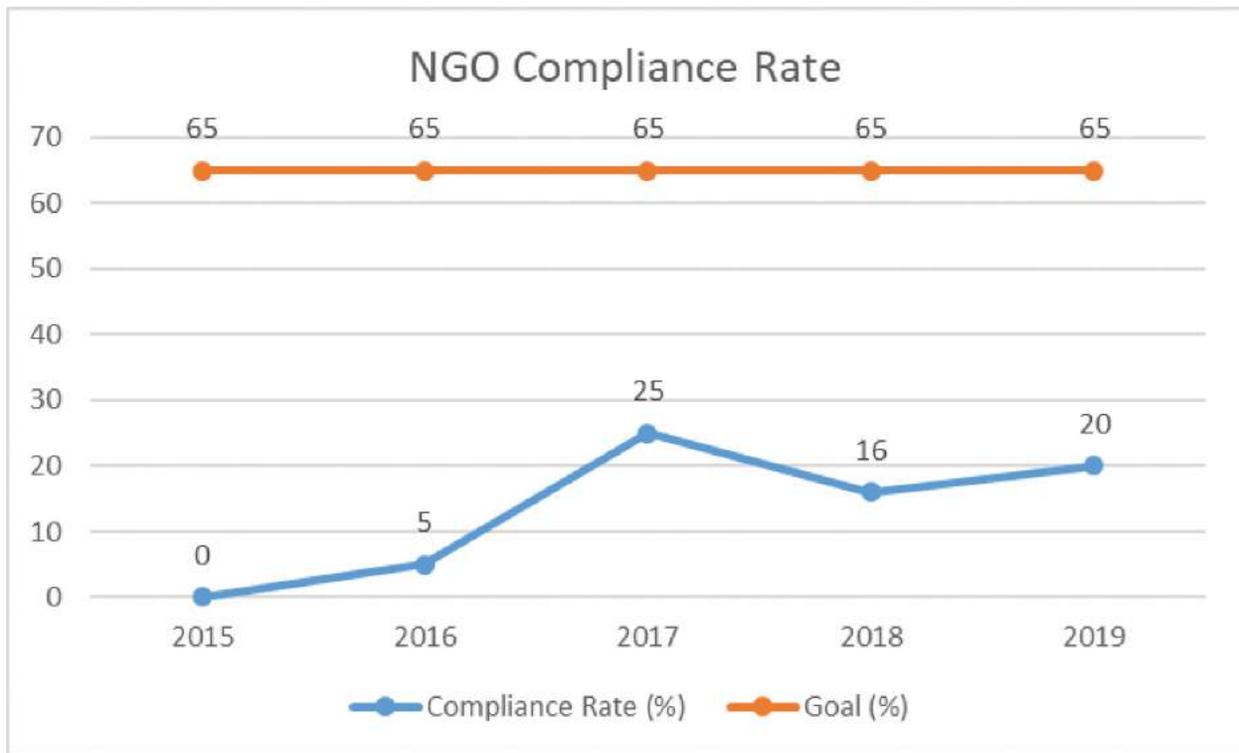


Figure 8: Shows the trend of NGO full compliance rate against the targeted rate for the past 5 years

4.1.4 Efforts to improve compliance

The NGO Board recognizes that much as the NGO Law obliges the registered NGOs to be filing reports with the Registrar of NGOs, not many NGOs had been complying with this requirement. Consultation with a number of stakeholders within the NGO Sector revealed a number of reasons for non-compliance one of which was the absence of regulations to guide the reporting process. Therefore, in 2019, the Board with technical support from Ministry of Justice and Constitutional Affairs embarked on consultative process aimed at documenting issues to be considered when developing the reporting regulations. The Board is pleased to put on record that the NGO Reporting Regulation was finalized and was submitted for gazette after which the regulation will be disseminated and enforced.

Chapter 5: Conclusion and Recommendations

5.1 Conclusion and recommendations

The analysis has revealed a number of issues from which numerous conclusions and recommendations can be drawn. This chapter summarizes some of the conclusions and proposes some recommendations for considerations by various sector players in an effort to improve the operations within the NGO Sector.

5.2 Summary of study findings

The study which was mostly desk work, established some findings and the notable ones were as follows:

- i. The NGO Sector has grown over the years both in terms of numbers and funding levels. However, very few registered NGOs were found to be active in terms of report submission to the NGO Board. In 2019, the total number of registered NGOs was 745 compared to 554 NGOs that were in NGO Board register in 2016 representing an increase by 34 percent.
- ii. The NGO Sector continues to make huge contribution to the national development through the provision of various services to Malawians although such a contribution is not well documented and quantified let alone profiled due to non-submission of reports and failure by the NGOs to provide detailed expenditures for purposes of establishing the contribution they make towards Gross Domestic Product (GPD).
- iii. The NGO Sector had a total income and expenditure of K247,505,875,293 and K247,171,799,723, respectively in 2019 against its total income and expenditure of K453,892,855,237.28 and K416,152,315,622.26, respectively in 2018. Overall, both income and expenditure tremendously declined by 45.47 percent and 40.61 percent, respectively from 2018 to 2019.
- iv. It has further been established that a majority of NGOs in Malawi rely on donors and very few have diverse sources of revenue. In addition, most of them are in rented offices and have no income generating activities, they have challenges to separate board from management all of which affect sustainability of the sector.
- v. The Government demonstrated commitment to ensuring that freedom of association, transparency and accountability within the NGO Sector are promoted through the development of a conducive policy instrument that led to the amendment of the NGO Act and the planned comprehensive review of the NGO Law
- vi. There has been a low compliance level within the sector although there was an improvement from 19 percent in 2018 to 35 percent in 2019 in terms of submission of the required reports.

5.3 Recommendations

Based on the above findings and conclusions, the following recommendations are proposed:

- i. The Government should continue to strengthen the capacity of the NGO Board for it to effectively execute its mandate;
- ii. The Government should ensure that the growth of the NGO Sector is assured and promoted through the provision of various incentives to NGOs including downward revision of registration fees to encourage non-registered NGOs to register with the Board;
- iii. NGOs and other sector players should improve on report submission to the NGO Board in an effort to promote transparency and accountability within the NGO Sector;
- iv. NGOs should learn to respect the laws of the land, including the NGO Act to ensure sanity within the sector;
- v. The NGO Board should strengthen the units responsible for monitoring and inspection of NGOs in the country to ensure that the work of NGOs is properly monitored and best practices documented and shared;
- vi. The Government should develop and enforce relevant regulations to facilitate registrations; reporting and partnerships; and collaboration within the NGO sector;
- v. The Government should review the NGO Act to promote, among other things, freedom of associations, allow NGOs to undertake some commercial activities as they move towards self-sustainability and most importantly, build the capacity of the regulatory body

5.4 Conclusion

It is evident from the above findings that the Government is committed to ensuring that a conducive legal and policy environment for the smooth operations of NGOs in the country is promoted and hence no intentions to stifle civic space. Secondly, it has been noted that the sustainability of the NGO Sector based on issues of funding and maintenance of assets as discussed herein is not something to celebrate about and hence more needs to be done. Thirdly, the findings also established that the NGO Sector continues to grow both in terms of numbers and funding levels but it lacks transparency and accountability which need to be improved by all sector players. The Government, therefore, should constructively engage all sector players to ensure that both the policy and legal instruments are refined to the best interests of all Malawians.

Going forward, the sector report should be developed with the full involvement of the all-sector players, including donors so that the report is very rich and presents a full picture of all the issues on the ground as well as ensuring ownership of the report by the sector players.

5.4 References

1. Non-Governmental Organization Act (2001);
2. Non-Governmental Organizations Policy (2018);
3. Human Rights Defenders Risk Assessment Report, 2019
4. NGO Board website – www.ngoboard.mw

