



## The effects of project funds allowances on project success

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**ABSTRACT:** The culture of paying allowances to appease participants to a meeting or workshop has led to misallocation of valuable resources for development and also created social problems in communities. In Malawi, a study funded by DFID Malawi on public expenditure review of travel (Peprah and Mangani, 2010) revealed that travel-related allowances constituted the bulk of allowances, accounting for 76 per cent of all payable allowances in 2010.

This study which was conducted in Kasungu District assessed the impact of project funds allowances towards project success. The objectives of the study were to find out the reasons project implementing organizations pay allowances, highlight the perceptions of project beneficiaries, public service employees and NGO employees on impact of allowances and assess the effects of allowances on project success and sustainability and recommend solutions to the allowance challenge.

The study used purposive sampling method and 50 respondents drawn from NGO employees and civil servants heading different sectors in Kasungu were interviewed. The findings were also triangulated using focus group discussion with two area development committees in Mphomwa and Santhe. The data was analyzed using Statistical Package for the Social Sciences (SPSS) software.

The key findings of the study include the following:

- The main reason why organizations pay lunch allowances is for the participants to procure lunch and not as a way of rewarding the participants.
- The government and NGO employees in Kasungu feel that the culture of paying allowances to meeting participants is a good practice
- Projects that do not factor in provision of allowances face implementation challenges as communities now expect allowances for attending project activities.

The study, therefore, makes the following suggestions and recommendations: The government and NGOs should develop guidelines or policies on allowances that apply to both the government and NGO sector, establish a mechanism or board to ensure adherence to guidelines by both the government and NGOs, review the guidelines or policies on how government and NGOs can work with communities and conduct awareness meetings on the beneficiary pay principle.

**KEYWORDS:** Allowances, per diems, Government, Non-Governmental Organisation.

### I. INTRODUCTION

Globally, there is increased need for organizational accountability in both the private and public sectors. As a result, development work is being done through implementation of projects since they increase the level of efficiency than conducting business as usual. Operational effectiveness and efficiency is more imperative now than before as institutions today face more aggressive competition than in the past and the business environment they operate in is a highly turbulent one.

There have been efforts internationally, nationally and locally to curb wastage of resources and ensure maximum utilization of resources. The issue of allowances is at the center of a management challenge towards optimal utilization of resources. In order to guide development partners in implementing effectiveness in project implementation and any other development work, the Paris Declaration was signed in March 2005 followed by the Accra Agenda for Action in 2008. In Malawi the government and the development partners developed guidelines named harmonized daily subsistence, fuel and transport allowances (DSA) applicable to events and missions in Malawi.

The government of Malawi in June 2022 banned workshops outside the duty stations in an attempt to



control government expenditures in form of allowances to participants at workshops. The ban was accompanied by an instruction by the Secretary to President and cabinet which stated that all meetings and trainings should be held within the duty stations and board meetings for parastatals must be held in board rooms. The measures were introduced to tame waste of public resources because people in the public sector largely use activities to benefit financially. One of the important aspects in the civil service is the optimal use of human and financial resources. However, five months down the line the ban was lifted due to pressure from the civil servants and the business community that benefitted from the workshops by the government sectors and parastatals. This demonstrates how strong and big the fight against the practice of allowances is in Malawi.

### Problem Statement

Payment of allowances is a common practice in the administration of both public and private projects in Malawi. There are different views on whether this practice contributes positively or negatively towards the success or sustainability of projects. The allowances are normally paid in form of lunch allowances and subsistence allowances. The allowances are deemed to cover the costs incurred by the participants as they work away from home but in practice allowances act as compensation or motivation for community members to participate in development initiatives and also as compensation or motivation for development organization and government employees. Despite strong

condemnation by both the private and public sectors the practice of paying allowances to participants to workshops and meetings continue to thrive. This study seeks to assess the impact of project funds allowances on project success and sustainability.

### Objectives

The main objective of the study was to assess the impact of project funds allowances on project success. Specifically, the study sort to:

1. To find out the reasons project implementing organizations continue to pay allowances.
2. To highlight the perceptions of project beneficiaries, public service employees and NGO employees on impact of allowances on project success and sustainability.
3. To assess the effects of allowances on project success and sustainability and recommend solutions to the allowance challenge.

### Research Questions

This research seeks to answer the following questions:

- Does paying allowances positively contribute to project success?
- Can a development project be effectively implemented in Malawi without paying allowances?
- Why do organizations continue to pay allowances despite availability of policies and guidelines against such a practice?
- How can allowances be used to effectively deliver a project without wasting resources?

## II. RESEARCH DESIGN

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. In fact, the research design is the conceptual structure within which research is conducted (Mexon J. 2020). Research design holds the research project together.

The study targeted government employees, specifically head of government sectors in Kasungu (25), NGO employees (25), Project Beneficiaries (Community Members) specifically ADCs (30). The study focused on these because these are directly involved on the issue under investigation: the impact of project funds allowances on project success and sustainability.

The study used two methods of sampling, that is, purposive sampling and convenient sampling methods. Purposive sampling to select the government and non-governmental organization employees to participate in the research. The criteria were as follows:

- Be head or deputy of government sector or NGO in Kasungu
- Have at least two years' experience working on projects

The Area Development Committee (ADCs) were selected using convenient sampling method. The ADCs which were close to the location of the researcher or research assistance were selected.



**Data collection**

The data for this research was mainly collected using a questionnaire which was mainly administered face to face and also completed online in some cases. Focus group discussions were conducted with area development committees. The participants included men, women and youth to

ensure balance of opinions from the community. The focus group discussions were facilitated by the Community Development Assistance who reside in the locality so as to ensure openness of the participants and also discourage exaggeration of facts since the facilitators are familiar with the area.

**III. KEY FINDINGS**

A. Payment of allowances for a meeting taking place within the community

(a) Does your organization pay lunch allowances for a venue within the community?

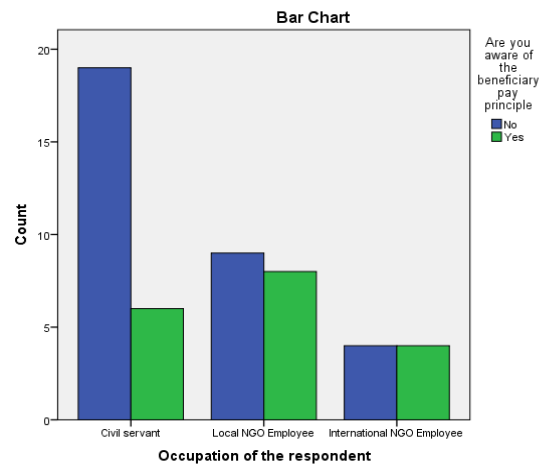
Table 1: Table of frequencies of responses to the question “Does your organization pay lunch allowances for a venue in the community?”

	Frequency	Percent
No	29	58.0
Valid Yes	21	42.0
Total	50	100.0

As shown above, 21 (42%) of the respondents stated that their organizations pay lunch allowances to participants to a meeting taking place within their locality, 29 (58%) do not pay allowances to participants to a meeting within their locality. The research has found out that the payment of allowances is independent of the location of the participants. In this case, the payment is a token of appreciation not for the participants to take care of costs incurred.

B. Beneficiary pay principle

Figure 1: Are you aware of the beneficiary pay principle



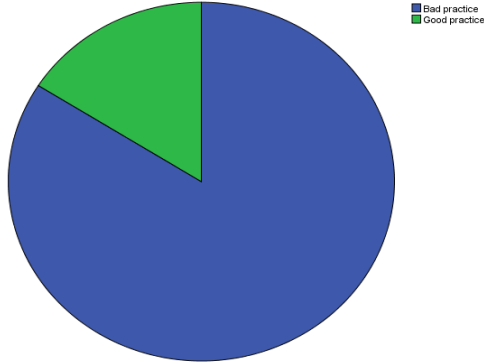
The majority of the respondents are not aware of the beneficiary pay principle and the highest number of those not aware was from the government sector (19 out of 25). The respondents were the NGO and government employees directly implementing projects. This demonstrates the magnitude of addressing the challenge as it has to begin with the technical staff before it goes to the community.

C. Perception on the practice of paying for facilities for workshop participants (full board)

Figure 2 : Perceptions of respondents on practice of paying for facilities for workshop participants (Full Board)



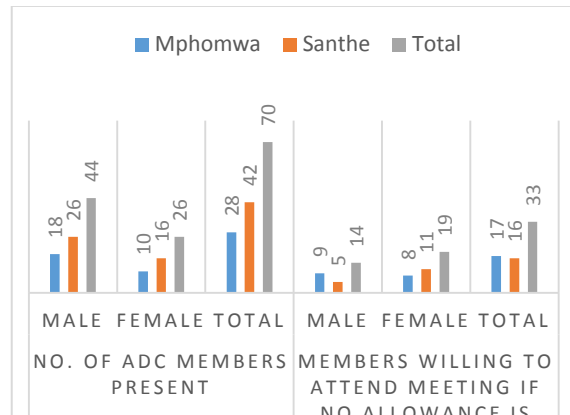
What is your general perception on the practice of paying for facilities for participants to a meeting/workshop conducted away from work place (Full Board)



The majority of the respondents do not feel that paying for the facilities for participants to a workshop is a good practice. This is in line with the literature that in Malawi allowances are used to act as a supplement to the salaries, hence the respondents would feel better to receive an allowance than to enjoy services of accommodation and meal already paid for by the organizers.

D. Willingness to attend a meeting where no allowance will be provided.

Figure 3: ADC members willing to attend a meeting or training where no allowance is provided.



A total of 33 out of 70 (47%) ADC members will be willing to attend the ADC meeting where no allowances will be paid. The results also showed that more women 73% (19 out of 26) will be willing to attend compared to their male counterparts 31% (14 out of 44).

#### IV. CONCLUSION

The study has revealed the extent to which the disbursement of allowances has had a detrimental impact on government officials, NGO personnel involved in project implementation, and the communities in terms of their understanding of proper development practices. Collaboration between the government and non-governmental organisations (NGOs) is necessary to effectively tackle the deficiencies shown by the research. The gaps encompass the absence of enforcement regarding the guidelines pertaining to the provision of allowances, the lack of understanding regarding principles that foster efficiency and accountability, such as the beneficiary pay principle, and the mindset that regards effective financial management practices, such as full board workshops, as unfavourable.

#### V. RECOMMENDATIONS

Addressing the allowance culture is a big task. The following are the recommendations which require action by both government and NGOs:

1. Develop guidelines or policies on allowances that apply to both the government and NGO sector.

Currently the government has put a barn on workshops and NGOs are guided by a set of guidelines. The absence of a common guideline is posing a challenge in enforcement of the available

guidelines as they apply to just a section. The country requires a holistic and uniform approach by both the government and NGOs to address this challenge.

2. Establish a board to ensure adherence to guidelines by both the government and NGOs. The compliance to the set guidelines is only partially by both the government and the NGOs. The board which can have both government and NGO representative can help to ensure that



stakeholders comply with the guidelines.

3. Review the guidelines or policies on how government and NGOs can work with communities.

The current guidelines are not explicit on how government and the various NGOs working with communities can handle issues concerning lunch allowances with communities. As a result, every organisation is doing it their own way. The guidelines and policies should state in explicit terms how allowances should be handled in the communities.

4. The government and NGOs conduct awareness meetings on the beneficiary pay principle.

The National Community development policy and the Malawi agriculture extension policy highlights

that activities and incentives should be provided basing on the beneficiary pay principle. However, most of the respondents are not aware of the principle.

5. The government and NGOs should conduct awareness meetings on the value of knowledge and importance of volunteerism

The majority of the ADC members indicated that they are not willing to attend a meeting where allowances will not be paid. This demonstrates how the volunteerism spirit has vanished. The government and NGOs need to deliberate devise ways to bring awareness on the value of knowledge and importance of volunteerism. ed is approximately proportional to the square of the current and inversely proportional to the square of the length of the air gap.

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