Malawi Government

GUIDELINES FOR THE PREPARATION OF THE 2014/15 BUDGET

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Contents

1

INTRODUCTION

1.1 BACKGROUND/INTRODUCTION

The Public Finance Management Act (PFMA) 2003 requires that every year, Government through the Ministry of Finance prepares a National Budget to run from 1st July to 30th June each year. As a document, the National Budget is a financial plan through which Government delivers public goods and services in the short term to achieve its social economic development programs consistent with the medium and long term development priorities.

Stakeholders in the National Budget are numerous. They include implementers such as: Ministries, Departments, and Subvented Organisations; Development Partners, who provide Technical and Financial Assistance; Private Sector Organisations, the engine of growth; Civil Society Organisations and Non Governmental Organisations, partners in social economic development; and the general public and all other beneficiaries. Furthermore, the implementation of the budget affects all the sectors of the economy in one way or another through well established linkages. As part of the formulation and consolidation of the Budget, and to ensure consistency and coherence in the preparation process, the Ministry of Finance annually prepares and circulates Budget Guidelines which contain the principles, procedures and technical instructions for the preparation of the National Budget. These Guidelines are prepared annually because measures and benchmarks vary from time to time. This document is one such instrument and is intended to provide detailed instructions and principles for the preparation of the 2014/15 Budget.

In terms of structure of the document, it has been organized as follows; the first section is the introduction to this document; the section looks at the fundamental considerations when preparing the National Budget; the third section focuses on practical advice for preparing the 2014/15 budget; the fourth section outlines the key expected outputs and timings; and the fifth concludes this document. Annexes set out the work plan for Budget Preparation and a guidance note for completing the Output Based Budget Template.

2

FUNDAMENTAL CONSIDERATIONS TO THE PREPARATION OF THE NATIONAL BUDGET

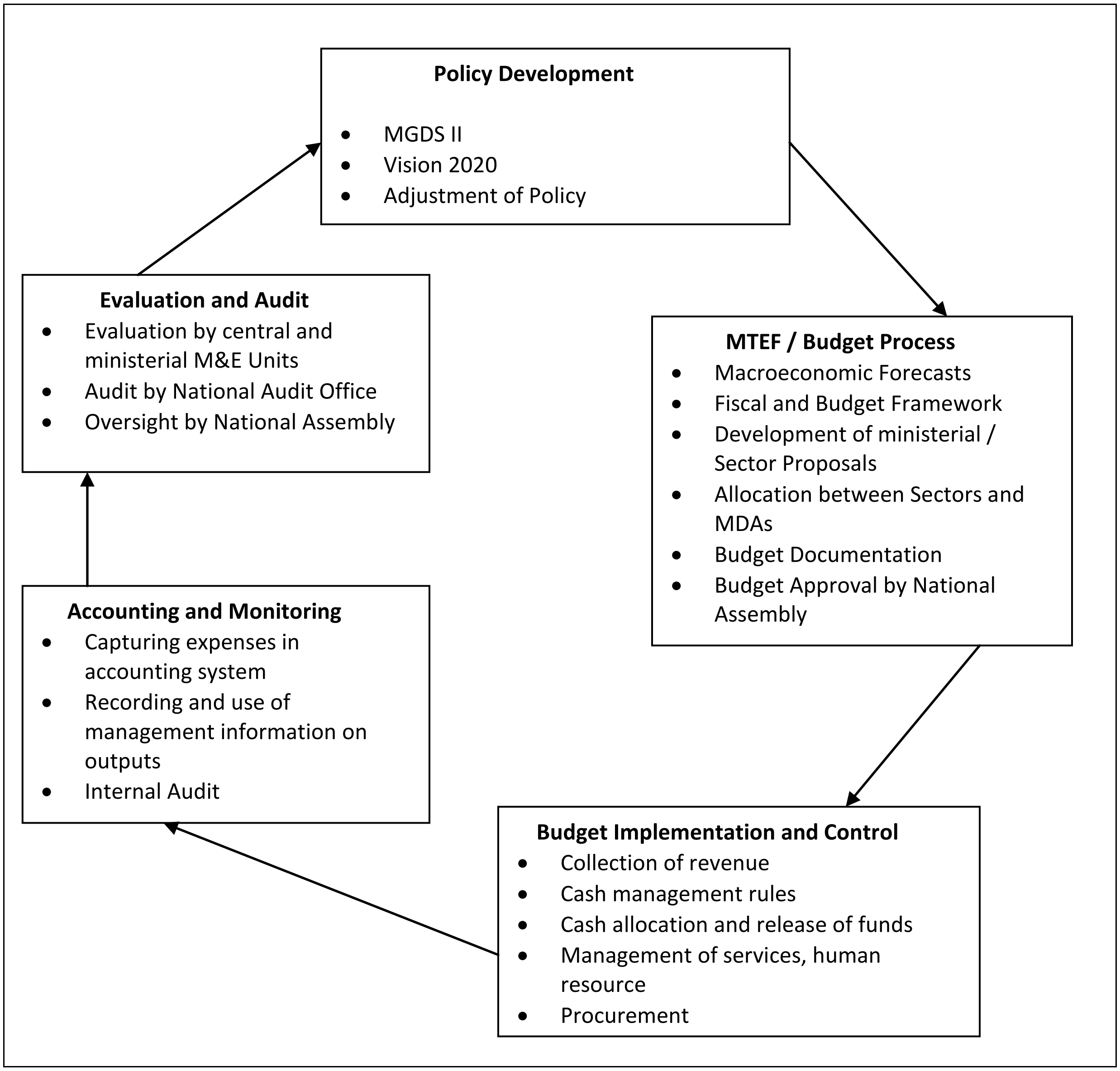
2.1 OVERVIEW

Three fundamental tenets are taken into consideration during the preparation of the national Budget. The first is the macroeconomic context within which the Budget is formulated and this includes the internal and external equilibriae; and also past, present and future macroeconomic projections and trajectories. The second is the interface of the Budget to the medium to long term development priorities, in this case, the Malawi Growth and Development Strategy (MGDS) II and the Vision 2020. Lastly, the balance between Recurrent and Development Budget Expenditures in the National Budget is another important aspect during Budget Formulation. All three are explicitly linked within the Medium Term Expenditure Framework (MTEF) Budget Cycle.

2.2 THE MTEF BUDGET CYCLE

The MTEF approach to budgeting places Government policies and priorities at the heart of Budget Planning. It provides a budgetary resource ceiling against which to prioritize the allocation of resources consistent with policy objectives. It also requires effective mechanisms for the monitoring of budgetary inputs, outputs and outcomes and for feedback of monitoring information into the subsequent planning cycle (**Figure 1** below).

Figure 1: MTEF Budget Cycle



2.3 THE MACROECONOMIC CONTEXT

Macroeconomic fundamentals, internal and external, are central to the preparation of the national Budget in any country. This is the case because national budgets are not implemented in isolation, rather, in a dynamic medium of social and economic changes. Key macroeconomic fundamentals that are always taken into account when preparing national budgets include, but not limited to: the Gross Domestic Product (GDP), Inflation, Domestic and Foreign Debts, Foreign Exchange rates, Bank Lending rates and several other fiscal and Monetary Policy Benchmarks and Targets.

Regarding GDP, considerations are both on historical and future trends locally and internationally. At local level, developments in economic outlook to the region and global economies are of paramount importance when preparing national budgets because of the influences in developments such economies have on domestic economies. Similarly, under historical and future trends; past, present and future GDP growth rates always influences the national Budget, positively or negatively. The 2014/15 National Budget will take into account trends in the national GDP growth rates as well as trends in the Sub-Saharan African Region and the Global Economy.

On domestic and foreign debt, Malawi is guided by the Debt and Aid Policies as well as the Development Assistance Strategy (DAS). This is used by Government to guide the way debt is contracted, retired, repaid and managed in Malawi. In addition, any agreements signed with key development partners and organizations such as the International Monetary Fund (IMF) may contain benchmarks that have to be met.

The 2014/15 Budget will ensure that all these macroeconomic fundamentals and objectives are taken into account when preparing the Macro Fiscal Projections for the Budget.

2.4 ALIGNMENT TO THE MEDIUM AND LONG-TERM PRIORITIES AND PROGRAMS

There are key development strategy documents that guide the formulation and implementation of the National Budget Cycle (Figure 1): the Malawi Growth and Development Strategy (MGDS) II and the Vision 2020. The MGDS II sets out the medium term priorities for achieving Malawi's medium to long-term ambitions and aspirations outlined in the Vision 2020.

With regard to the ERP, in 2012, Malawi was facing a number of serious challenges such as shortage of essential drugs in hospitals. Some industries were operating below capacity due to inadequate imported raw materials and others literary closed down. Consequently, economic performance slowed down, and at the same time, both inflation and interest rates began to experience a steady rise. To forestall these problems and begin to stabilize the economy, Government formulated and started implementing the Economic Recovery Plan (ERP) to turn around the economy. The recovery plan identifies areas for intervention in the immediate, short and medium term. Some of the measures included the devaluation of the currency, the setting of a market determined exchange rate, restoration of bilateral and multilateral relations and the repealing of punitive laws. Social economic policy reforms were also scaled up to mitigate against the impact of some of the economic reforms on the vulnerable groups of the society.

The ERP has also identified drivers for economic recovery including Energy, Tourism, Mining, Agriculture, Transport Infrastructure and Information and Communication Technology (ICT) sectors. To this effect, priority projects and activities from within the medium term Malawi Growth and Development Strategy II have been isolated to achieve the much needed recovery. MGDS II remains the overarching single reference document for the country's development agenda. However, there was a need to focus on few priorities that are pro-growth, quick wins, and are highly effective. These will continue to be implemented as part of the 2014-15 Budget.

The MGDS II is essentially an overarching strategy for developing the country and the National Budget is an instrument by which the policy is implemented. The MGDS II identified the following nine key priority areas:

(i) Agriculture and Food Security;
(ii) The Green Belt Irrigation and Water Development;
(iii) Education, Science and Technology;
(iv) Transport Infrastructure and Nsanje World Inland Port Development;
(v) Climate Change, Natural Resources and Environment Management;
(vi) Integrated Rural Development;
(vii) Public Health, Sanitation and HIV/AIDS Management;
(viii) Youth Development and Empowerment; and
(ix) Energy, Mining and Industrial Development.

As the MGDS II is a product of a thorough and extensive consultation process, it is only logical that the National Budget is fully aligned to the MGDS II. Furthermore, since the MGDS II is fully costed based on parameters used in formulating the National Budget, the alignment of MGDS II to the National Budget is not simply a mere coincidence, rather a necessary vehicle through which annual MGDS II targets and goals are met.

The 2014/15 Budget will be fully aligned to the MGDS II and underpinned by the reforms within it. In this respect, **all Spending Agencies in the National Budget will need to demonstrate how their expenditures are aligned and linked to the MGDS.** This has been facilitated by an exercise to code the MGDS II activites in line with the eleven MGDS priority areas. A coded matrix is used within the Government Chart of Accounts so as to align budget provisions (expenditures) to outputs in order to implement the overall objectives of Government. Spending Agencies will also be required to clarify how their expenditures are contributing to the strategies, outcomes, outputs and activities of the MGDS II.

The Vision 2020 states that “By the year 2020, Malawi as a God-fearing nation will be secure, democratically mature, environmentally sustainable, self reliant with equal opportunities for and active participation by all, having social services, vibrant cultural and religious values and being a technologically driven middle-income economy”. This will be realised through the implementation of the Annual Budgets and MDGS II.

2.5 ALIGNMENT TO THE PSIP

The Public Sector Investment Program (PSIP) is an instrument through which Investment in Development Programs in Malawi is delivered and coordinated. The PSIP is a five-year rolling plan that outlines the development priorities in infrastructure development of the country. The preparation of the PSIP document is both aligned to the MGDS and the Vision 2020 and is formulated out of wide consultation and appraisal. In preparing the 2014/15 Budget, therefore, the PSIP will be used to determine the projects to be financed by the Government Budget and the resources for each project.

2.6 ALIGNMENT WITH ENVIRONMENT SUSTAINABILITY GUIDELINES

The contribution from prudent use of natural resources, environmental management and climate resilience is crucial in order for Malawi to achieve national sustainable development. There is need to ensure that all projects comply with environmental sustainability guidelines. This has immense potential to provide significant benefits from sustainable resource use and management and climate proofing of the economy and presents a rare opportunity for improved livelihoods of present and future generations of Malawians.

For the 2014/2015 Budget preparation, it is imperative that Budget Agencies ensure environment and climate change priorities are appropriately reflected in the Budget submissions in accordance with the environment and climate change mainstreaming guidelines in the following areas:

- All activities that exploit or use the environment and natural resources should Budget for awareness and monitoring their sector sustainable utilisation through policies and legislations;

- Use of environment and natural resources as a vehicle for poverty alleviation as an entry point for communities to appreciate their environment better;
- All Ministries to Budget for Environmental Impact Monitoring of their activities and to establish Focal Points on Environment and Climate Change in Ministries; and
- Ministries and Departments should ensure their role in monitoring of the sustainability indicators in the MGDS II is clearly indicated. Budgets should reflect environment sustainability.

Additionally, all new capital intensive projects will be required to conduct an Environmental Impact Assessment (EIA) as part of their planning and ensure that budgets are allocated for mitigation measures in the Environmental Management Plan. Technical support will be available through sector focal persons whose contacts are the Director of Environment Affairs Dept (or mail to the Principal Secretary, Ministry of Environment and Climate Change Management, P/Bag 394, Lilongwe 3 or telephone 01771100).

2.7 GENDER RESPONSIVE BUDGETING (GRB)

Gender-responsive budgeting (GRB) is government planning, programming and budgeting that contributes to the advancement of gender equality and the fulfillment of women's rights. It entails identifying and reflecting needed interventions to address gender gaps in sector and local government policies, plans and budgets. GRB also aims to analyze the gender-differentiated impact of revenue-raising policies and the allocation of domestic resources and Official Development Assistance.

GRB initiatives seek to create enabling policy frameworks, build capacity and strengthen monitoring mechanisms to support accountability to women.

Gender Responsive budgeting is a tool for monitoring if policy commitments related to poverty reduction and gender equality are reflected in budget allocations. Gender responsive budgets are not separate budgets for women but instead, general budgets that are planned, approved, executed, monitored and audited in a gender-sensitive way.

The 2014/15 Budget gives priority to mainstreaming gender in the budgeting process. The emphasis is on ensuring that budgets of Ministries and Departments match the needs of women and men, girls and boys which are inherent in their specific gender roles, responsibilities and constraints. In this regard, the Ministries and Departments are advised to address the needs of females and males in the activities, outputs and budget of each programme and sub-programme as a priority and make sure that sufficient resources are allocated to the described gender inequality areas.

The Ministries and Departments are reminded that the objective of this exercise is not to allocate more money to women or men but rather to ensure that the needs or challenges of females or males are known in the first place and resources are provided to address them in each programme. Therefore, the starting point is to understand the gender situation of the sector and proceed to address the issues therein. The Ministry of Gender, Children and Social welfare is available to work with the sectors in the preparation of 2014/15 budgets.

3

PREPARATION OF THE 2014/15 BUDGET

3.1 INTRODUCTION

This section provides more details on what to consider when formulating the Budget submission for a vote.

3.2 MINISTERIAL MTEF/BUDGET PROCESS

The MDAs are involved in the bottom-up expenditure review and planning as a build-up to determination of Ministerial and Sectoral Strategies:

Step 1: Review the Ministry's / Department's programmes against its functions and objectives to establish their relevance.

Step 2: Bottom-up expenditure analysis of past expenditure and performance for the preparation of programme spending proposals and performance targets.

Step 3: Resource allocation proposals which match resource availability with spending needs through a process of trade-offs.

Step 4: Finalizing Resource Allocations in line with sector proposals and MGDS II and drafting the detailed Budget estimates in consultation with the Ministry of Finance for submission and approval by Parliament.

3.3 CEILINGS

The overall resource envelope, or ceiling, is derived from the Macroeconomic Framework for the coming financial year and two outer years. From this overall ceiling, Ministerial (and Sectoral where relevant) ceilings are determined by the Ministry of Finance, guided by the, MGDS II, PSIP and Budget performance data. These ceilings are reviewed each year based on the current estimates of the overall resource envelope, and indicative ceilings are communicated to MDAs. Ideally, these ceilings should not change much from year to year to provide resource predictability for MDAs over the medium term. If the economic environment remains the same, then ceilings must not change much from year to year. This means that **Institutions can start to formulate their budget plans in advance of receiving the indicative ceilings from the Ministry of Finance**. Once the indicative ceilings have been communicated, it is required that MDAs submit their Budget Estimates in line with the ceilings provided. Where more resources are required, trade-offs must be made in line with priorities and past performance.

Budget Hearings provide a chance for the Ministry of Finance to analyse Institutions' Budgets, they are not a chance for MDAs to appeal for more resources; it is expected that final ceilings will reflect indicative ceilings, unless (i) more or less resources become available as per the most recent macroeconomic estimates, and/or (ii) due to a strategic decision to reallocate resources between Ministries or Programmes.

3.4 RECURRENT BUDGET

Recurrent Budget consists of all expenditures that Government incurs on procurement of goods and services. They are consumption in nature. Recurrent budget consists of two main categories; Personal Emoluments and Other Recurrent Transactions

3.4.1 PERSONAL EMOLUMENT

Controlling Officers must ensure that the submission for Personal Emoluments should be in line with the actual staff in their respective Ministries and departments at the end of the financial year, and should include the 3 per cent annual increment. Requests to fill vacant positions and promotions should be made **both** to the Treasury and to the Department of Human Resources Management and Development (DHRMD), who will provide early in the 2014/15 financial year, an approved recruitment plan. Controlling officers are therefore being reminded to obtain the approval from DHRMD before proceeding with filling of any vacant positions on their establishment as Treasury will not provide any additional resources for positions that are filled without approval.

Requests to create non-established posts will not be accepted except with approval from the Chief Secretary to Government.

In the case that a vote has arrears for Personal Emoluments, these should be clearly worked out and indicated separately when the Budget submission is made.

Government has so far put in place a number of reforms aimed at controlling the size of the wage bill. These include:

i) **Payment through banks.** Government rolled out the policy of paying Public Servants through their Bank Accounts.

ii) **Rationalize the Public Service**. The OPC through Department of Human Resources Management and Development continue to undertake a rationalization of the Public Service with a view to improve efficiency while at the same time ensuring cost saving.

iii) **Regular and intensive monitoring of the payroll**. Despite the controls on the payroll, periodic head counts will be done regularly to reduce wage bill fluctuations.

iv) **Payment for Salary Arrears will be on special request.** It has come to the notice of Treasury that most wage bill fluctuations are being explained by arrears. Most of these arrears are from other financial years other than the current. In such cases, it becomes difficult to manage the wage bill. Going forward, Treasury will demand that a request for funding to pay salary arrears must not be reflected on GP5 Form but must be requested separately. These salary arrears must be only those that have been properly planned and budgeted for like those falling due within a financial year and must be audited accordingly if the arrears are from previous financial years before making the request for funding. All other salary arrears that were not budgeted for must be reported to the DHRMD for appropriate action. Where these arrears exist, Ministries and Departments are encouraged to bring these figures to the attention of the Ministry of Finance during Budget Hearings to allow Treasury to make budget provisions for the same once the audit has taken place.

3.4.2 OTHER RECURRENT TRANSACTIONS (ORT)

As usual, all Recurrent Expenditures of the Budget must be aligned to specific Government and MGDS II activities and given detailed costing in the Budget template. A number of measures to help control expenditures remain in place from previous financial years and Ministries and Departments should bear these in mind when formulating their budgets. These measures include:

A. PROCUREMENT OF GOODS

i) **Central Government Stores is continuing building its capacity to become <u>the sole Supplier of commonly-used items</u> in Government such as stationery and other items**. All procurement by Ministries and Department will continue to be on cash basis and be purchased from the Central Government Stores, with the aim of avoiding arrears. Controlling Officers, Heads of Departments and Chief Executive Officers who accumulate arrears will be held responsible.

In the event that Central Government Stores does not have the relevant items, the procedure for obtaining a waiver will be issued by the Central Government stores as follows:

a. Institutions will go through the usual process involving the IPC before requesting items from Central Government Stores;

b. When Central Government Stores does not have the relevant item, it will request the concerned Institution to get three quotations for the item from private suppliers;

c. The Institution to get these quotes via the usual IPC process; and

d. Central Government Stores will review the quotations and provide a “No Objection” waiver which will enable the Institution to undertake the procurement.

This process can take a minimum of a day, depending on whether the quotations are provided in time.

Officers are reminded not to sign contracts without following proper procurement regulations. Failure to comply will lead to personal accountability and discipline.

ii) **Government is implementing comprehensive reforms to the Drug Supply Chain.** Government has recapitalized the Central Medical Stores so that it is the sole supplier of drugs and medical supplies for the Public Hospitals. Central Medical Stores is now an autonomous Trust. All procurement of these medical supplies by Central Hospitals and District Hospitals should be on cash on delivery basis to avoid accumulation of arrears. Payments to Central Medical Stores is being done centrally either by the Ministry of Health or the National Local Government Finance Committee (NLGFC) within the allocations of the hospitals. In this way, integrity of the supply chain is ensured; very expensive purchases from vendors and the accumulation of arrears is being prevented in order to improve the quality of health care in the country.

All procurement by Government Ministries will be on a cash basis. Where cash terms are not possible for good reasons, authority must be obtained from the Secretary to the Treasury. Such authority shall be in writing and a copy thereof submitted to the Office of the Chief Secretary to the Government.

B. PROCUREMENT OF SERVICES

i) **Utilities**. Government is continuing with the policy of installing prepaid meters across all Government buildings and premises. On one hand, this will ensure that expenditures are reduced while on the other hand, revenues of Utility Companies will be improved. Pre paid water meters are now being installed in the Northern and Southern Region Water Boards as a pilot, the expectation is that all Government Departments will move towards the pre-paid meters once installed. All Government Offices must switch off all electrical appliances such as computers when not in use. During day time, use of natural light is encouraged and all lights in Government offices must be switched off at night and during weekends. All these need to be taken into account as Budgets are being prepared.

ii) **Use of Government Print**: All printing services in Government will still be provided by Government Print. Where Government Print is unable to provide the services, an authority should be sought from the Chief Secretary to use private printers.

iii) **Consultancies in the ORT Budget**: Government continues to discourage Consultancies in the ORT budget. Where Consultants are still being used, the focus should be on transferring skills and knowledge to local staff so that the Government becomes self-sufficient.

iv)**Arrears in the ORT budget:** In the Public Finance Management Act, it is **illegal** to commit Government where there are no resources. It is the understanding of Treasury therefore that there are no arrears accruing to any Government service. The strict following of this PFM Act provision is greatly encouraged at all times. MDAs are strongly being encouraged to use the commitment module in IFMIS for all transactions.

C. CONTROL OF TRAVEL RELATED EXPENDITURES

i) **Government continues in its efforts of restructuring PVHO and have its capacity enhanced in the management and maintenance of Motor Vehicles in the medium to long term.** OPC will be making appropriate announcements with further detail on the implementation of this measure in due course. In accordance to OPC Circular No. 15/15/1 on 7th December 2012, each Ministry/Department shall be allowed a maximum of three pool vehicles and should budget for maintenance accordingly.

ii) **Internal Travel.** Government will continue to enforce the internal travel restrictions set out in the OPC Circular No. 15/15/7 issued on 19th November 2013.

iii) **Hotel Charges.** Government will continue with payment of subsistence allowances to officers who are working overnight out of their duty stations in accordance to the current regulations. Payment to hotels for accommodation will only be made for the number of nights the officer spends at that particular hotel and in which case the officer is not expected to claim allowances as the hotel payment will be full board. Where there are credit balances accruing to Government, they must be put into the name of a Government Ministry or Department and must at all times be followed up. No cash exchanges should be done by any Government official as this is illegal and anyone found practising this will be prosecuted.

iv) **External Travel Allowances.** Reference should be made to OPC Circular No. 15/15/7 issued on 19th November 2013. Government will abide to the recommendations of the policy of limiting the number of trips per year.

D. COMPENSATIONS FOR CLAIMS AGAINST GOVERNMENT

Government will continue to scrutinize claims for compensation for the three types of compensations Government receives namely; Compensations for Courts Cases; Compensations for Development and Workers Compensations. This is done through two committees, namely; one that deals with claims above K10,000,000 and the other that scrutinizes claims below K10,000,000.

For Court Cases, the Committees will continue to review and determine whether the causes of the claims are as a result of avoidable or unavoidable causes. For claims arising from avoidable causes, the concerned Institutions will be requested to shoulder the costs of the compensations. Treasury will only consider settling claims which arise as a result of unavoidable causes. Controlling Officers must therefore ensure at all times that avoidable issues in Contracts are properly and effectively dealt with before they are taken to court. Where a Government Institution has been taken to court, the Controlling Officer must provide the necessary support to the Government Lawyers in the Ministry of Justice and Constitutional Affairs to ensure that cases are determined in favour of Government.

For Workers Compensations, Government will continue to examine the determination of payments to be made to Government workers who might have been injured or died whilst on duty through the relevant Workers Tribunal.

For compensation claims relating to sites earmarked for Government infrastructure development, Government will ensure that realistic amounts for reallocation are requested and paid. Therefore, there must be transparency and accountability during the assessments and when payments for the damages and loss of property are determined; they must be properly channeled to the right claimants.

Government institutions shall be responsible for the settlement of compensation claims where the Attorney General has failed to provide defense due to failure by the Institution to provide any or providing inadequate documentation. Ministries shall further be liable for settlement of claims arising from failure to honour contractual obligations. In accordance with the law, officers who willfully or negligent conduct leads to Government incurring liability, loss or damage shall be surcharged for such liability, loss or damage.

3.5 DEVELOPMENT BUDGET

Ministries should ensure that all development projects implemented under them are included during the process of preparing the budget.

Only projects in the Public Investment Programme (PSIP) will be included in the Budget. Ensure that part II commitments are adequately provided to existing projects before allocating to new projects.

3.5.1 Control Measures for Development Budget

There are a number of expenditure control measures relating to the Development Budget that Ministries and Departments need to consider. These are:

i) **The backlog of current projects** is to be cleared before new projects are contracted.

ii) **All new contracts are to be awarded after detailed designs and engineering works are completed** together with their costing and implementation timelines. Treasury will also make sure that before projects are approved, resources are available in the budget for their full implementation. Institutions should be aware that there can be a long time period for most construction projects between the design stage and the construction phase. Planning and cash flow of projects ought to take this into account. All approved projects that have not yet commenced should be reviewed and Controlling Officers should seek fresh approval from Ministry of Economic Planning and Development.

iii) **Government Projects**: Before contracts are signed, the contracts must be approved by the ODPP, the Ministry of Finance, Ministry of Economic Planning and Development, and the Ministry of Justice and Constitutional Affairs. In the occurrence of an extension of these contracts, all extensions must follow the same approval process of new contracts. Unofficial contract extensions between the contractors and the Government institutions will not be is highly discouraged as it leads to arrears that cannot be monitored.

iv) **Completion of Project**: infrastructure projects especially roads and buildings require that a final payment known as retention fee be made one year after the completion of construction works to signal that the project has been satisfactorily done. Where such a payment needs to be included in the Budget, it should be included under the Ministry of Lands and Housing's ORT, except for roads projects where the payment should be included under the Ministry of Transport and Public Works.

v) Funding for Development Part 2 projects will continue to be done upon receipt of certificates showing completion of work. For projects at design stage, funding may be made based upon a cash flow agreed with the relevant Desk Officer and the Cash Management Section in the Ministry of Finance.

vi) Future maintenance and operations costs of completed development projects should be established and included in the PE and ORT provision for subsequent years in the Medium-Term Expenditure Framework (e.g. cost of teachers and classroom materials for schools, cost of nurses and medical equipment for hospitals, etc).

Part 1 Projects

<u>The Part 1 Funding Ceiling is determined only by the amount of funding available from donors.</u> The indicative ceilings sent to votes by MoF include a figure for Part 1 resources, but this should not be considered binding. If donors wish to increase the amount that they provide for projects, or wish to fund additional projects that meet the criteria for inclusion in the Budget, this should be reported to Treasury together with the relevant supporting documentation for inclusion.

<u>Not all foreign funded projects are eligible for reporting in the budget</u>. Only projects that fulfill **both** of the following criteria should be reported:

- The project is managed by a Government agency, not by a donor or NGO;
- The funds for the project are handled by a Government agency, i.e. they are disbursed to Government and then spent according to the project objectives.

Certain donors may not have any projects that fit these criteria, such as USAID and JICA, except if they provide pooled funding.

Counterpart funds must be included in the Ministry's budget submission. Any counterpart (Part 2) funding required under project agreements must be included in the submission to the Ministry of Finance, this should be the same amount indicated at the PSIP meetings held by the Ministry of Economic Planning and Development.

Arrears resolving in Part II long term contracts must be recalculated to proportions that commensurate with the resources of the budget and be agreed upon before work begins to avoid accumulation if idle time claims.

Projects not eligible for inclusion in the budget should still be reported. Any foreign funded projects deemed ineligible for the budget should still be reported to the Ministry of Finance. Total funding for the period of the project, funding expected for 2014/15, implementing agency and donor should all be recorded and submitted. This information will be used to produce a Summary of Projects Managed Outside of Government Systems, a companion document to the budget, circulated to Parliament for their information.

There is no ceiling for support outside the budget. All such support should be recorded and submitted to the Ministry of Finance. However, this is not a preferred modality of delivering development support. As such, Government policy is to request that as much future support as possible should be channeled through Government systems and be reported on the budget.

3.6 SUBVENTED ORGANISATIONS

A medium-term goal of Government is that the size of transfers made to subvented organisations is substantially reduced. It is the aim of Government that all subventions become self-sustaining, with commercially-oriented organisations becoming more profitable to remit dividends and with socially-oriented organisations raising sufficient revenue through user fees and charges.

Where Government currently provides a subvention to an organisation, all expenditure control measures apply, whether on Personal Emolument, Other Recurrent Transactions, or the Development Budget.

Where subvented institutions are starting a development project, this project should appear in the Budget under the institution's parent Ministry. Such institutions must work closely with their parent Ministry when preparing their budget to ensure that all necessary information is provided and included in the Budget.

3.7 REVENUE

The Ministry of Finance is requesting all revenue collecting Ministries and Departments to complete revenue templates. This is particularly important as Government continues to rely on domestically-generated revenues to cover recurrent expenditure.

The 2014/15 revenue targets will be arrived at in consultation with the revenue collecting Ministries/Departments. It will therefore be an obligation on each Ministry and Department to collect the agreed amount.

It is therefore incumbent upon all Ministries and Departments to implement the revenue enhancement measures which were agreed with the Revenue Policy Division of this Ministry to ensure that their respective revenue targets are met. Those Ministries and Departments that have not yet submitted their revenue enhancement measures for 2014/15 Financial Year should submit as soon as possible. Ministries/Departments are also being urged to make provisions in their ORT budgets for revenue collection as no additional funding will be available for the revenue enhancement measures.

During implementation of the 2014/15 budget, Ministry of Finance would like to urge all Ministries and Departments to observe proper accountability and revenue management practices. The Ministry will continue to monitor all revenue collecting institutions to ensure that this is strictly adhered to.

Based on the revenue targets, Ministries/Departments are required to prepare their revenue Budgets broken down for each cost centre and to sub item level.

3.8 CASH FLOWS

Ministries are required to provide indications of the expected monthly breakdown of all expenditures by Cost Centre to improve cash management. These cash flow estimates should originate from the work plans of Ministries.

While for Personal Emoluments and certain items like office supplies, expenditures may be expected to be evenly distributed throughout the year; expenditure on other items such as the Farm Input Subsidy Programme may be seasonal and development projects are often implemented over a particular part of the year. Failure to indicate that expenditure will be concentrated over a short period can lead to acute cash flow difficulties for the Government. There has been a trend in recent years for Ministries to spend more in the first half of the financial year than in the second. Government will continue to focus on spreading expenditure as evenly as possible throughout the financial year. Exceptions can be made for some programs, such as the Farm Input Subsidy Programme, but Ministries and Departments should strive to create a cash flow that is balanced throughout the year. Where a cash flow is not balanced, explanations will need to be provided to Desk Officers in the Ministry of Finance who will be checking for this upon submission.

Indications of the predicted monthly breakdown of expenditures should help to improve the coordination of expenditures and revenue. Failure to provide monthly breakdowns of cash requirements will be treated as non-submission.

Ministries will submit cash flows together with their budget templates. This will ensure timely submission and enable the Ministry of Finance to consult with relevant Ministries on cash flow adjustments where necessary.

3.9 GENERAL ISSUES TO BE NOTED

A. CONTRACTUAL AGREEMENTS AND INELIGIBLE EXPENDITURES

Ministries and Departments that have contractual agreements with Development Partners are expected to utilise resources based on agreed activities. Expenditures incurred on non-eligible activities affect Government as no reimbursements are made to Government in cases where Government has pre-financed the Ministry.

Going forward, when donors refuse to disburse to a Ministry due to spending on ineligible items, Government will reduce funding to the Ministry by the same margin. This is to prevent other Ministries and Departments from bearing the cost of the misused funds. It is incumbent upon the responsible Ministry, therefore, to exercise caution in utilising resources based on the agreement.

B. DECENTRALISATION

The 2014/15 financial year will continue with the decentralisation process. Ministries and Departments will continue to devolve activities to districts as scheduled. Concerned Ministries and Departments are therefore urged to closely work with Councils to ensure that adequate resources are provided for the devolved functions. Councils will prepare Budgets for the devolved functions based on the accompanying resources.

Ministries and Departments will be required to ensure that quality and standards are maintained in the provision of goods and services in the Councils. You are encouraged to consult the Ministry of Local Government and Rural Development and the National Local Government Finance Committee for further information and technical support on decentralisation. In addition, it is requested that members of the National Local Government Finance Committee are present at Budget hearings of key institutions such as Health and Education.

3.10 REFORMS

Following the reforms introduced in the previous years, the main focus of the year is consolidation with only minor changes to processes. The 2014/15 Budget will take forward previous changes and others that have been initiated over the recent years and ensure that these are firmly embedded as part of the budget process.

The main areas on which this budget will focus, therefore, are:

a) The Output-Based Budget; and

b) The Medium-Term Expenditure Framework.

A. The Output-Based Budget. The method of preparing the output-based budget introduced for 2011-12 shall be continued this year, with only very minor changes. Greater emphasis is placed on ensuring outputs are correctly defined, delivered and monitored, and ultimately, linked to desired outcomes. Detailed information on how to use the Output-Based Budget template is in the annex and on the accompanying CD-ROM.

B. The Medium-Term Expenditure Framework (MTEF). MTEF is a transparent planning and budget formulation process that attempts to improve the decision making process so as to link the Government’s policies, priorities and requirements within limited resource constraints. The key features of the MTEF approach are: (I) a medium term perspective to Budget planning, (ii) an explicit linkage between policy priorities and resource allocations, and (iii) an emphasis on the efficient use of limited public resources.

Many of Government’s programmes and projects will not be completed within one financial year, and so it is more appropriate to consider a multi-year period. Setting out the three-year ceilings at programme and sub-programme level improves the predictability of resources for programmes, and improves accountability by showing the priorities of Government over the medium term.

As was the case last year, institutions are therefore requested to allocate ceilings to their programmes and sub-programmes for the three forthcoming years.

For example, for Ministry of Tourism, Wildlife and Culture, the allocations might be:

	2014/15 Estimate	**2015/16 Projection**	**2016/17 Projection**
03. Tourism and Cultural Development	3,084.02	1,452.71	1,713.20
01. Tourism Industry Development	683.82	147.51	201.81
02. Wildlife Management and Conservation	1,307.82	327.82	347.21
03. Cultural Preservation and Promotion	1,092.38	977.38	1,164.18
17. Public Administration	130.90	145.90	135.51
02. Minister's Office	14.94	18.94	17.09
03. Management and Support Services	90.30	97.30	93.54
04. HR Development and Management	25.66	29.66	24.88

When setting the MTEF allocations for programmes and sub-programmes, votes will need to take into account their medium-term strategic plans and programmes of work, ensuring that changes to resource allocations between programmes and projects reflect the medium term strategic direction of the Institution's strategy. Estimates are required to be as realistic as feasibly possible at this stage, as they are not likely to be revised substantially in future years (reducing the predictability of resources that the MTEF framework provides).

If projects are completed within the MTEF period, any ensuing recurrent cost must be factored into the budget. For example, once a hospital is built, the Ministry of Health will have to accommodate the new recurrent costs of staff, drugs and other hospital supplies in the budget.

C. <u>Medium-term transition to Program Based Budgeting (PBB).</u>

The Government of Malawi, over the medium term, will transition to Program Based Budgeting. Budget formulation, documentation, implementation, review and evaluation will therefore be conducted by program, within each institution, moving away from the current focus on input costs and inconsistently grouped outputs.

Program Based Budgeting (PBB) is a process whereby budgets are formulated and appropriated by Votes' programs, which are aligned to Votes' strategic objectives. In other words, it links resources to results. Key to the success of PBB improving government performance is an increasing emphasis on Monitoring and Evaluation by program, and feedback to inform better government decisions on effective and efficient resource allocation.

For example, if the Ministry of Agriculture had two core strategic objectives; to improve maize productivity and diversity agricultural exports, then it would formulate two programs: (1) Increasing maize productivity program and (2) diversifying agricultural exports program. Each program must have a defining objective, with relevant outcome and output indicators to ensure progress against those objectives is measured. All costs associated with the achievement of those objectives must then be captured in that program classification.

As demonstrated by the above example, PBB also seeks to improve the clarity and transparency of resource allocation and performance, making it easier for users of Budget Documentation (Government Officials, Parliament, Auditors, Taxpayers, etc.) to understand, analyse, critique and put to good use for the development of Malawi.

As this move to Program Based Budgeting will require many changes to the Budget Cycle process, for the 2014-15 Financial year six ministries (Education, Science and Technology, Health, Economic Planning and Development, Finance, National Audit Office, and Agriculture) will pilot the PBB format for Budget Submissions. There will be no change to the way these 6 Votes submit their Budget for the 2014-15 Financial Year, but they will be required, in addition to the normal Budget submission, to formulate their 2014-15 submission in the PBB format. The 6 Pilot Ministries will be facilitated through this task by the Core PBB team consisting of officials from the Ministry of Finance, and Ministry of Economic Planning and Development. In addition, an external consultant will provide the necessary technical assistance through a series of workshops with planning colleagues from the Pilot Ministries. The objective of the pilot is to understand the requirements of moving to the PBB format so we can address the constraints before full implementation in future years.

The Templates

The other templates have not been changed from the format of the past two years. Votes will receive one template for their Personal Emoluments, one for the Other Recurrent Transactions, one for the Development expenditure and one for the Revenue Budget if the Institution collects revenues.

The Budget templates are completed mostly using codes that are selected from drop-down lists. Descriptions will be generated automatically. This ensures that codes are not duplicated and reduces data entry. Lists of codes (for Votes, Cost Centres, Donors, Projects, Items and Activities) can be found in the templates.

Ministries will continue to be restricted to programmes that are appropriate for their mission. Only very minor changes have been made to sub-programmes and sub-sub-programmes, often at the request of line Ministries themselves. The list of the programmes by Ministry is available in the templates. Please do not make any changes to the templates yourselves, as consistency between al Votes' templates must be maintained for formatting.

From the 2013-14 financial year, Ministries have been restricted to the MGDS II outputs and activities that were identified by their Institution during the MGDS II coding and consultations organised by the Ministry of Finance, in liaison with the Ministry of Economic Planning and Development and the Accountant General's Department.

4

KEY OUTPUTS AND TIMINGS

The key outputs expected from the process of preparing the 2014/15 Budget are:

(i) PE Excel Template;

(ii) ORT Excel Template, including cash flow worksheet;

(iii) Development Excel Template, including cash flow worksheet;

(iv) Revenue Excel Template; and

(v) Output Based Budget Submission. Along with monitoring reports or achievements summary including expenditure level from the current year, this document will be the basis of Budget Hearings.

Submission of the above templates must be done by **28th March 2014.**

As per last year's process, <u>cash flows are to be submitted at the same time as the other templates</u>**.**

Annex 1 provides a complete breakdown of the schedule of Budget Preparation, including the target dates.

5

CONCLUSION

In conclusion, the National Budget is the single most important instrument through which the Malawi Government delivers its social and economic programs to the citizens of Malawi. In this regard, Government continues to implement reforms that are aimed at ensuring that resources are efficiently allocated to activities that have maximum impact for delivery of the development mandate for the Nation.

Annex 1

WORKPLAN FOR BUDGET PREPARATION

Activity	Date
Budget Briefing Workshops and Circulation of Budget Guidelines	21st to 23rd January 2014
Budget Hearing Meetings	17th to 28th March 2014
Circulation of Indicative MTEF ceilings	28th February 2014
Budget Submissions	14th March 2014
Circulation of Final MTEF ceilings	4th April 2014
Final Budget Submissions from Ministries	11th April 2014
Budget Consolidation	11th April to 6th June 2014

Annex 2

COMPLETING THE OUTPUT BASED BUDGET

This Annex provides definitions and examples of the information that budget agencies should provide when completing the Output Based Budget.

A. Vote Overview

1. Mission Statement

This section must present the ministry's mission. A mission statement describes the purpose for which the institution exists. It essentially answers the WHY DO YOU EXIST?

A good Mission Statement should take the form: *"To achieve overarching objective X by providing services Y".*

For example, for the Department of Immigration:

To provide national security (Overarching Objective) through sound migration management and timely issuance of relevant documents to eligible persons (services provided)

2. Objectives and Strategies

a. Objectives

- In this section, budget agencies should describe the planned outcomes that the agency is working towards through the provision of the budget.

- These should be in line with the outcomes that are outlined in the National Development Strategy.
- Outcomes are the desired impact of the services provided by an institution on individuals, social structures or physical environment
- A good objective defines:
    - The level of performance – desired outcome;
    - The time frame – when will the target be achieved; and
    - How it will be measured – objectives must be SMART.

b. Strategies

The Ministry should fill/describe the actions to be taken by the institution in order to achieve the stated objectives:

Example Objectives	***Example Strategies***
To increase retention rate of females at Secondary School to 78% by 2014	Construct 30 Girls Hostels at key Secondary Schools around the country
To reduce maternal mortality to 500 births per 100,000 by 2015/16	Train 200 midwives each year and deploy them in rural areas
To create a supportive business and commercial environment that is stable, secure, transparent and free of lengthy approval processes. An achievement will be measured by 2013 Business Interview results.	Review and rationalise current legislation for business start-ups
To maintain macroeconomic stability that is conducive to economic growth. Defined here as x% inflation and x% GDP growth in 2013/14.	Agree upon and implement IMF Program.

3. Achievement Summary

This section gives the user the opportunity to highlight the major achievements made in the previous financial year. Particular focus should be made on how these achievements have contributed to the National Development Strategy, and evidence of such achievement should be stated where available.

A good explanation of an achievement should be **measureable and compared to the target set**. In addition, where data is readily available, votes should provide information broken down by gender.

Good Examples	**Bad Examples**
In 2012/13, MoEST trained 3,900 Primary School Teachers against a target of 3860 (2,000 women and 1,900 men) and 1,350 Secondary School Teachers against a target of 1300. (800 men and 550 women) as part of the Government program to address the high Pupil: School Teacher ratios.	In 2012/13, MoEST increased primary and secondary school training
The number of Tourism arrivals in Malawi increased from 720,000 in 2011/12 to 850,000 in 2012/13 against a target of 800,000. This is estimated to have generated $3m in foreign exchange.	The number of tourism arrivals increased
The backlog of Homicide Cases awaiting trial fell from 520 in 2011/12 to 375 in 2012/13. The target was to reduce the number to 400.	Reduced homicide backlog

4. Estimates and Projections

Section 4 gives the user the opportunity to outline a maximum of 5 priority measurable Outputs. Outputs must be stated for the current year, next fiscal year and two outer years.

a. Outputs

What are outputs?

- Outputs are ‘the goods or services (usually the latter) which government agencies provide for its citizens’ or other stakeholders. Examples of outputs are:
    - Pupils taught in public schools;
    - Patients treated in a public hospital;
    - Pensions received by former public sector workers;
    - Legislation passed on energy regulation; and
    - Production of a public document like the budget documentation.

- Outputs should contribute to the achievement of outcomes.
- Outputs should not be confused with inputs which are the resources used to produce outputs. These include:
  - Human resources
  - Funds and other materials.
- Outputs should also not be confused with **activities/processes** which use inputs to produce outputs and ultimately outcomes**.** Typically combination of activities produce outputs. Support programs on their own (such as IT support or HR) do not produce outputs. Examples of activities / processes include
  - surgery, keeping of medical records, nursing (activities) to treat patients (output)
  - teaching, pastoral activities, setting exams (activities) to teach students (output)
- Institutions should ensure that the outputs selected should follow SMART criteria. That is they should be:

Specific in that they should specify exactly what the institution is expected to achieve;

Measurable given the monitoring and evaluation tools available;

Achievable given the resources provided and the institutional constraints;

Relevant to the specific objectives of the institution; and

Time-bound; achievable within the time-frame specified.

Outputs that are not SMART will be sent back to ministries/departments for revision.

b. What objective is output contributing to?

Ideally the outputs should be contributing to the objectives that are stated in Section 2 'Objectives and Strategy'. These should answer the question 'Why is the government trying to achieve this output?'

c. 2014/15 projected

This was the expected achievement of the stated outputs in the current financial year

d. 2014/15 preliminary

This is constitutes the latest expectation of what outputs will be achieved by the end of the financial year;

e. Estimates and Projections

These are the projected outputs to be achieved based on the Medium Term budget estimates.

Examples of outputs are given below. Where relevant, votes should provide outputs that are disaggregated by gender.

Examples

Output	What objective is output contributing to?	2013/14 Planned	2013/14 Preliminary	2014/15 Budget	2015/16	2016/17
Develop Land For Irrigation and rehabilitate Irrigated Land	To increase smallholder farmers' output per unit area	1200 Hectares Developed and 800 rehabilitated	1100 Hectares Developed and 600 rehabilitated	2000 Hectares of land for irrigation; 1000 hectares of land rehabilitated for irrigation	4000 Hectares of land for irrigation; 1000 hectares of land rehabilitated for irrigation	4000 Hectares of land for irrigation; 2000 hectares of land rehabilitated for irrigation
Increased number of primary school classes taught as measured by Pupil Qualified Teacher Ratio (PTR)	To improve quality and relevance of education provided at all levels	72:1 PQTR	74:1 PQTR	72:1 PQTR	69:1 PQTR	68:1 PQTR
Orphans and vulnerable children in government schools provided with school fees	To reduce the number of individuals at risk of deprivation	15,000 orphans and vulnerable children (9,000 boys and 6,000 girls) in government schools provided with school fees	12,000 orphans and vulnerable children (8,000 boys and 4,000 girls) in government schools provided with school fees	14,000 orphans and vulnerable children (8,000 boys and 6,000 girls) in government schools provided with school fees	15,000 orphans and vulnerable children (8,500 boys and 6,500 girls) in government schools provided with school fees	16,000 orphans and vulnerable children (9,000 boys and 7,000 girls) in government schools provided with school fees
Trade Testing Examinations Conducted	To increase industrial productivity and competitiveness	3,000 pupils tested (1,500 boys and 1,500 girls)	2,500 pupils tested (1,500 boys and 1,000 girls)	4,000 pupils tested (2,000 boys and 2,000 girls)	4,000 pupils tested (2,000 boys and 2,000 girls)	4,000 pupils tested (2,000 boys and 2,000 girls)

Output	What objective is output contributing to?	2013/14 Planned	2013/14 Preliminary	2014/15 Budget	2015/16	2016/17
Number of beneficiaries provided with cash transfers.	To reduce the number of individuals at risk of deprivation	105,732 (500,000 men and 505,732 women) beneficiaries provided with cash transfers.	905,732 (400,000 men and 505,732 women) beneficiaries provided with cash transfers.	120,000 (600,000 men and 600,000 women) beneficiaries provided with cash transfers.	130,000 (650,000 men and 650,000 women) beneficiaries provided with cash transfers.	140,000 (700,000 men and 700,000 women) beneficiaries provided with cash transfers.
Number of people sensitised and provided with cooperative training	To empower Malawians to participate in economic activities	4,000 people (3,000 men and 1,000 women) sensitised and provided with cooperative training	3,500 people (2,500 men and 1,000 women) sensitised and provided with cooperative training	4,000 people (3,000 men and 1,000 women) sensitised and provided with cooperative training	4,500 people (3,000 men and 1,500 women) sensitised and provided with cooperative training	5,000 people (3,000 men and 2,000 women) sensitised and provided with cooperative training
Number of people with disabilities who are reached with various social interventions	To empower persons with disabilities so that they achieve socio-economic independence and thus contribute to the development of the country	700 persons (350 men and 350 women) reached with various social interventions	900 persons (450 men and 450 women) reached with various social interventions	1,000 persons (500 men and 500 women) reached with various social interventions	1,000 persons (500 men and 500 women) reached with various social interventions	1,200 persons (600 men and 600 women) reached with various social interventions
Number of HIV positive people accessing ARTs	To improve access to health services	250,987 people (150,000 men and 100,987 women) accessing ARTs.	280,000 people (150,000 men and 130,000 women) accessing ARTs.	300,000 people (150,000 men and 150,000 women) accessing ARTs.	350,000 people (175,000 men and 175,000 women) accessing ARTs.	400,000 people (200,000 men and 200,000 women) accessing ARTs.
TB cure rate increased.	To reduce TB prevalence rate	3.2 per cent (3.2 per cent for men, 3.2 per cent for women)	4.2 per cent (3.2 per cent for men, 5.2 per cent for women)	3 per cent (3 per cent for men, 3 per cent for women)	2.5 per cent (2.5 per cent for men, 2.5 per cent for women)	2 per cent (2 per cent for men, 2 per cent for women)

B. Import Detailed Estimates from Excel

To fill the import data sheet, you will start with balancing of the detailed templates for ORT, PE and Development against the ceilings. Once this data has been properly captured and balanced, the output based sheet can be used for exporting data to output based template. Copy all the data in this sheet and past in the import data sheet in the output based template.

The same process should be repeated for ORT, PE and Development. The data should be pasted on the same import data sheet immediately below already pasted data. Desk officers can be consulted for further clarifications.

C. Recurrent – Enter Quarterly Output Data

To add a new programme, type in the relevant 7 digit code; 3 digits for the Vote; 2 digits for the program, and 2 digits for the sub-program. Planned and actual outputs should be stated for the current 2013/14 year and quarterly planned outputs should be stated for the 2014/15 financial year.

D. MTEF – Medium-Term ceilings, PE, ORT and Development

As part of the work to reinvigorate the Medium Term Expenditure Framework (MTEF), Ministries and Departments are being requested to input projections for:

1. Their ceilings (these are the ceilings provided by the Ministry of Finance)
2. Their Recurrent Budget by program – this should balance with the figures in the ceilings.
3. Their Development Budget by project – this should be in line with the PSIP and should balance with the ceilings.

1. Medium Term Budget Ceilings

Please enter total projections for PE, ORT, Development Part 1 and Development Part 2 for 2015/16 and 2016/17

2. Medium-Term Program Estimates – PE

Please enter the 2015/16 and 2016/17 PE estimates by program and sub-program with the corresponding relevant codes. These should balance with the ceilings provided by the Ministry of Finance.

3. Medium-Term Program Estimates – ORT

Please enter the 2015/16 and 2016/17 ORT estimates by program and sub-program with the corresponding relevant codes. These should balance with the ceilings provided by the Ministry of Finance.

4. Medium-Term Project Estimates Dev.

Please enter both Part 1 and Part 2 Development Expenditures for the three years: 2014/15 (estimate) and 2015/16 and 2016/17 (projections). These should balance with the ceilings provided by the Ministry of Finance.

E. Medium-Term Revenue Projections

For those Ministries and Departments that collect Revenues, current year and medium-term projections of revenues should be input. A brief explanation should also be provided on what is the source of the revenue (e.g. School Fees, Licensing Fees, Traffic Fines, and Airport Departure Taxes etc.) and any plans to increase the revenues (e.g. raising the fine for Road Traffic offences).

F. Comment on Expenditure Trends

There is an opportunity to provide text to comment on any major changes in allocation to

a. Budget Ceilings – are certain parts of the budget (PE/ ORT/ Dev) receiving larger increases / decreases than other parts? Why? What additional outputs will be achieved with increases in resources?

The PE budget has received relatively larger increase due to the increased recruitment of graduating teachers, assisting in our objective of lowering the PQTR.

b. Program Allocations – have there been any major changes to program allocations? Why? What will this achieve?

The largest rise in percentage terms is going to the Sub-Program Rail Transport Services. An additional K50 million has been allocated because of ongoing challenges in *this area. Air Transport has also received a large increase as a result of the works to rehabilitate Kamuzu International Airport.*

c. Items in the Recurrent Budget – are certain items receiving larger rises than others? What is happening to the travel budget?

The travel budget has been reduced by Kx million as, per the recent circular; the ministry has reduced its fleet of cars to 3, and has reduced its projections for both internal and external travel to meet cost-saving measures.

d. Items in the development Budget – are certain items receiving larger rises than others? Why? How much is being spent on acquisition of fixed assets? Is it increasing? How much is being spent on travel? Why is there travel expenditure in the Development Budget?

The Budget for Development has increased by K110 million in 2014/15 primarily to assist in building up rail transport infrastructure. The PE Budget has also increased by K20 million on account of recruitments made for Road Traffic in 2013/14.

G. Generate and Print Reports

Utilise this function to generate PDF reports on the following:

- Output Based Submission
- Report by Type
- Report by Program
- Report by Item - recurrent
- Report by Item - Development
- Report by Project