

Treasury

Vote Number: 270

Controlling Officer: Secretary to the Treasury

1. Overview

1.1 Mission

The mission of the Ministry of Finance is to formulate sound economic and fiscal policies and to mobilise and prudently manage financial and material resources in line with agreed policies and priorities in order to contribute to the development of the country

1.2 Objectives and Strategies

<i>Objectives</i>	<i>Strategies</i>
To improve the quality, efficiency and effectiveness of public services	Management and organizational excellence
To provide advice and direction on sound public finances	Managing for accountability
To increase the growth and productivity of the economy and expand opportunities for all	Champion financial and economic growth
To maintain a stable macroeconomic environment with low inflation and sound public finances	Management of Government finances; Management of Debt and Aid

1.3 Summary of Achievements in 2010/ 2011

- Prepared the 2010/11 Mid-Year Budget which was eventually approved by the National Assembly;
- Prepared the 2011/12 Budget Documentation and submitted to the National Assembly for approval;
- Successfully completed the 1st IMF Review of the ECF Program;
- Funded various Ministries and Departments and expenditures were contained within the Approved provisions;
- Maintained a stable macroeconomic environment where GDP growth in 2010 was 6.9 percent, inflation of 7 percent and bank lending rate of 13.5 per cent;
- Successfully negotiated with Development Partners and expect to mobilise in excess of K80 billion in form of Program grants, Dedicated Grants, Project Grants and Loans;
- Expect to mobilise in excess of K180 billion Domestic Revenues for implementing the 2010/11 Budget;
- Monitored the implementation of the Budget and produced 3 Budget performance reports, 3 Aid performance reports and 3 revenue performance reports;

1.4 Priority Outputs and Measures

Output	What Objective Is Output Contributing To?	2010-11 Planned	2010-11 Preliminary	2011-12	2012-13	2013-14
Migration from unfunded defined benefit pension scheme to a funded defined contributory pension scheme by 2012	Maintain a stable macroeconomic environment with low inflation and sound public finances	Pension Bill presented before parliament	Pension Bill approved	Office of the National Pension Administrator established	Pension administration monitored and reviewed	Pension administration monitored and reviewed
Stable macroeconomic environment maintained	Maintain a stable macroeconomic environment with low inflation and sound public finances	Successful completion of IMF program, Fical table updated monthly, Macro economic framework done, 2 business interviews done	Successful completion of IMF program, Fical table updated monthly, Macro economic framework done, 2 business interviews done	Successful completion of IMF program, Fical table updated monthly, Macro economic framework done, 2 business interviews done	Successful completion of IMF program, Fical table updated monthly, Macro economic framework done, 2 business interviews done	Successful completion of IMF program, Fical table updated monthly, Macro economic framework done, 2 business interviews done
Revenue Base enhanced	Maintain a stable macroeconomic environment with low inflation and sound public finances	Sector policy analysis and review of user fees report produced	Sector policy analysis and review of user fees report produced	Sector policy analysis and review of user fees report produced	Sector policy analysis and review of user fees report produced	Sector policy analysis and review of user fees report produced
Budget Approved by 30th June	Maintain a stable macroeconomic environment with low inflation and sound public finances	5 budget documents produced, 4 budget monitoring reports produced, A comprehensive budget approved by June	5 budget documents produced, 3 budget monitoring reports produced	5 budget documents produced, 4 budget monitoring reports produced, A comprehensive budget approved by June	5 budget documents produced, 4 budget monitoring reports produced, A comprehensive budget approved by June	5 budget documents produced, 4 budget monitoring reports produced, A comprehensive budget approved by June
Debt and Aid effectively managed	Maintain a stable macroeconomic environment with low inflation and sound public finances	Loan negotiations and identification of new non-traditional donors, 4 monitoring reports for donor funded projects produced, debt and aid mid year report produced	3 quarterly monitoring report produced, debt and aid mid year report produced, 3 financial agreements signed, 3 agreements are under discussion.	Loan negotiations and identification of new non-traditional donors, 4 monitoring reports for donor funded projects produced, debt and aid mid year report produced	Loan negotiations and identification of new non-traditional donors, 4 monitoring reports for donor funded projects produced, debt and aid mid year report produced	Loan negotiations and identification of new non-traditional donors, 4 monitoring reports for donor funded projects produced, debt and aid mid year report produced

2. Summary of Budget

2.1 Medium-Term Expenditure Allocations

Table 2a: Budget by Type

	MK 000'000s				
	2010-11 Approved	2010-11 Revised	2011-12 Estimate	2012/13 Projection	2013/14 Projection
PE	207.00	206.00	240.48	288.55	320.99
ORT	1,845.85	1,820.77	1,723.89	1,043.92	1,119.91
Recurrent - Total:	2,052.85	2,026.77	1,964.38	1,332.48	1,440.90
Dev Part II	1,634.11	1,634.11	100.00	150.00	100.00
Dev Part I	1,715.80	1,715.80	1,768.33		
Development - Total:	3,349.91	3,349.91	1,868.33	150.00	100.00
270 - Treasury - Total:	5,402.76	5,376.68	3,832.71	1,482.48	1,540.90

Table 2b: Budget by Program

	MK 000'000s				
	2010-11 Approved	2010-11 Revised	2011-12 Estimate	2012/13 Projection	2013/14 Projection
03. Public Enterprise Management	24.17	16.67	22.23	184.41	32.09
05. Auditing Services	55.81	51.61	72.45	57.30	61.90
09. Budget Planning and Management	0.00	0.00	316.52	424.91	395.99
10. Economic Affairs Services	0.00	0.00	102.04	122.67	133.35
11. Revenue Management and Development	0.00	0.00	44.31	38.22	41.20
12. Debt and Aid Management	0.00	0.00	1,841.63	91.37	99.23
13. Pensions	0.00	0.00	37.16	20.40	22.04
2. Fiscal Policy Management	4,048.38	4,036.20	0.00	0.00	0.00
14. Economic and Financial Management - Total:	4,128.36	4,104.49	2,436.35	939.28	785.79
02. Minister's Office	91.41	83.83	56.82	39.68	55.52
03. Management and Support Services	1,096.92	1,102.29	1,296.25	447.70	638.89
04. HR Development and Management	56.85	56.85	43.29	55.81	60.69
17. Public Administration - Total:	1,245.18	1,242.97	1,396.36	543.19	755.10
Other	29.22	29.22	0.00	0.00	0.00
Other - Total:	29.22	29.22	0.00	0.00	0.00
270 - Treasury - Total:	5,402.76	5,376.68	3,832.71	1,482.48	1,540.90

Table 2c: Development Budget Projects

	MK 000'000s					
	Total Estimated Cost	2010-11 Approved	2010-11 Revised	2011-12 Estimate	2012/13 Projection	2013/14 Projection
003 - NAO Capacity Building Programme		315.80	315.80	166.85	0.00	0.00
011 - MASAF III Primary School Staff Houses		1,400.00	1,400.00	0.00	0.00	0.00
012 - NAO Capacity Development (10th EDF)		0.00	0.00	514.83	0.00	0.00
013 - Good Governance Programme (GGP)		0.00	0.00	962.83	0.00	0.00
014 - Development Assistance Coordinating Unit (DACU)		0.00	0.00	123.82	0.00	0.00
Dev Part I - Total:		1,715.80	1,715.80	1,768.33	0.00	0.00
061 - Introduction of New Budgeting System		100.00	100.00	100.00	150.00	100.00
063 - Millenium Challenge Account		115.00	115.00	0.00	0.00	0.00
064 - MASAF III Primary School Staff Houses		700.00	700.00	0.00	0.00	0.00
065 - Financial Inclusion in Malawi		100.00	100.00	0.00	0.00	0.00
066 - Budget Division Capacity Building Project		100.00	100.00	0.00	0.00	0.00
067- MASAF Urban Window		250.00	250.00	0.00	0.00	0.00
068 - MASAF Rural Window		250.00	250.00	0.00	0.00	0.00
069 - NAO Capacity Building Programme		19.11	19.11	0.00	0.00	0.00
Dev Part II - Total:		1,634.11	1,634.11	100.00	150.00	100.00
270 - Treasury - Total:		3,349.91	3,349.91	1,868.33	150.00	100.00

2.2 Medium-Term Revenue Projections

The Ministry raises its revenue through boarded off items and makes more money where vehicles are involved. It is envisaged that revenues will go down from 2012/13 Financial Year since acquisition and disposal of vehicles will be in the hands of PVHO. Treasury will only be involved in disposing off of office equipment and furniture.

Table 2d: Medium Term Revenue Projections

	MK 000'000s				
	2010/11 Approved	2010/11 Revised	2011/12 Estimate	2012/13 Projection	2013/14 Projection
270 - Treasury - Total Revenue	60.00		61.01	10.00	5.00

3. Past Performance and Planned Outputs

Table 3a - Recurrent Budget Outputs						
Sub - Program/ Program	2010/11 Approved Budget		2010/11 Revised Budget		2011/12 Estimates	
	Planned Outputs	Allocation: MK 000'000s	Actual Outputs	Allocation: MK 000'000s	Planned Outputs	Allocation: MK 000'000s
03. Public Enterprise Management						
	Provide policy direction on management of public enterprises	24.17	Policy direction on management of public enterprises provided	16.67	Provide policy direction on management of public enterprises	22.23
05. Auditing Services						
	Provide 4 quarterly audits	55.81	4 quarterly audits provided	51.61	Provide 4 quarterly audits	72.45
09. Budget Planning and Management						
	Budget Consolidated and passed by parliament, Mid-Year Budget Review, Budget Manual Review, Quarterly performance monitored, Budget Cashflow consolidated, Budget law produced	0.00	Budget Consolidated and passed by parliament, Mid-Year Budget Review, Budget Manual Review, Quarterly performance monitored, Budget Cashflow consolidated, Budget Law	0.00	Budget Consolidated and passed by parliament, Mid-Year Budget Review, Budget Manual Review, Quarterly performance monitored, Budget Cashflow consolidated	216.52
10. Economic Affairs Services						
	Two rounds of business interviews to compile GDP, inflation and BOP figures; ECF reviews; Improved compilation of Government Finance Statistics (GFS); Developed and launched the Malawi Financial Inclusion Strategy	0.00	2 rounds of business interviews done; 2 ECF reviews in September 2010 and March 2011	0.00	Macroeconomic Policy Review, ECF successfully implemented, GFS compiled in all years missing data, Public Expenditure Reviews conducted	102.04
11. Revenue Management and Development						
	Sector Policies analysis for revenue base expansion, User fees and charges review	0.00	Sector Policies analysis for revenue base expansion, User fees and charges review done	0.00	Sector Policies analysis for revenue base expansion, User fees and charges review	44.31
12. Debt and Aid Management						
	CABS Reviews, PFEM Reviews, Aid Sustainability Analysis, Donor Aided projects monitored, Debt Sustainability Analysis.	0.00	Sustainability Analysis, Donor Aided projects monitored, Debt Sustainability Analysis.	0.00	Sustainability Analysis, Donor Aided projects monitored, Debt Sustainability Analysis.	73.30

<i>Sub - Program/ Program</i>	2010/11 Approved Budget		2010/11 Revised Budget		2011/12 Estimates	
	Planned Outputs	Allocation: MK 000'000s	Actual Outputs	Allocation: MK 000'000s	Planned Outputs	Allocation: MK 000'000s
<i>13. Pensions</i>						
	Pensions Bill passed by Parliament	0.00	Pension Bill passed in March 2011	0.00	Office of the National Pensions Administrator established and functional	37.16
<i>2. Fiscal Policy Management</i>						
		698.47		686.29		0.00
14. Economic and Financial Management - Total						
		778.45		754.58		568.02
<i>02. Minister's Office</i>						
	Policy Direction Provided	91.41	Policy Direction Provided	83.83	Policy Direction Provided	56.82
<i>03. Management and Support Services</i>						
	Support Services provided	1,096.92	Support Services provided	1,102.29	Support Services provided	1,296.25
<i>04. HR Development and Management</i>						
	Support Services provided	56.85	Support Services provided	56.85	Support Services provided	43.29
17. Public Administration - Total						
		1,245.18		1,242.97		1,396.36
<i>Other</i>						
		29.22		29.22		0.00
Other - Total						
		29.22		29.22		0.00
270 - Treasury - Recurrent Budget Total						
		2,052.85		2,026.77		1,964.38

Table 3b - Development Budget Outputs

Project	2010/11 Approved Budget		2010/11 Revised Budget		2011/12 Estimates	
	Planned Outputs	Allocation: MK 000'000s	Actual Outputs	Allocation: MK 000'000s	Planned Outputs	Allocation: MK 000'000s
003 - NAO Capacity Building Programme						
	Absorptive capacity of beneficiary sectors improved	315.80	Absorptive capacity of beneficiary sectors improved	315.80	Absorptive capacity of beneficiary sectors improved	166.85
011 - MASAF III Primary School Staff Houses						
	(See Vote 272 - Local Development Fund)	1,400.00	(See Vote 272 - Local Development Fund)	1,400.00		0.00
012 - NAO Capacity Development (10th EDF)						
	Absorptive capacity of beneficiary sectors improved	0.00	Absorptive capacity of beneficiary sectors improved	0.00	Absorptive capacity of beneficiary sectors improved	514.83
013 - Good Governance Programme (GGP)						
		0.00		0.00	A quarterly exercise done on aid effectiveness.	962.83
014 - Development Assistance Coordinating Unit (DACU)						
		0.00		0.00	A quarterly monitoring exercise conducted on aid-effectiveness	123.82
061 - Introduction of New Budgeting System						
	Officers trained in management of EPICOR based active planner, Upgrade officers at CO level to PO level, IFMIS subsystem installation in Treasury Building	100.00	16 Officers trained in EPICOR, 6 officers sent on long term training	100.00	IFMIS subsystem installed; Training of subsystem managers	100.00
063 - Millenium Challenge Account						
	Power stations rehabilitated	115.00	Power stations rehabilitated	115.00		0.00
064 - MASAF III Primary School Staff Houses						
	(See Vote 272 - Local Development Fund)	700.00	(See Vote 272 - Local Development Fund)	700.00		0.00

Project	2010/11 Approved Budget		2010/11 Revised Budget		2011/12 Estimates	
	Planned Outputs	Allocation: MK 000'000s	Actual Outputs	Allocation: MK 000'000s	Planned Outputs	Allocation: MK 000'000s
065 - Financial Inclusion in Malawi						
	Rural lending institutions and RBM staff trained	100.00	Rural lending institutions and RBM staff trained	100.00		0.00
066 - Budget Division Capacity Building Project						
	6 members of staff trained	100.00	6 members of staff sent on long-term training	100.00		0.00
067- MASAF Urban Window						
	(See Vote 272 - Local Development Fund)	250.00	(See Vote 272 - Local Development Fund)	250.00		0.00
068 - MASAF Rural Window						
	(See Vote 272 - Local Development Fund)	250.00	(See Vote 272 - Local Development Fund)	250.00		0.00
069 - NAO Capacity Building Programme						
	Absorptive capacity of beneficiary sectors improved	19.11	Absorptive capacity of beneficiary sectors improved	19.11		0.00
270 - Treasury - Development Total						
		3,349.91		3,349.91		1,868.33

4. Itemized Budget Summary

Table 4a - Recurrent Budget by Item

	MK 000'000s			
	2010-11 Approved	2010-11 Revised	2011-12 Estimate	% Change 2011/12
10 - Salaries	204.11	203.11	240.48	17.82%
11 - Other allowances	2.89	2.89	0.00	-100.00%
21 - Internal travel	279.90	252.86	221.74	-20.78%
22 - External travel	194.82	199.52	106.26	-45.46%
23 - Public Utilities	37.22	40.93	47.40	27.37%
24 - Office supplies and expenses	357.13	355.37	315.71	-11.60%
27 - Education supplies and services	0.22	0.22	0.33	50.00%
28 - Training expenses	77.16	65.08	149.77	94.09%
29 - Acquisition of technical services	17.01	16.68	5.50	-67.66%

	MK 000'000s			
	2010-11 Approved	2010-11 Revised	2011-12 Estimate	% Change 2011/12
32 - Food and rations	0.00	0.00	1.76	
33 - Other goods and services	750.00	750.00	750.00	0.00%
34 - Motor vehicle running expenses	78.07	77.32	67.65	-13.36%
35 - Routine Maintenance of Assets	27.79	27.72	20.88	-24.89%
39 - Grants to International Organisations	0.25	0.25	0.02	-94.02%
41 - Acquisition of Fixed Assets	26.27	34.80	36.89	40.45%
270 - Treasury - Total:	2,052.85	2,026.77	1,964.38	-4.31%

Table 4b - Development Budget by Item

	MK 000'000s			
	2010-11 Approved	2010-11 Revised	2011-12 Estimate	% Change 2011/12
11 - Other allowances	75.50	75.50	0.00	-100.00%
21 - Internal travel	16.65	16.65	0.00	-100.00%
22 - External travel	57.57	57.57	42.18	-26.74%
23 - Public Utilities	6.98	6.98	0.00	-100.00%
24 - Office supplies and expenses	8.25	8.25	2.54	-69.25%
28 - Training expenses	174.49	174.49	1,138.22	552.33%
29 - Acquisition of technical services	2,744.77	2,744.77	638.65	-76.73%
34 - Motor vehicle running expenses	7.37	7.37	0.00	-100.00%
35 - Routine Maintenance of Assets	44.08	44.08	26.85	-39.10%
40 - Grants and Subventions	100.00	100.00	0.00	-100.00%
41 - Acquisition of Fixed Assets	114.25	114.25	19.90	-82.58%
270 - Treasury - Total:	3,349.91	3,349.91	1,868.33	-44.23%