



MALAWI GOVERNMENT

2011/12 BUDGET PERFORMANCE QUARTERLY REPORT (Q2)

Ministry Of Finance and Development Planning

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Foreword

This Quarterly Budget Performance Report is reporting on the performance of Government in implementing the National Budget in the second quarter of the 2011/12 fiscal year. The report provides a detailed analysis of the revenue generation performance; status of grants and loans and a critical analysis of the expenditures of Government. The ultimate objective of the report is to appraise all stakeholders on the current status of implementation of the National Budget including risks and challenges associated with it so that where necessary, corrective measures are instituted much earlier to salvage the situation.

The report is structured along the format of the Mid-Year Budget review document and the End of Year Financial report. The Ministry of Finance hopes that the information provided in this report will be valuable to various readers. Any further suggestions for improvement are welcome and can be submitted to the Secretary to the Treasury.

Abbreviations and Acronyms

ETRs	Electronic Tax Registers
IFMIS	Integrated Financial Management Information System
FY	Financial Year
IMF	International Monetary Fund
MK	Malawi Kwacha
NAC	National Aids Commission
NRA	National Roads Authority
NTR	Non-tax Revenues
ORT	Other Recurrent Transactions
Part I	Donor supported projects
Part II	Projects financed by domestically generated resources
PAYE	Pay As You Earn
PIL	Petroleum Importers Limited
SWAP	Sector Wide Approach
VAT	Value Added Tax
ZDB	Zero Deficit Budget

Executive Summary

Revenue Performance

In the 2011/12 Financial Year, Government projected to collect domestic revenues of K242.5 billion, of which, K203.5 billion were to be collected from tax revenues and K39 billion from non-tax revenues. In the second quarter of the 2011/12 Financial Year, Government estimated that it would collect domestic revenues of K58.0 billion of which, K48.3 billion were expected to be tax revenues and K9.8 billion were to come from non-tax revenues.

The overall collection of domestic revenues was K69.2 billion in the second quarter, representing an overcollection of K11.2 billion, thus 16 percent more than the projected revenue. The overperformance of domestic revenue entails that there was an improvement in tax collection relative to the first quarter in which an undercollection of revenue was registered.

Performance of Inflows of Grants and Loans

In the 2011/2012 Financial Year, Government projected to receive grants of K65.23 billion. Of this sum, K19.81 billion are Program or Budget Support resources, K28.34 billion are Dedicated Grants and K17.09 billion are Project resources. In the second quarter, Government projected to receive K15.35 billion in grants of which, K4.52 billion were Budget Support resources, K6.56 billion were Dedicated Grants and K4.27 billion were Project Grants.

There was a dismal performance on programme grants as no Budget Support resources were received against a projection of K4.52 billion. On the other hand, dedicated grants performed exceptionally well with the outturn of K18.66 billion against the projection of K6.56 billion. The net effect was therefore, a significant improvement in the performance of inflows and grants relative to the first quarter of the 2011/12 financial year.

Performance of Expenditures

In the 2011/12 Financial Year, Government planned to spend K304 billion of which, K234 billion are Recurrent Expenditures and K69.8 billion are Development Expenditures. In the quarter under review, Government planned to spend K90.3 billion, of which, K72.9 billion are recurrent expenditures and K17.44 billion are development expenditures. The outturn however, reflects an underexpenditure of K3.88 billion on the Recurrent Budget and overexpenditure of K4.3 billion on the Development Budget.

Performance of Development Projects

Government planned to spend K17.44 billion on Development Budget in the second quarter of which, K7.37 billion was Part I projects and K10.07 billion was for Part II projects. However, the outturn for the quarter was K21.7 billion, implying a K4.3 billion overexpenditure. The overexpenditure was on account of a faster than anticipated progress on some of the Development Projects that required disbursement of resources.

INTRODUCTION

1.1 Background to the Report

In June 2011, the National Assembly approved a Zero Deficit Budget (ZDB) for the 2011/12 Financial Year with a key presumption that Government would finance all its recurrent expenditures using its own domestic resources and donor efforts would be concentrated on public investment. To meet the requirements of the ZDB, Parliament approved a budget of K304 billion inclusive of net lending for the 2011/12 Financial Year. This budget would be financed by domestic resources amounting to K242.5 billion, representing 79 per cent and the balance of K65.2 billion representing 21 per cent from grants.

In order to achieve the targets set out in the ZDB, Government in liason with cooperating partners and other stakeholders developed monitorable quarterly revenue and expenditure targets. Further, Government introduced expenditure control measures to contain expenditures in travel, fleet management and procurement. This report, therefore, examines Government performance in meeting the set targets in the second quarter of the financial year, from October to December 2011.

1.2 Key Objectives of the Report

The main objective of this report is to present the performance of Government in implementing the National Budget in the period under review. The specific objectives of the report include:

- (i) To present the status of domestic revenues;

- (ii) To report on performance of grants and loans from Cooperating Partners;
- (iii) To present the details of expenditures of Government in the fourth quarter of the Financial Year; and
- (iv) To present a detailed assessment of implementation of projects

1.3 Methodology

The review and assessment of receipts and expenditures for the first quarter of the Financial Year was done in January 2012. The work involved analysis of data from Integrated Financial Management Information System (IFMIS), Expenditure Returns from various Spending Agencies, consultations with various stakeholders and spot checks on some of the projects throughout the country.

1.4 Layout of the Report

The first chapter introduces the report, its objectives and methodology in assessing performance. The second and third chapters discuss the performance of revenues and grants respectively. The fourth chapter is a discussion on expenditures. Chapter five concludes the discussions and provides recommendations to inform budget implementation in the subsequent quarters. The rest of the report discusses detailed progress reports of the projects in the 2011/12 Financial Year Budget.

Performance of Domestic Revenues

2.1 Introduction

In the second quarter of the 2011/12 financial year, total domestic revenue collection was projected to reach K58.0 billion, thus about K0.4 billion more than the first quarter projection of K57.6 and K8.9 billion more than actual collections for the first quarter which amounted to K50.9 billion. Tax revenues were projected to be K48.3 billion (about 83% of total domestic revenues for the quarter), while non-tax revenues were projected to be K9.8 billion (17% of expected quarterly revenues). This chapter seeks to assess Government's performance in revenue collection during the second quarter of the financial year by comparing the revenue outturn for the quarter against the set targets; comparing the performance in the second quarter with performance in the first quarter of the year and discussing some of the underlying factors that explain the variances.

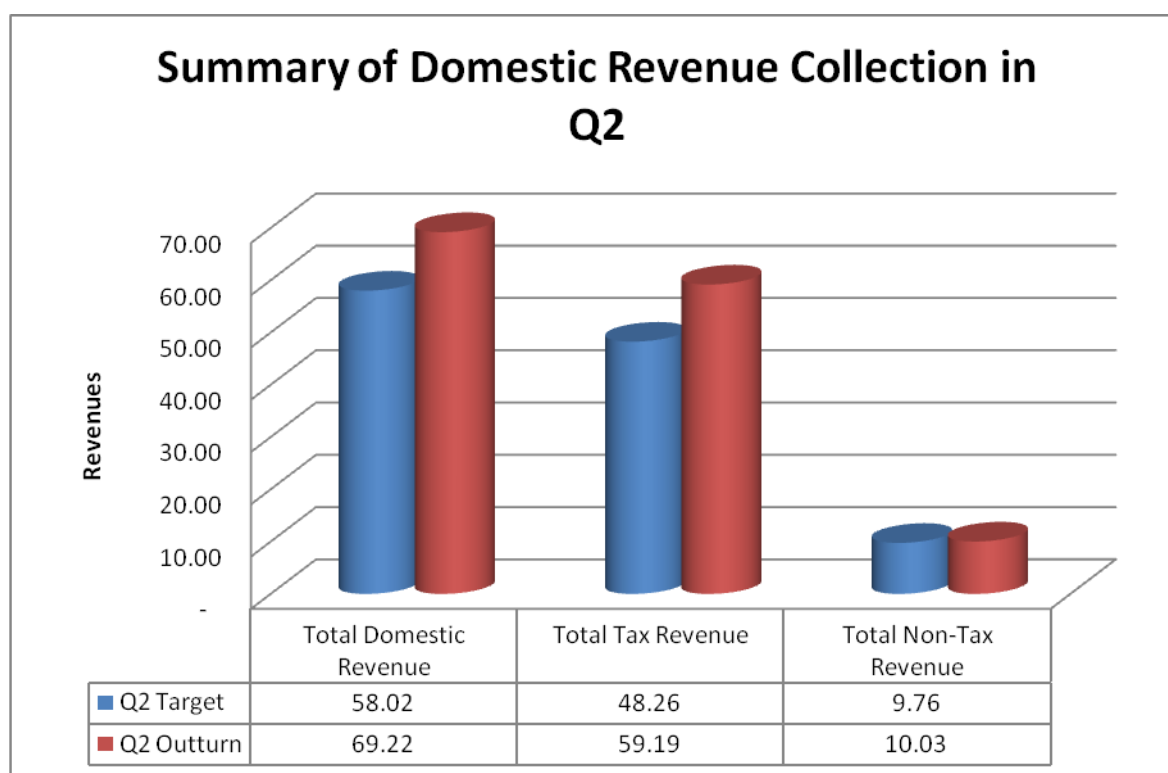
2.2 Overall Performance of Revenue Collection

Figure 2.1 compares the outturn in domestic revenues in the second quarter against their corresponding targets. As the figure illustrates, overall domestic revenues exceeded their set targets in the quarter, with total domestic revenues amounting to K69.2 billion collected against a target of K58.0 billion, thus an over collection of K11.2 and representing 19 percent overcollection on quarterly projection. The performance indicates a considerable improvement in domestic revenue performance compared to the first quarter of the Financial Year where K50.9 billion was collected and a shortfall of K6.3 billion was

registered. As the figure illustrates, the overall over collection in domestic revenues in the quarter is resultant of the impressive performance in tax revenues which registered a total collection of K59.2 billion against a target of K48.3 billion while non-tax revenues over performed in the quarter, registering a collection of K10.03 billion against a target of K9.8 billion.

Table 2.1 shows the performance of individual taxes during the period under review. Taxes on incomes and profits recorded the most satisfactory performance with a collection of K27.5 billion against a quarterly target of K19.2 billion, thus exceeding the target by about K8.3 billion. Taxes on goods and services also exceeded their target, amounting to K26.8 billion, thus K0.9 billion over and above its projection, while international trade taxes exceeded their target by K0.2 billion as they amounted to K5.6 billion against a target of K5.3 billion. Non-tax revenues performed satisfactorily in the quarter as they recorded a slight against their target, amounting to K10.0 billion against a target of K9.8 billion, thus an overcollection of about K0.3 billion. Compared to the first quarter of the 2010/11 Fiscal Year, all categories of both tax and non-revenues have generally performed well.

Figure 2.1 Total Domestic Revenues Performance



2.3 Tax Revenue Performance

On overall, tax revenues in the second quarter of the year performed satisfactory as most categories of taxes registered higher outturn than their set targets, as shown by Table 2.1 below.

The general satisfaction in the performance of tax revenues in the quarter under review was largely on account of over collection in taxes on incomes and profits which registered an over collection on the quarterly targets of K8.3 billion. The outstanding performance of incomes and profits taxes is largely on account of individual taxes which registered total collection of K15.3 billion against a target of K11.2, thus exceeding the target by K4.2 billion. Within individual

taxes, Pay as You Earn (PAYE) registered the best performance with an over collection of K4.0 billion on the K10.1 billion quarterly projection. Other income and profits taxes that performed well included withholding tax with an over collection of K2.7 billion and corporate taxes which exceeded their targets by K1.4 billion. Taxes on goods and services also performed well exceeded their quarterly targets by about K0.95 billion. Despite the overall favourable performance in this category, performance of individual taxes was rather mixed; value added tax (VAT) performed very well with an over collection of K2.4 billion on its target of K17.4 billion while excise duties underperformed, missing their K8.5 billion quarterly target by K1.5 billion. International trade taxes recorded a positive outturn against its target, with a total collection of K5.6 billion against a target of K5.3 billion.

Compared to the first quarter of the financial year, there was significant improvement in tax revenue collection in the period under review. In contrast to the first quarter when total tax revenues had registered an under collection of K6.7 billion, second quarter performance has exceeded its target by about K10.9 billion with collections amounting to K59.2 billion against a target of K48.3 billion.

Table 2.1 also points to the fact that the performance in tax revenue collection in the second quarter of the 2011/12 fiscal was substantially on account of the outstanding performance of withholding taxes, corporate taxes and PAYE collections. This has been achieved as a result of increased enforcement of income and profit taxes as well as the improvements in the administration of taxes by the Malawi Revenue Authority (MRA). The performance in VAT, particularly domestic VAT, in the second quarter improved from that of the first quarter due to the slight stabilisation of the business environment following an improved fuel supply in the later part of the quarter.

Table 2.1: Tax Revenue Performance in the Second Quarter (K'000)

	Q2 target	Q2 Outturn	Variance
Income and Profits	19,244.47	27,540.53	8,296.06
Individual	11,152.16	15,312.98	4,160.82
PAYE	10,077.09	14,068.46	3,991.37
Other Taxes	1,074.07	1,245.52	171.45
Fringe Benefit	773.41	716.27	-57.14
Non-Resident Tax	301.66	529.25	227.59
Corporate	5,579.56	6,969.09	1,389.53
Company Assessment	1,481.83	1,907.93	426.10
Provisional Tax	4,097.73	5,061.16	963.43
Withholding Tax	2,512.75	5,258.45	2,745.70
Goods and Services	25,860.00	26,808.83	948.83
VAT	17,355.17	19,793.11	2,437.94
Import VAT	8,923.82	9,177.42	253.60
Domestic VAT	8,431.35	10,615.70	2,184.35
Excise Duties	8,504.84	7,015.72	-1,489.12
Import Excise	9,632.79	5,192.05	-4,440.74
Local Excise	-1,127.95	1,824.67	2,952.62
International Trade	5,332.20	5,576.29	244.09
Import Duty	5,332.20	5,590.71	258.51
Prepayments	0.00	-14.42	-14.42
Other	179.71	622.95	443.24
Miscellaneous Duties	41.60	98.58	56.98
Tax Refunds	0.00	0.00	0.00
Penalties	38.56	40.42	1.86
Turnover Tax	-86.45	-496.67	-410.22
Dividend Tax	186.00	980.63	794.63
Total Tax Revenues	50,616.38	60,548.60	9,932.22
Total Tax Refunds	2,351.83	1,355.00	-996.83
NET TAX REVENUES	48,264.55	59,193.60	10,929.05
NON TAX REVENUE	9,759.87	10,031.34	271.47

2.4 Non – Tax Revenue Performance

In the second quarter of the 2011/12 FY actual non–tax revenues amounted to K10.0 billion compared to the target of K9.8 billion, thus an over collection of K0.3 billion.

The Table shows that overall, non-tax revenues underperformed in the second quarter of the financial year. This is due to the significant under collection in fuel levies, which amounted to K1.6 billion against a target of K5.9 billion, thus a shortfall of K4.3 billion. However, Departmental receipts of K6.8 billion were collected against a quarterly target of K4.2 billion, thus registering an over collection of K2.5 billion. Generally, non tax revenues under performed in the quarter largely due to the unexpected intermittent supply of fuel.

3.5 Conclusion

The report has revealed that generally revenue collection in the second quarter of the 2011/12 FY has been satisfactory, mainly due to the performance of tax revenues. This has been attributed to a number of factors which include increased enforcement of income and profits taxes as well as improvements in administration of taxes at Malawi Revenue Authority (MRA).

Performance in Inflows of Grants in the First Quarter of the Financial Year

3.1 Introduction

This Chapter examines the performance of inflows of grants to Government in the second quarter of the 2011/12 financial year and discusses factors that explain performances displayed in the respective grants.

In the 2011/12 Budget, Government projected to receive Grants from Development Partners to the tune of K65.23 billion. This is 21 percent of the total receipts for the fiscal year. Of this sum, K19.81 billion are Program or Budget Support resources, K28.34 billion are Dedicated Grants while K17.09 billion are Project resources.

In the period under review Government projected to receive K15.35 billion in total grants of which K4.52 billion are Budget Support resources, MK6.56 billion are Dedicated Grants and K4.27 billion are Project Grants.

3.2 Performance of Overall Inflows of Grants in the Second Quarter

Table 3.1 below presents the performance in overall inflows of Grants in the second quarter of the financial year. As can be depicted, overall grants over-performed by K6.41 billion. Out of the total projected inflows of K15.35 billion, grants amounting to K21.76 billion were disbursed during the quarter.

Table 3.1: Details of Performance of Grants for the First Half of the 2011/12 FY

		First Quarter			Second Quarter			Mid-Year		
		(Million Malawi Kwacha)								
		Approved Provision 2010/11	Target	Outturn	Variance (Outturn-Target)	Target	Outturn	Variance (Outturn-Target)	Target	Outturn
Grants	65,233	11,206	4,945	-6,261	15,353	21,763	6,410	26,558	26,707	149
Program	19,811	-	-	-	4,524	-	-4,524	4,524	-	-4,524
Dedicated Grants	28,336	6,934	881	-6,054	6,557	18,658	12,102	13,491	19,539	6,048
Food security	2,545	817	-	-817	1,318	7,399	6,081	2,135	7,399	5,264
NAC	4,812	1,580	881	-699	826	704	-122	2,406	1,585	-821
Health SWAP	10,064	227	-	-227	1,659	1,750	91	1,886	1,750	-136
Education SWAP	8,868	2,262	-	-2,262	2,754	8,805	6,051	5,016	8,805	3,789
Roads	2,048	2,048	-	-2,048	-	-	-	2,048	-	-2,048
Project Grants	17,086	4,271	4,064	-208	4,272	3,104	-1,168	8,543	7,168	-1,375

During the quarter, both Program and Project Grants underperformed. No Budget Support resources were received in the quarter against a projection of MK4.52 billion. This was so because the Extended Credit Facility (ECF) Programme with the International Monetary Fund (IMF) which triggers release of Budget Support has not yet been concluded. On Project Grants, there was also an underperformance in the quarter as shown by an unfavourable variance of K1.17 billion. This is the continuation of the underperformance which started in the first quarter. The actual outturn for Project Grants in the second quarter was K3.10 billion against a target of K4.27 billion.

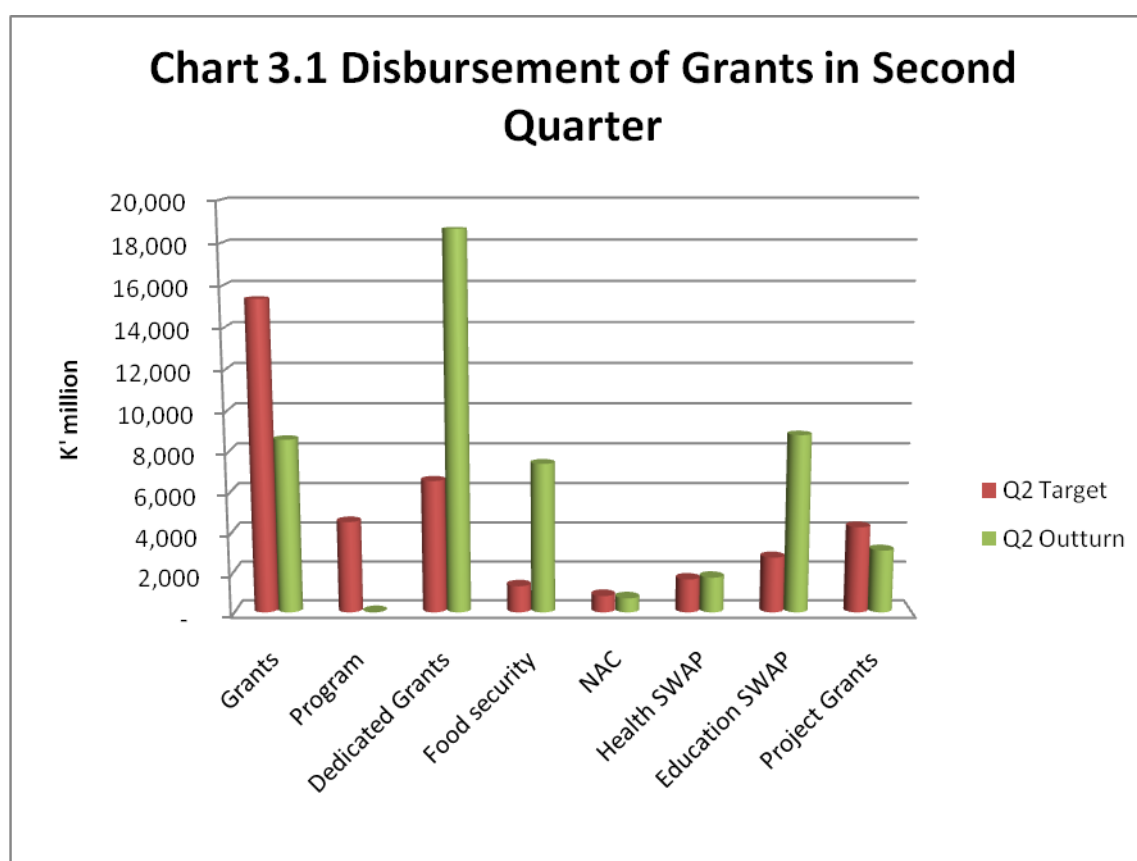
Dedicated Grants, on the other hand, performed extremely well during the quarter. A total of K6.56 billion in Dedicated Grants was projected to be received in the second quarter. However, a total of K18.66 billion was received in the quarter. Of particular interest under Dedicated Grants are Food Security

and Education SWAp grants which have done exceptionally well. Under Dedicated Grants, it is only National Aids Commission (NAC) grants which have underperformed by K122 million.

3.3 Performance of Dedicated Grants in the Second Quarter of the FY

Chart 3.1 below presents the performance of Dedicated Grants in the second first quarter of the 2011/12 financial year.

Chart 3.1 Grants Performance of the Second Quarter



Overall, dedicated grants over-performed in the second quarter by K12.10 billion from a target of MK6.56 billion to actual disbursement of K18.66 billion. This comes against an underperformance of K6.05 billion in the first quarter. This means that by the end of the first half of the financial year,

Dedicated Grants over-performed by K6.05 billion. The over-performance in dedicated grants in the first half is largely explained by second quarter good performances in Food Security and Education Sector Wide Approach (SWAp) grants. Food Security grants were below the target by K817 million in the first quarter since no resources were disbursed for Food security. However, in the second quarter, a total of K7.40 billion was disbursed against a projection of K1.32 billion. This resulted in an over-performance of K5.26 billion by mid-year. Education SWAp grants over-performed by K6.05 billion in the second quarter. This over-performance off-set the underperformance of K2.26 billion registered in the first quarter resulting in an over-performance of K3.79 billion in the first half of the financial year. Health SWAP resources over-performed by K91 million in the second quarter. However, this over-performance was not large enough to off-set the underperformance which was registered in the first quarter resulting in underperformance of K136 million by mid-year. NAC grants underperformed in both the first quarter and the second quarter which resulted in an underperformance of K821 million by the end of the first half of the financial year. No Roads sector resources were received in both first and second quarter resulting in underperformance by mid-year of K2.05 billion.

3.4 Conclusion

The figures above clearly show that the disbursement of funds under dedicated grants has been impressive in second quarter. This is commendable since availability of these resources facilitate timely implementation of planned activities. On the other hand, the non disbursement of Budget Support resources is worrisome as this would disrupt the timely implementation of these activities. These resources have been removed from the Budget at the Mid Year Budget review.

Performance of Expenditures in the Quarter

4.1 Introduction

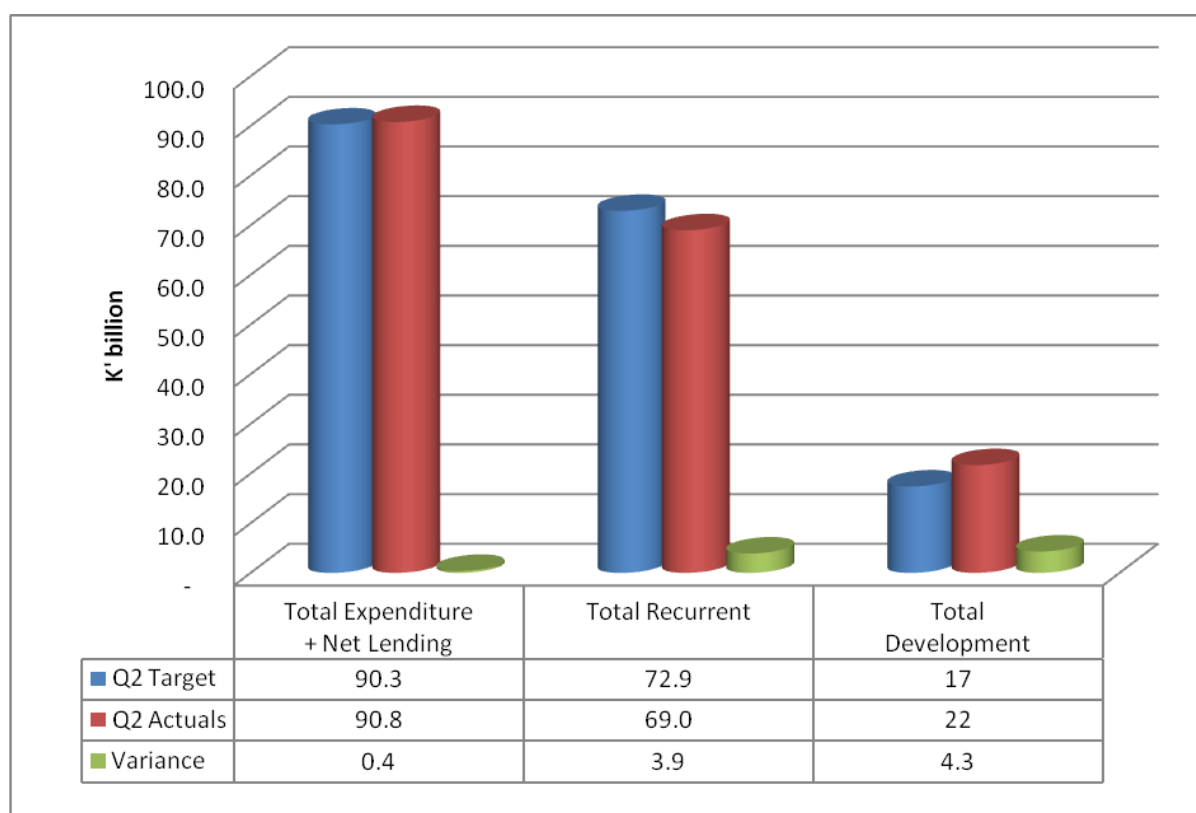
This chapter highlights the performance of expenditures in the second quarter of the 2011/12 financial year and explain the factors underlying the observed expenditure trends.

The total expenditure, including net lending and direct payments for the second quarter of the 2011/12 Financial year was projected at K90.3 billion. Out of this amount, wages and salaries were at K16.3 billion; Interest on debt was at K3.6 billion while total for Good and Services, Subsidies and Transfers were projected at K53.0 billion .

4.2 Performance of the Overall Expenditures in the Second Quarter of the Financial Year

Planned Expenditure for the second quarter of the 2011/12 financial year was K90.3 billion of which, K72.9 billion and K17.4 billion are Recurrent and Development expenditures, respectively. The outturn for total expenditure for the quarter under review was K90.8 billion, broken down as K69 billion Recurrent expenditure and K21.7 billion Development expenditure. Chart 4.1 below illustrates the projected expenditure against the outturn expenditure.

Chart 4.1 Total Government Expenditure in the Second Quarter of the 2011/12 FY



As can be depicted from chart 4.1 above, the variance between the target expenditure and actual expenditure for the second quarter is K0.4 billion. The underspending on the recurrent expenditures by K3.9 billion is attributed to the expenditure control measures instituted by Government at the beginning of the 2011/12 financial year. On the other hand, the overspending on the Development projects by K4.3 billion is on account of some Development projects that moved faster than initially projected.

4.2.1 Performance of various categories of Recurrent Expenditures in the Quarter

Table 4.1 below gives us an account of the various Recurrent Expenditure categories of Wages and Salaries, Interest on Debt, Goods and Services and

Subsidies and Transfers in the quarter under review. The analysis is basically, hinges on the comparison between the target and the actual expenditure and brief explanation behind the discrepancy.

Table 4.1 Recurrent Expenditure in the Quarter

Category	Q2 Target (K' billion)	Q2 Outturn (K' billion)	Variance between Target and Outturn (K' billion)
Recurrent Expenditure	72.9	69.0	(3.9)
Wages and Salaries	16.3	18.4	2.1
Interest on Debt	3.6	3.1	(0.6)
Goods and Services, Subsidies and Transfers	53.0	47.6	(5.4)

4.2.1.1 Wages and Salaries

As noted in Table 4.1, expenditures on wages and salaries are above the projected amount of K16.3 billion by K2.1 billion. The overexpenditure was on account of payment of arrears to Rural Teachers from 2010/11 Fiscal Year.

4.2.1.2 Interest on Debt Repayment

Interest on both foreign and domestic debt was below the quarterly target by K0.6 billion. This expenditure was contained within the projected expenditures for the quarter.

4.2.1.3 Other Goods and Services, Subsidies and Transfers

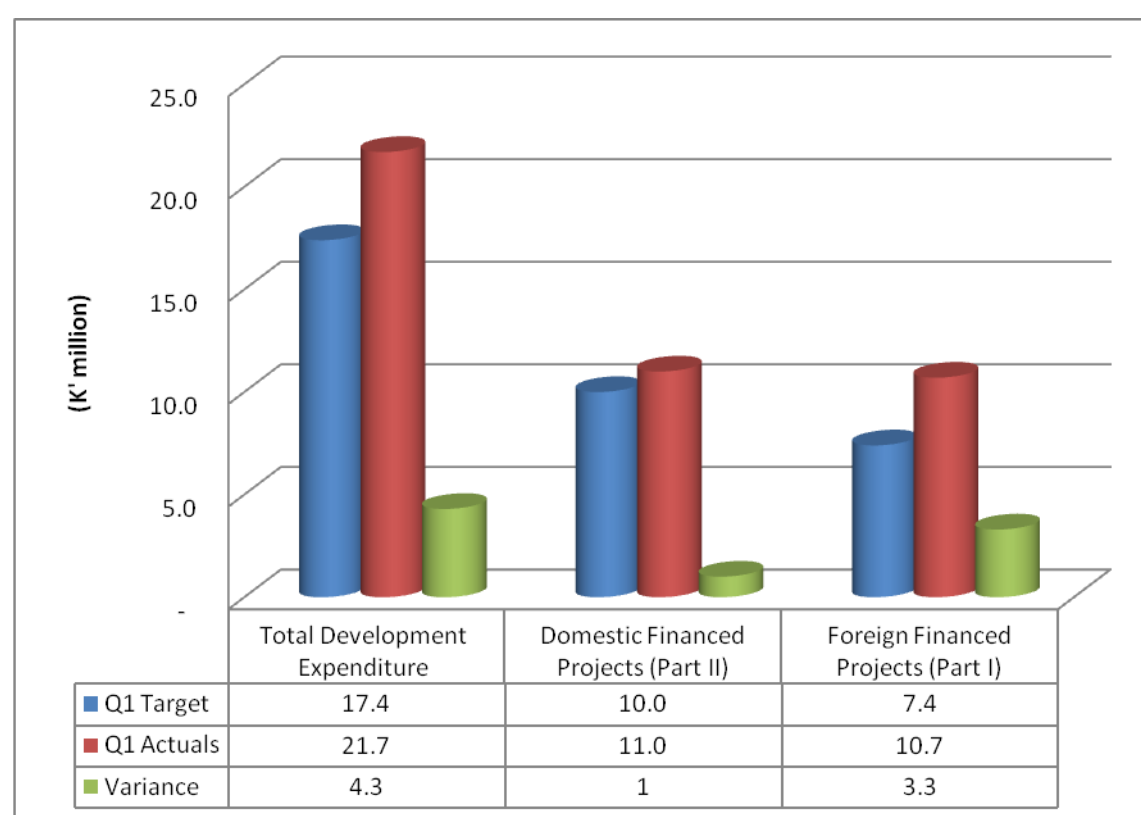
Second quarter expenditures under Goods and Services, subsidies and transfers amounted to K47.6 billion against a target of K53.0 billion. The underexpenditure is mainly due to the expenditure control measures

Government instituted in the first half of the financial year. It is expected that the outstanding obligations would be settled in the third quarter.

4.2.2 Performance of Development Expenditures in the Quarter

Government planned to spend K17.4 billion in the second quarter of the financial year, of which, K10.0 billion was to be financed using domestic resources (Part II) and K7.4 billion was for foreign financed projects (Part I). As depicted by Chart 4.2 below, the outturn on Development budget expenditure for the quarter was K21.7 billion, implying a K4.3 billion overexpenditure. The overexpenditure was on account of a faster than anticipated progress on some of the Development Projects that required disbursement of resources.

Chart 4.2 Performance of the Development Budget



4.2.3 Status of Projects in the Development Budget

Annex 1 is a compendium of all the development projects in the 2011/12 Financial Year. As it can be depicted, the status of the implementation of the projects varies from one project to the other.

4.3 Conclusion

This Chapter focused on the performance of expenditures in the second quarter of the 2011/12 financial year. The expenditures were broken down into various categories and the analysis was based on the discrepancies between the target and the actual expenditure. Generally, the outturn showed underexpenditure in the Recurent Budget and overexpenditure in the Development Budget.



5

Conclusion and Recommendations

This report focused on the Budgetary performance for the second quarter of the 2011/12 financial year. The report has analysed the Revenue performance, the inflows of Grants and the performance of various categories of expenditure.

Generally, revenue collection in the second quarter of the 2011/12 financial year has been satisfactory. This is mainly due to the performance of tax revenues. This has been attributed to a number of factors which include increased enforcement of income and profit tax as well as improvements in administration of taxes at Malawi Revenue Authority (MRA). However, there is some noticeable underperformance in some non tax revenue categories.

The disbursement of funds under dedicated grants has been impressive in second quarter. This is commendable since availability of resources facilitate timely implementation of planned activities. On the other hand, the non disbursement of Budget Support resources is worrisome since the implementation of some activities was programmed taking into account these resources. These resources have therefore been factored out from the Budget at Mid year.

The overall expenditures of Government in the second quarter of the 2011/12 were lower than the projected figures. This is generally on the account of the expenditure control measure that the Government instituted at the commencement of the 2011/12 financial year. However, despite this overall moderation of expenditure, there was an overexpenditure in the Development Budget on account of faster than anticipated progress of the projects that required funding.

ANNEX 1 A COMPENDIUM OF THE DEVELOPMENT PROJECTS

Vote	Project	2011/12 Budget Estimates			Progress of Implementation	
		Part I Allocation	Part II Allocation	Total	Performance	Comments on Project Implementation
070 The Judiciary	061-Construction and Rehabilitation of Courts		60,000,000	60,000,000		30 Courts have been rehabilitated
	062-Commercial Court		400,000,000	400,000,000		The construction works are on the second floor. The works have recommenced at a convincing pace
	063-Extension of Lilongwe Court		20,000,000	20,000,000		The project is at ring beam level.
	064-Judiciary Headquarters - Lilongwe		15,000,000	15,000,000		No progress has been recorded the project awaits a loan from China.
093 Department of Public Service Management	Human Resources Management Information System		64,213,085	64,213,085		There is a very good progress on the implementation of the activities under this project. Among many achievements are procurement of software for new equipment, installation of new equipment has started and are now operating on it, Archiving of HRMIS Records and 3 training courses for senior HRM officers were conducted. Over 90% of the planned activities were achieved.

Vote	Project	2011/12 Budget Estimates			Progress of Implementation	
		Part I Allocation	Part II Allocation	Total	Performance	Comments on Project Implementation
094 Nutrition, HIV/AIDS & National Aids Commission	061-Nutrition Services Delivery Support		150,000,000	150,000,000		Very good : 2011/12 Nutrition Sector Joint Annual Reviews in place and operational, Development of National Nutrition Sector M & E Plan is underway, Training manual on Hiv and AIDS reviewed and updated, 10 M&E to various projects done and draft National HIV and AIDS M & E Framework in Place for 2011 to 2016. 45 pple trained in Essential Nutrition Package in 17 districts
	062-National Nutrition, HIV/aids Research Program		40,000,000	40,000,000		There is very good progress in the implementation of activities. 90 documentaries has been produced and are being aired, Assessment of legal environment for HIV and AIDS in Malawi preparations for the study at an advanced stage, Assessment on the gaps and challenges for a coordinated and evidence based HIV and AIDS response at the district level conducted which has led to the development of a new project to strengthen Planning Systems at District level for HIV and AIDS interventions. Study is underway on the development of National HIV and AIDS Sustainable Financing Strategy.
100 National Defence	060-Sewerage & Water Works		57,712,086	57,712,086		Contract with CRWB is still on going. There are plans to construct a sewer system at Parachute Battalion and Moyale Barracks.
	064-Improvements of Barracks Roads		300,000,000	300,000,000		Bids have been evaluated and the Ministry awaits a "No Objection from ODPP".
	084- Construction and rehabilitation of buildings and structures		34,855,000	34,855,000		Rehabilitation of Mafco Hospital and Sergeants Mess at MAMU completed. Tendering completed for Chilumba Garrison Hospital and designs are underway for female soldiers hostel at Cobbe Barracks.
	078-Improvements of Air Bases		21,000,000	21,000,000		
	092-Construction of single soldiers Hostel, Kitchen and Dining		210,000,706	210,000,706		Designs are being drawn by the Contractor

Vote	Project	2011/12 Budget Estimates			Progress of Implementation	
		Part I Allocation	Part II Allocation	Total	Performance	Comments on Project Implementation
	093-Rehabilitation of Chilumba Garrison Clinic		16,146,512	16,146,512		Tendering process for the procurement of finishing materials completed.
	094-Maintenance of Mvera Water supply Scheme		15,653,547	15,653,547		Contract with CRWB is still on going.
111 National Statistical Office	068-Welfare Monitoring Survey		30,000,000	30,000,000		Field workers were successfully trained for the survey and have departed for their respective survey areas.
	069-Performance, Evidence and Accountability		10,000,000	10,000,000		Further data collection is taking place, a number of advocacy materials have been developed and a quarterly news letter has also been developed.
120 Local Government and Rural Development	071-Rural Livelihood Support Programme	280,230,000	17,250,000	297,480,000		10 boreholes have been sunk and farmers have been trained in piggery in Chiradzulu, Nsanje and Thyolo.
	075-Rural Growth Centre		600,000,000	600,000,000		There are 4 sites for this project where the works have commenced and these are; Nthalire, Nambuma, Neno, Chitekesa. In all these areas most structures are done and a few are at a finishing stage. The target is to have everything completed by December, 2011. The works the remaining 2 sites are of Chapananga and Mkanda are to commence soon as the "No Objection has been granted to identified contractors.
	087-Construction of Urban and Rural Markets		200,000,000	200,000,000		Most Markets are completed and some are very near completion.
	090- Rural Livelihood & Economic Enhancement	369,560,000	15,100,000	384,660,000		Trained farmers in in value chain analysis and market research.
130 Lands, Housing and Urban Development	63-Demarcation of International Boundaries - Malawi - Zambia Border		30,000,000	30,000,000		Beacons installation on a stretch of 139 kms
	64-Hydrographic Survey of Malawi		37,000,000	37,000,000		Installation of VESST in progress and production of maps carried out
	80-Malawi - Mozambique Border Stabilisation		36,000,000	36,000,000		Intermediate pillars for a stretch of 113 kms installed

Vote	Project	2011/12 Budget Estimates			Progress of Implementation	
		Part I Allocation	Part II Allocation	Total	Performance	Comments on Project Implementation
	82- Construction of Government's Regional Offices Capital Hills (CC 009)		600,000,000	600,000,000		Certificates for completion of works prepared and presented for funding
	103-Construction of Clinic and Food Court at Capital Hill		50,000,000	50,000,000		3 Levels of the Building Constructed and will be completed by December, 2012.
190 Agriculture and food Security	067-Promotion of Cotton Growers (CC 059)		1,600,000,000	1,600,000,000		Paid for seed procurement in Zimbabwe, transportation in progress, distributed to farmers and planting in progress, currently waiting for pesticides acquisition.
	077-Irrigation,Rural Livelihood & Agriculture	3,045,180,000	50,000,000	3,095,180,000		The funds cover the tax component of the loan and have been used for utilities
	071-Upscaling Production of Breeder and basic Livestock		20,000,000	20,000,000		All seed production figures were consolidated and land preparation for the 2011/12 season is underway
	072-Improvement of irrigation infrastructure Research		58,693,000	58,693,000		Most of the planned activities were 95% accomplished for one research station and they are to be rolled out to other research centres.
	091-Installation of Small Metallic Silos		50,000,000	50,000,000		95% accomplishment against the project objectives in Q4 not yet funded in Q1 but request submitted.
	085-Malawi Agriculture Regulatory and Advisory		10,000,000	10,000,000		Meetings, procurement and training in biotechnology and M&E conducted in Q1
210 Irrigation and Water Development	107-Mwaza - Neno Ground Water Development (Hqs)		30,000,000	30,000,000		Surveys and verifications carried out under
	098-Water Retention Structure Development Programme(Multi Purpose Dams along Shire River) (Hqs)		250,000,000	250,000,000		Payment of interim certificates done, management and supervision of project commissioned and an assessment of the sewerage treatment at MUST conducted.
	100-Ground Water Extraction for Rural Piped Supply in Malawi		30,560,000	30,560,000		Designs and supervision of work including solar panels, construction of security structures and schemes and bore hole drilling supervision including training beneficiaries.
	079-Dispersed Borehole Construction -PPE		125,000,000	125,000,000		18 boreholes drilled 70 sited

Vote	Project	2011/12 Budget Estimates			Progress of Implementation	
		Part I Allocation	Part II Allocation	Total	Performance	Comments on Project Implementation
	071-Smallholder Crop Production and Marketing	2,000,990,000	117,000,000	2,117,990,000		The construction component is under way and the complementary services like training in pest, water management and environmental mitigation measures carried out in the quarter.
	062-Small Farms Irrigation Projects (Nkhatabay)		125,000,000	125,000,000		Farmer awareness conducted, processed final payments for contractors, finalized lease on Lweya Irrigation scheme, plus weekly meetings with farmers.
	061-National Water Development Programme II	2,758,050,000	332,000,000	3,090,050,000		Support to various water projects and contractual contributions to various agreements within the sector carried out
	101-Malawi Irrigation Support Programme		70,000,000	70,000,000		80% of preparatory work like designs carried out in the implementation districts
	109-Water, Sanitation and Hygiene		100,000,000	100,000,000		
	108-Motorised Pumps		115,000,000	115,000,000		Outstanding payment made to Valiant Glass for motorized pumps.
250 Education, Science and Technology	060-Construction of 7 Girls' Hostels		500,000,000	500,000,000		5 Girls Hostels has been completed at Kasakula, Nachiteme, Chiwale, Chamakala and Lukaladzi
	061-ADF1 V - Construction of Community Day Secondary Schools		111,000,000	111,000,000		2 CDSS (Changoima in Chikwawa and Kwalala in Mulanje) upgraded
	062-ADF V - Education Project	618,980,000	300,000,000	918,980,000		90% average completion on 5 CDSS's. On training, about 166 teachers upgraded to Diploma Level.
	078-Rehabilitation of Primary Schools		2,200,000,000	2,200,000,000		Commencement of site verification delayed but due to be started end October and be completed in early November.
	080-Mass Adult Literacy		176,187,139	176,187,139		Training manual produced and Trained 80 TOTs
	082-Special Needs		150,000,000	150,000,000		Formalities for land acquisition in Lilongwe in process and initial surveys done
	088-Construction of TTC in Chiradzulu		100,000,000	100,000,000		All surveys completed and consultant engaged. Tender documentation in process
	090-Secondary School Bursary Project		210,000,000	210,000,000		No bursaries disbursed yet, but in the second quarter about 188 students expected to benefit from the project.
	092-National School Meals		500,192,196	500,192,196		194 schools identified for the school national

Vote	Project	2011/12 Budget Estimates			Progress of Implementation	
		Part I Allocation	Part II Allocation	Total	Performance	Comments on Project Implementation
	Programme					school meals programm
	093-Complementary Basic Education Project		199,999,999	199,999,999		240 CBE centres established, 600 facilitators and 50 supervisors trained.
	095-Construction of 3 Teachers Training Colleges		200,000,000	200,000,000		Land acquisition formalities in process and initial surveys done
	096-Construction of Phalombe TTC	31,200,000	200,000,000	231,200,000		Tendering completed, contract awarded and signed
	097-Construction & Expansion of CDSS and Boarding Secondary School		200,000,000	200,000,000		WorkS have commenced on 5 CDSS.
260 Foreign Affairs and International cooperation	061-Construction of Lusaka Embassy		160,000,000	160,000,000		Works are near completion
	064 - Expansion of VVIP lounge at Kamuzu International Airport		208,000,000	208,000,000		The Contractor has mobilized to the site.
271 Accountant General	065 - Contruction of Salima,Rumphi and Regional Centre Treasury Cashiers Offices		150,000,000	150,000,000		A contractor has been identified.
	066 - IFMIS Roll Out		200,000,000	200,000,000		22 District Councils have been connected to IFMIS.
310 Health	061 - Rehabilitation of Zomba Central Hospital		350,000,000	350,000,000		Shortlisting - Contract terminated. (95% completed for phase I).
	066 - Construction of New Nkhata Bay District Hospital		800,000,000	800,000,000		There is little progress since the project has just been resumed because it was suspended in December 2010 due to financial constraints which has led to scaling down of project to a bare functioning hospital.
	069 - Umoyo Housing (Govt. Contribution)		1,050,000,000	1,050,000,000		There is good progress on this project; In Zomba, 8 houses and 2 flats has been completed, Whilst in Lilongwe; about 21 houses and 25 pitlatrines have been almost completed at Mitundu, Nthenje, Nyanja and Kabudula health Centres. The only challenge is

Vote	Project	2011/12 Budget Estimates			Progress of Implementation	
		Part I Allocation	Part II Allocation	Total	Performance	Comments on Project Implementation
						delayed payments for certificates issued and ESCOM which is taking long to connect power. Dedza- . 8 professional houses and 8 pit latrines at Dedza DHO and the houses have been handed over to the hospital and are in use. These house are at Dedza DHO, Chitowo and Kaphuka Health centres. The major challenge is the same as in Lilongwe.
	078 - Construction of Phalombe District Hospital		350,000,000	350,000,000		No Objection to Request for Proposals granted. To recruit consultants soon.
	081-Construction of Laboratories		300,000,000	300,000,000		Re-evaluating due to mis-procurement (contractors did not submit full information during the bidding period
	083 - Construction of Cancer Centre		50,000,000	50,000,000		Consultant engaged. To start feasibility study this month
	084 - Rehabilitation of Central Medical Stores		350,000,000	350,000,000		Construction underway
	085 - Construction of New Dowa District Hospital		250,000,000	250,000,000		Developing designs
	088 - Rehabilitation of Nsanje District Hospital		100,000,000	100,000,000		BOQs in Place to be advertised in December
	088 - Construction of Zomba Referral Hospital		50,000,000	50,000,000		Designs in Place. The Chinese are supporting the project.
	090 - Construction of New Chikhwawa Hospital		50,000,000	50,000,000		Designing phase in progress.
	091 - Construction of Blantyre District Hospital		200,000,000	200,000,000		Seeking advice from Ministry of Foreign Affairs. The Health facility was to be constructed by the Great Socialist People's Libyan Arab Jamahiriya
	092 - Support to Training Institutions		500,000,000	500,000,000		There is progress because many health training institutions are benefiting on this project. To be completed by end of calendar year (31st December, 2012)
	093 - Rehabilitation and upgrading of Health Centres		150,000,000	150,000,000		Site surveys for all trauma centers in progress

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	094 - Rehabilitation of Kamuzu Central Hospital		120,000,000	120,000,000		Slow progress. Designs in Place. Recommendations of contract (ready) to be submitted to ODPP next week.
	095 - Rehabilitation of Queens		100,000,000	100,000,000		Slow progress. BOQs in Place to be advertised in December
	096 - Minor and Emergency Rehabilitation		150,560,647	150,560,647		On going.
	097- Improving Medicals Equipment and Facilities		250,000,000	250,000,000		To start procurement by December, 2012
	098- Health Sector Support		180,000,000	180,000,000		Handing over sites for Phase I. Dec 31 to complete 14 Sites. Trying to vacate the injunction by Chipago whose contract was terminated.

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330 Information and Civic Education	060 - National Fiber Optic Cable Back Networking		23,400,000	23,400,000		Procured UPS and trained officers on internet management
	061 - Digital Migration Project		200,690,000	200,690,000		Slow but momentum will improve after the consultant submits a report Consultant engaged to develop implementation plan together with equipment requirements and costing
340 Home Affairs and Public Security	066 - Construction & Rehabilitation of Police Offices & Staff Houses		185,000,000	185,000,000		Construction of Houses has been completed in Mchinji and Lilongwe.
360 Tourism, Wildlife and Culture	076 - Chongoni Rocks (CC 007)		100,000,000	100,000,000		The resources were used to construct staff houses, an information centre and a workshop.
	083- International Conference and Presidential Villas (CC 002)		600,000,000	600,000,000		Works have been completed
	085- Acquisition of French Cultural Centre		300,000,000	300,000,000		The whole amount was paid to National Bank for RBM externalization to Paris for acquisition of the centre
390 Industry and Trade	070- MAWTCO		11,000,000	11,000,000		The project has registered good progress so far. 6 warehouses have been transferred from ADMARK to MAWTCO and have since been refurbished, MAWTCO has been incorporated under Companies Act, Recruitment of the Chief Executive Officer in progress and four title deeds have been conveyed from ADMARK to MAWTCO.
	075 - Cotton Strengtheni Project		40,500,000	40,500,000		400 farmers trained, Market and trade information is being provided, Markets access training done, 6 cooperatives registered, two in Karonga, Salima, and Chikhwawa

Vote	Project	2011/12 Budget Estimates			Progress of Implementation	
		Part I Allocation	Part II Allocation	Total	Performance	Comments on Project Implementation
	081 - Horticultural & Floricultural Exports Project		40,000,000	40,000,000		The kind of progress being reported on this project is not as in line with the monitoring indicators they were given. It is reported however that 400 farmers have been trained in Horticultural production and they have also been linked to markets. The number of markets these have been linked to are not clearly given.
	082 - Establishment of Three Pilot Small Business		50,000,000	50,000,000		No progress has been registered in Q1. However, there is work being done in Thyolo, Chiradzulu Nkhosakota and Rumpi the Business Centers has been completed.
	083 - One Village One Product		65,000,000	65,000,000		There is very good progress in the implementation of activities under this project. Among many achievements, 42 of 62 Factory Shells have been constructed and machines delivered, 38 machines, 8 of 8 research reports have been done, 84
	085-Infrastructure Development for MBS		100,000,000	100,000,000		There are still issues to be resolved now that Malawi Industrial Research Center which was a lead implementor is under MUST. Much of what was report to have been achieved last financial year will have to be reinitiated now that MBS will be implementing the project. No real progress therefore is being reported.
400 Transport and Public Infrastructure	092 - Rehabilitation of Railway System		200,000,000	200,000,000		A contract to rehabilitate Salima – Lilongwe railway was awarded and works should commence in quarter 2.
	087 - Rehabilitation of Chileka Airport Terminal Building and Security Fence		320,000,000	320,000,000		Works are in progress. So far, the structural pillars have been constructed.
	091 - Construction of Jetty(s)		130,000,000	130,000,000		Works are in progress at Karonga airfield.
420 Road Fund Administration	119 - Lilongwe - Dedza - Nsipe		850,000,000	850,000,000		Work is still in progress
	108 - Ntcheu - Tsangano Road		9,600,000	9,600,000		Feasibility study is in progress.

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		Part I Allocation	Part II Allocation	Total	Performance	Comments on Project Implementation
	110 - Lilongwe City By Pass (Bunda, Chinsapo, Kaunda Road Junction) Road		80,000,000	80,000,000		Feasibility study being done.
	062 - Bunda - Mitundu Road (Design)		40,000,000	40,000,000		Road completed
	092 - Chiradzulu - Chiringa Upgrading		1,550,000,000	1,550,000,000		As reported in Q1, there is still slow progress in the construction of this road. Overall progress is currently estimated at 30%. The work is being hampered by erratic fuel availability.
	097 - Bangula - Nsanje Road		500,000,000	500,000,000		The construction of this road has been completed and officially launched
	100 - Mzuzu - Bula - Usisya Road		500,000,000	500,000,000		Over 70% completed and there is good progress being registered
	101 - Chiweta - Mlowe Road		120,000,000	120,000,000		Work between Chiweta and Mlowe was completed. What is expected now is to start work Chiweta to Livingstonia and the RA is in the process of procuring a contractor to the work.
	093 - Malowa - Goliati - Chiperoni		50,000,000	50,000,000		Work on the initial stretch was completed. However, an addendum for the Mulanje mission hospital road is progressing slowly due to compensation challenges and fuel shortage.
	114- Presidential way Extension		650,000,000	650,000,000		completed
	104 - Lilongwe - Kasiya Road-Santhe (Feasibility and Design)		50,000,000	50,000,000		Feasibility study in progress.
	105- Mzimba Street Paul Kagame Round About		10,000,000	10,000,000		completed
	120- Mzimba - Eswazine - Mzalangwe Road		1,300,000,000	1,300,000,000		Work is in progress and at different stages for the first 20 km of the whole stretch.
	115 - Ekwendeni - Ezondweni - Mtwalo - Njakwa		600,000,000	600,000,000		80% of the work on this stretch has been completed such that by the end of this year, assuming the fuel situation improves, the project could be finalized.
470 Energy, Environment and	083 - Modernisation of Met Services for Aviation		75,000,000	75,000,000		On-going

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		Part I Allocation	Part II Allocation	Total	Performance	Comments on Project Implementation
Natural Resources						
	094 - Forestry Presevation Programme		10,000,000	10,000,000		Preliminary biomass assessment underway.
	086 - Community Vitalisation & afforestation in the Middle Shire		15,000,000	15,000,000		The first phase of the project has been completed. Currently now in the second phase.