



MALAWI GOVERNMENT

2011/12 BUDGET PERFORMANCE QUARTERLY REPORT (Q1)

Ministry Of Finance

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Foreword

This Quarterly Budget Performance Report is reporting on the performance of Government in implementing the National Budget in the first 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 straight to the Office of 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 to the tune of MK242.5 billion, of which tax revenues are expected to amount to MK203.5 billion and non-tax revenues are expected to be in the tune of MK39 billion. In the first quarter of the 2011/12 Financial Year, Government estimated that it would collect revenues to the tune of MK57.6 billion of which MK47.9 billion were expected to be tax revenues and MK9.7 billion were to come from non-tax revenues.

Overall, despite the revenues being higher by K10 billion compared to the same period last year, they missed the current year's budget by about MK6.7 billion only. The underperformance was largely due to delayed implementation of some of newly introduced revenue enhancing measures such as the delayed introduction and revision of user fees and user charges. To the end of the financial year, however, it is expected that most of these targets will be fully met as the measures will be bearing triple results in the other quarters.

Performance of Inflows of Grants and Loans

In the 2011/2012 Financial Year, Government projected to receive grants of MK65.23 billion. Of this sum, MK19.81 billion are Program or Budget Support resources, MK28.34 billion are Dedicated Grants and MK17.09 billion are Project resources. In the first quarter, Government projected to receive MK11.21 billion in total grants of which MK6.93 billion are Dedicated Grants

and MK4.27 billion are Project Grants. Programme grants were not expected in the first quarter but in the subsequent quarters.

Overall, grants were down by MK6.26 billion (55 per cent) in the quarter. Dedicated Grants accounted for 97 per cent of the shortfall and Project Grants accounted for 3 per cent.

Performance on 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 K87.9 billion of which K64.1 billion are recurrent expenditures and K23.7 billion are development expenditures.

Being a chicken and egg situation, low inflows translated into underperformance of MK509 million (0.6 per) on the expenditure side in general. The underexpenditure was mainly due to slow take off of some selected projects.

Performance of Development Projects

Government planned to spend MK23.7 billion in the first quarter of which MK7.3 was Part I projects and MK16.4 billion was for Part II projects.

In general, the Development budget underperformed by MK3.5 billion which is 15 per cent below the target. Part I projects underperformed by MK3.3 billion and Part II projects underperformed by MK0.2 billion.

INTRODUCTION

1.1 Background to the Report

In June 2011, the National Assembly passed 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 expenditures 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 billion representing 21 per cent from grants.

In order to achieve the targets set in the ZDB, Government in liason with cooperating partners and other stakeholders developed monitorable quarterly revenue and expenditure targets. Further to that, Government also introduced expenditure cutting measures to contain expenditures in travel, fleet management and procurement. This report therefore examines Government performance in meeting the set targets in the first quarter of the financial year, from July to September 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 revenue generation initiatives;

- (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.
- (iv) To report on the implication of receipts and expenditures on general fiscal performance and macroeconomic projections; and
- (v) 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 October 2011. 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 report maintains the layout of similar reports in the 2010/11 Financial Year where 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. The fifth chapter discusses the overall fiscal balance in the quarter. Chapter six 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

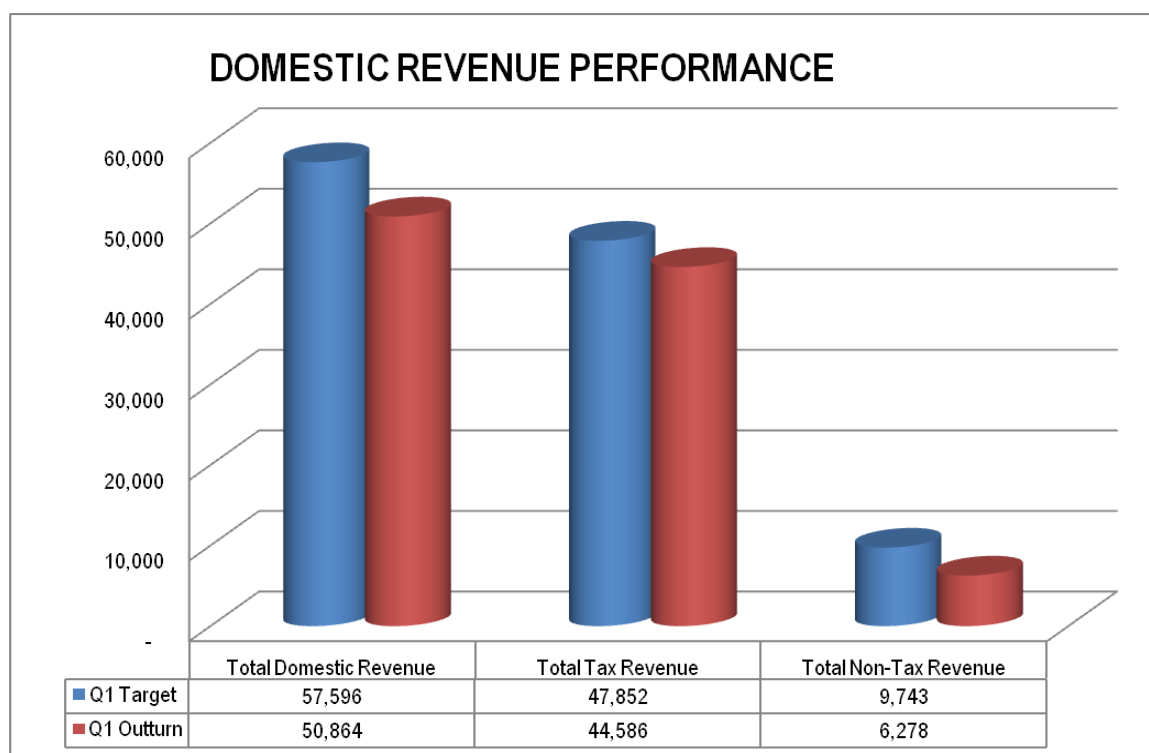
In the 2011/12 Financial Year, Government projected to collect domestic revenues to the tune of K242.5 billion, of which tax revenues are expected to account for K203.5 billion or 83% of the total domestic revenues. Non-tax revenues (NTR) are expected to be in the tune of K39 billion, i.e. 17 percent of total domestic resources. Compared with the 2010/11 financial year, domestic revenues have increased by about 20% (from K202.5 billion), with tax revenues increasing by K32 billion or about 20% while non-tax revenues are projected to increase by K8 billion or about 26%. These increases are expected to be realised from improved tax administration as well as policy measures put in place in the administration of both tax and non tax revenues.

In the first quarter of the 2011/12 Financial Year, Government estimated that it will collect revenues to the tune of K57.6 billion of which K47.9 billion or 83% were expected to be tax revenues and K9.7 billion or 17% were to come from non-tax revenues. This chapter presents and discusses the performance of Government in generating revenues in the first quarter of the 2011/12 Financial Year by comparing the revenue outturn for the quarter against their set targets and discusses some of the underlying factors that explain the performance of the revenues. The chapter also covers the impact of some of the revenue measures put in place in the 2011/12 Budget and risks that the first quarter revenue outturn may have on the overall revenue performance for the fiscal year and the budget in general.

2.2 Overall Performance in Revenue Collection in the First Quarter

Figure 2.1 below compares the outturn in domestic revenues in the first quarter of 2011/12 Financial Year against their corresponding projections for the quarter. As the figure suggests, total domestic revenues amounted to K50.9 billion against a projection of K57.6 billion, thus an under-collection of about K6.7. Thus, domestic revenue collection in the first quarter was about 12 percent less than targeted. As can be noted from Figure 2.1, the underperformance was largely on account of shortfalls in non-tax revenues. Non tax revenues underperformed by about K3.5 billion as they amounted to K6.3 billion against a target for the quarter of K9.7 billion, representing a performance of about 64% collection. Tax revenues missed their quarterly target by about K3.3, amounting to K44.6 billion against a target of K47.9 billion, representing a considerable performance, albeit below target, of about 93% collection.

Figure 2.1 Total Domestic Revenues Performance



2.3 Tax Revenue Performance in the First Quarter of 2010/11 FY

Table 2.1 below compares the tax revenue outturn for the first quarter of the year against their corresponding projections. As the table illustrates, major underperformances in tax revenues can be attributed to the performance of taxes on goods and services which missed their quarterly target by about K5.7 billion. Particularly, import duties recorded the biggest variance, falling short of the quarterly target by about K3.2 billion. Value Added Taxes (VAT) also performed unsatisfactorily in this group of taxes, registering a shortfall on the target of about K2.1 billion, with import VAT recording a variance of about K1.5 billion.

Taxes on incomes and profits however, registered satisfactory performance in the period under review, amounting to K19.2 billion against a target of K18.8 billion, hence an over collection of about K335.9 million. This is largely attributed to the outstanding performance of Pay As You Earn (PAYE) which amounted to K10.6 billion, exceeding its quarterly target of K9.4 billion by about K1.2 billion. Withholding taxes also contributed significantly to the commendable performance of incomes and profits taxes as they amounted to K4.7 billion, thus about K1.5 billion over and above its quarterly target.

However, the overall performance of this group of taxes is brought down by the underperformance of corporate taxes during the quarter, particularly provisional taxes which registered almost 50% of its expected collection, amounting to K1.7 billion against a target of K3.4 billion. International trade taxes, especially import duties, also performed below expectation as they amounted to about K4.6 billion against a target of K5.6 billion, thus a shortfall on its quarterly target of about K1 billion. Other taxes performed well on aggregate as they

exceeded their target by about K444 million mainly due to the performance of Dividend tax.

Table 2.1 clearly points to the fact that underperformances in tax revenues in the first quarter of 2011/12 Financial Year were mainly due to the shortfalls in taxes on goods and services particularly import excise and import VAT as well as taxes on international trade especially import duties. The underperformance of tax collections is largely due to the delay in implementation of revenue administration and collection reforms as stated in the 2011/12 Budget Statement. These include reforms in collection of Taxes such as the introduction of the Electronic Tax Registers (ETRs) which have not been implemented yet, the installation of scanners at boarder posts and the establishment of the Customs Data Processing Centre which is expected to reduce leakages in customs revenue since it will reduce interaction between the tax payer and the customs officials. It is expected that once these reforms have been fully implemented, tax revenues should bounce back and meet the targets in the subsequent quarters.

Table 2.1 Tax Revenue Performance

Type of Tax	Q1 Actual	Q1 Target	Variance
Income and profits	19,152.47	18,816.53	335.94
Individual	11,311.02	10,518.84	792.18
PAYE	10,623.54	9,428.91	1,194.63
Other Individual	687.48	1,089.93	- 402.44
Fringe benefit	466.73	762.59	- 295.86
Non-resident tax and others	220.75	327.34	- 106.58
Corporate	3,180.91	5,176.44	- 1,995.54
Company assessments	1,442.07	1,732.17	- 290.10
Provisional	1,738.84	3,444.27	- 1,705.43
Withholding	4,660.55	3,121.25	1,539.29
Goods and services	20,221.17	25,902.00	- 5,680.83
VAT	15,501.89	17,570.83	- 2,068.95

Type of Tax	Q1 Actual	Q1 Target	Variance
Domestic	8,069.58	8,593.18	- 523.60
Import	7,432.30	8,977.65	- 1,545.35
Excise Duties	4,719.28	8,331.16	- 3,611.88
Local	1,940.95	2,378.21	- 437.26
Import	2,778.33	5,952.95	- 3,174.61
International trade	4,606.71	5,581.80	- 975.09
Import duty	4,631.29	5,581.80	- 950.51
Prepayment	- 24.58	-	- 24.58
Other	606.05	161.29	444.76
Misc. duties	89.42	52.40	37.02
Tax refunds	-	-	-
Penalties	14.58	22.44	- 7.86
Dividend	500.67	86.45	414.22
Turn-over tax	1.37	-	1.37
TOTAL TAX REVENUE	44,586.40	50,461.62	- 5,875.22
Total Tax Refunds	-	2,609.17	- 2,609.17
			-
NET TAX REVENUES	44,586.40	47,852.45	- 3,266.05

2.4 Performance of Non – Tax Revenues in the First Quarter of 2011/12 Financial Year

Table 2.2 below presents the outturn in non – tax revenues in the first quarter of the 2011/12 financial year against their set targets. As can be depicted, non – tax revenue did not perform well during the period under review as they amounted to K6.3 billion against a target for the quarter of K9.7 billion, representing an under collection of about 36%.

The table illustrates that the underperformance in non – tax revenue collection during the period was largely on account of shortfalls in departmental receipts, which amounted to K2.3 billion against a target of K3.5 billion, as well as shortfalls in fuel levies which registered a collection of K3.9 billion against a

target of K6.2 billion, thus a shortfall of about K2.3 billion. Within the fuel levies, the biggest shortfall was recorded in PIL receipts to NRA which amounted to K1.7 billion against a target of K2.9 billion. The major cause for the poor outturn on fuel levies is the unexpected irregular flow of fuel that the country has been experiencing. With the adjustment in pump prices effected in October 2011, it is expected that once fuel supplies stabilises, these revenues should bounce back in the subsequent quarters.

Table 2.2 Non – Tax Revenue Performance in the First Quarter

Type of Non Tax Revenue	Q1 Actual	Q1 Target	Variance
Department Receipts			
Immigration	840.72	750.00	90.72
Civil Aviation	200.58	425.00	-224.42
Road Traffic	476.09	575.00	-98.91
Marine	0.46	3.75	-3.29
Met. Services	0.90	0.25	0.65
Police	192.32	225.00	-32.68
Geo Survey	0.01	0.25	- 0.24
Trade and Industry	46.58	30.00	16.58
Forestry	0.16	75.00	-74.84
Agriculture	18.35	37.50	- 19.15
Youth, Sports	3.65	3.75	- 0.10
Labour & Social Services	7.29	15.00	- 7.71
Judiciary	1.88	13.61	-11.73
Fisheries Department	1.64	2.94	- 1.30
Mines	67.80	75.00	- 7.20
NSO	0.16	15.00	-14.84
Education	54.40	200.00	- 145.60
Finance	2.35	20.00	- 17.65
Accountant General	7.45	25.00	-17.55
Registrar General	177.23	157.50	19.73
Audit	3.76	0.25	3.51
Government Stores	0.18	1.25	- 1.07
ODPP	0.13	6.25	- 6.12
Lands & Phy. Planning	145.96	825.00	- 679.04

Type of Non Tax Revenue	Q1 Actual	Q1 Target	Variance
Health & Population	73.09	15.00	58.09
Information	6.76	2.50	4.26
Tourism & Parks	3.33	8.58	- 5.25
Water & Irrigation	6.07	3.75	2.32
Women & Children	5.44	12.50	-7.06
Prisons	0.13	0.38	-0.24
Administrator General	0.06	0.10	- 0.04
Total Departmental Receipts	2,344.93	3,525.11	-1,180.17
PIL Receipts to NRA	1,667.78	2,922.13	- 1,254.35
PIL Receipts for Safety Nets	909.67	1,766.54	- 856.87
Rural Electrification Levy	1,014.06	906.35	107.71
Storage Levy	341.22	623.00	-281.78
Total Fuel Levies	3,932.73	6,218.02	- 2,285.30
TOTAL NON TAX	6,277.66	9,743.13	-3,465.47

Departmental receipts have performed poorly during the quarter, with most revenue collecting departments missing their targets. Lands and Physical Planning recorded the biggest shortfall, registering a collection of about K146 million against a target of K825 million, thus a collection of only 18% of the quarterly projection. Civil Aviation also registered significantly poor revenue collection, as they registered a total collection of K200.6 million against a target of K425 million, representing an under collection of about K224.4 million. Other departments/ministries that recorded some poor revenue collection performance during the quarter included Education with 27% collection, Forestry with merely 1% collection and Judiciary that had about 14% collection. The poor performance in departmental receipt is generally attributed to a number of factors which include, among others, delayed implementation of the revenue enhancing measures as announced in the 2011/12 Budget Statement such as the introduction/revision of user fees and charges.

Although, many departments failed to meet their set targets, some departments have performed exceptionally well and exceeded their respective targets for the quarter. These included; Immigration Department, Metrological Services Department, National Audit Office, Ministry of Health and Population, the Registrar's General Department and Ministry of Industry and Trade.

2.5 Conclusion

The report has revealed that generally revenue collection in the first quarter has been below the set targets. This has been due to a number of factors which include delayed implementation of tax policy reform measures, irregular flow of fuels and delayed introduction of user fees and charges.

Government is optimistic on the outlook for the subsequent quarters as most of these pressing challenges are being improved. Revenue performance is expected improve once some of the revenues measures are fully implemented, such as gazetting of some user fees/charges and some tax revenue collection reforms such as the introduction of the Electronic Tax Registers and Customs Data Processing Centre. Additionally, the Government will continue to enhance the revenue monitoring activities to ensure that there is an overall improvement in collections and banking of revenues, besides ensuring that Ministries and Departments take seriously the issues of revenue collection.

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

3.1 Introduction

In the 2011/2012 Financial Year, Government projected to receive grants from Cooperating Partners to the tune of MK65.23 billion representing 21 percent of the total receipts for the fiscal year. Of this sum, MK19.81 billion are Program or Budget Support resources, MK28.34 billion are Dedicated Grants and MK17.09 billion are Project resources.

In the first quarter of the 2011/12 Financial Year, Government projected to receive MK11.21 billion in total grants of which MK6.93 billion are Dedicated Grants and MK4.27 billion are Project Grants. This Chapter examines the performance of inflows of grants to Government in the first quarter of the 2011/12 fiscal year and discusses factors that explain performances displayed in the respective grants.

3.2 Performance in Overall Inflows of Grants in the Financial Year

Table 3.1 presents the performance in overall inflows of Grants in the first quarter of the financial year. As can be depicted, overall grants were down by MK6.26 billion in the quarter. Out of the total prospective inflows of MK11.21 billion, grants amounting to MK4.94 billion were disbursed during the quarter.

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

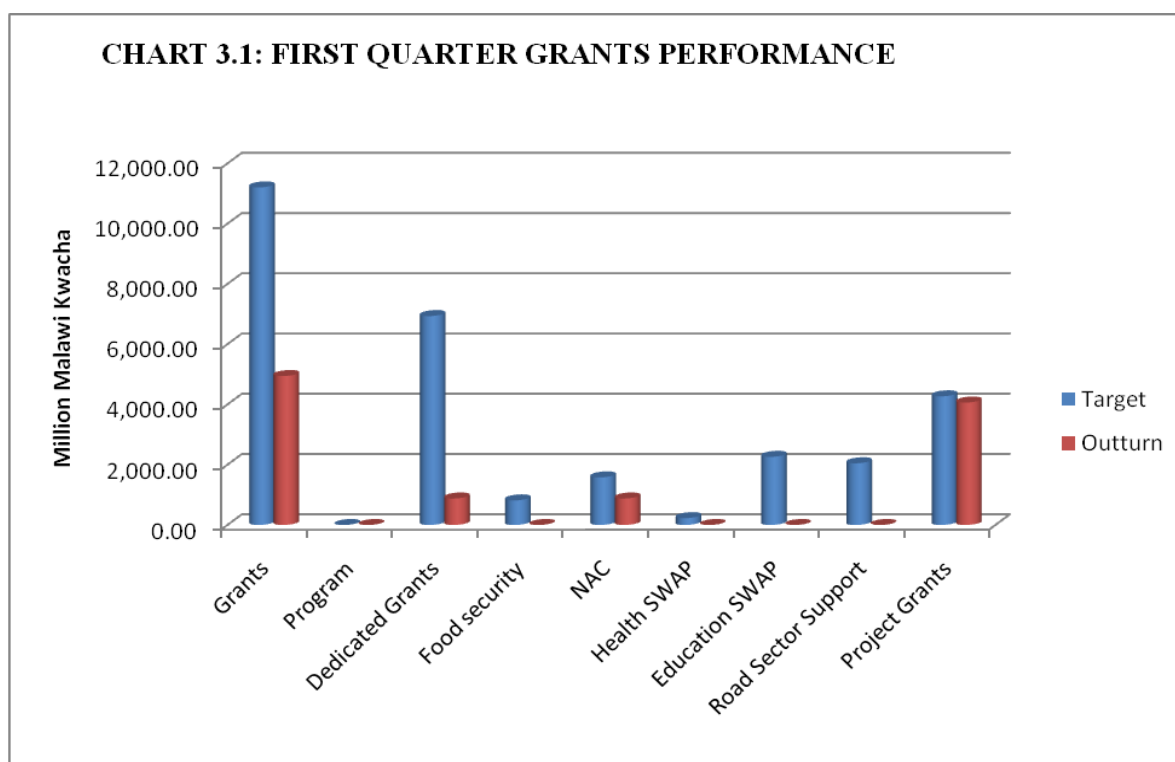
	Approved Provision 2010/11	Target	Outturn	Variance (Outturn-Target)
	<i>(Million Kwacha)</i>			
Grants	65,233.00	11,205.40	4,944.50	-6,260.90
Program	19,811.00	-	-	-
Dedicated Grants	28,336.00	6,934.00	880.6	-6,053.40
Food security	2,545.00	817	-	-817
NAC	4,812.00	1,580.00	880.6	-699.4
Health SWAP	10,064.00	227.4	-	-227.4
Education SWAP	8,868.00	2,262.00	-	-2,262.00
Road Sector Support	2,048.00	2,047.70	-	-2,047.70
Project Grants	17,086.00	4,271.40	4,063.90	-207.5

During the quarter, no Budget Support resources were expected and no resources were received. This was so because most of the Budget Support resources are expected to be disbursed in the second and third quarters of the financial year. A total of MK6.93 billion in Dedicated Grants was projected to be received in the first quarter. Out of this amount, only MK880.6 million has been received and these resources were disbursed under NAC.

Project Grants also underperformed in the first quarter as shown by an unfavourable variance of MK207.5 million. The actual outturn for Project Grants in the first quarter was MK4.06 billion against a target of MK4.27 billion. It can be noted from the outturn that all types of grants underperformed in the first quarter. This is a worrisome trend as it puts pressure on Government borrowing and also derails timely implementation of activities.

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

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



Overall, dedicated grants underperformed in the first quarter of the 2011/12 financial year by MK6.05 billion from a target of MK6.93 billion to actual disbursement of MK880.6 million. The underperformance in dedicated grants in the first quarter is largely explained by a big underperformance in almost all types of Dedicated Grants which include Education SWAP, Road Sector Support, National AIDS Commission (NAC) inflows, Food Security resources and Health SWAP. Education SWAP underperformed by MK2.26 billion, Road Sector Support by MK2.05 billion, Food Security by MK817 million, NAC by MK699.4 million and Health SWAP inflows underperformed by MK227.4 million.

3.4 Conclusion

It is clear from the figures that the disbursement of resources under Dedicated Grants has not been consistent with projections in the first quarter of 2011/12 fiscal year. This poses a huge risk to the implementation of the 2011/12 budget as it affects timely implementation of programmes.

Performance of Expenditures in the Quarter

4.1 Introduction

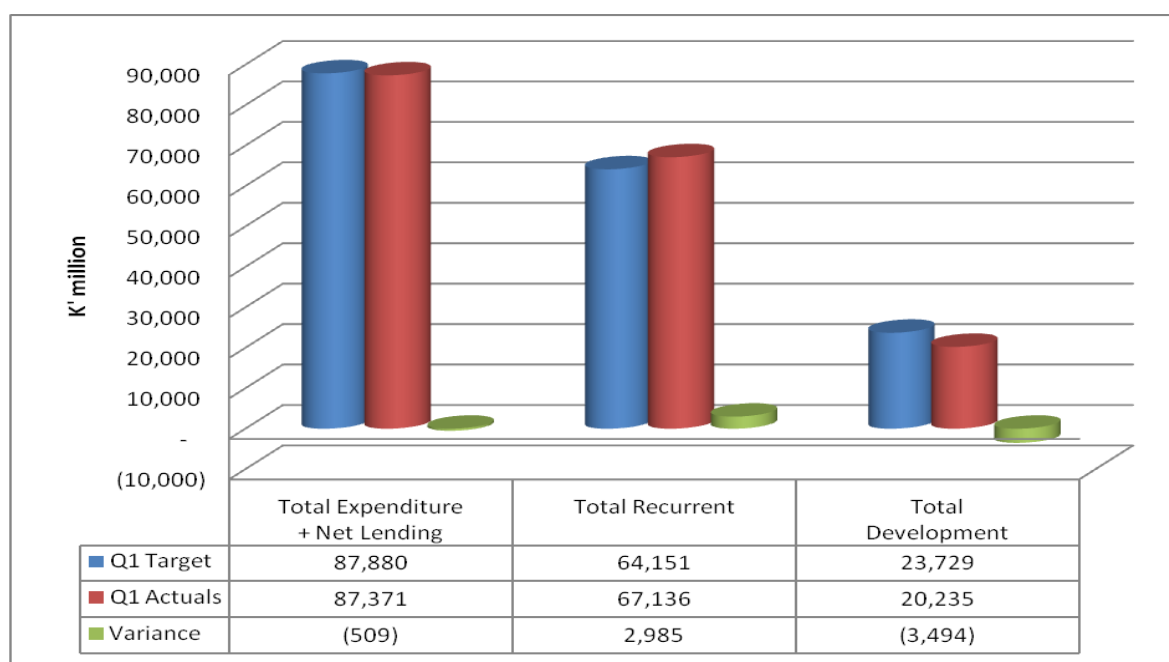
In the 2011/12 Financial Year, Government planned to spend of K304 billion of which K234 billion are Recurrent Expenditures comprising K66 billion for wages and salaries and K168 billion for other recurrent transactions (ORT); and K69.8 billion are Development Expenditures consisting of K29.4 billion as Part I resources and K40.4 billion as Part II resources.

Out of the K304 billion expenditures, Government planned to spend K87.9 billion in the first quarter of which K64.1 billion are recurrent expenditures and K23.7 billion are development expenditures as shown in Chart 4.1. This chapter therefore analyses Government expenditure against these targets and explains some of the underlying factors in the patterns of expenditure shown.

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

Chart 4.1 overleaf shows overall Government expenditures in the quarter under review. As depicted in the chart, overall expenditures for the quarter were down by K0.5 billion. Out of the projected expenditures for the quarter, Government spent K87.3 billion representing an underexpenditure of 0.6 per cent. This entails that expenditures were contained within the set targets.

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



4.2.1 Performance of Recurrent Expenditures in the Quarter

Overall, Recurrent Expenditures in the first quarter were up by K2.9 billion. Comparatively, actual Recurrent Expenditures came to K67.1 billion against a quarterly target of K64.2 billion representing an overexpenditure of 4.7 per cent. Table 4.1 gives detail of the Recurrent Expenditures in the quarter.

Table 4.1 Recurrent Expenditure in the Quarter

Category	Q1 Target (K' million)	Q1 Outturn (K' million)	Variance between Target and Outturn (K' million)
Recurrent Expenditure	64,151	67,136	(2,985)
Wages and Salaries	16,799	15,646	1,153
Interest on Debt	4,180	6,849	(2,670)
Foreign	237	139	97
Domestic	3,943	6,710	(2,767)
Goods and Services	30,566	27,210	3,356
Subsidies and Transfers	12,606	17,431	(4,825)

4.2.1.1 Wages and Salaries

As noted in Table 4.1, expenditures on wages and salaries are within the projected amount of K16.8 billion. However, wages and salaries have risen by 15 per cent when compared with the wage bill in the first quarter of the 2010/11 Financial Year. This is on account of annual salary adjustments and recruitment in key Government institutions.

4.2.1.2 Interest on Debt Repayment

Interest on both foreign and domestic debt was above the quarterly target by K2.8 billion. This expenditure reflected the increased obligation Government had to pay for all its interest and principal repayment requirements.

4.2.1.3 Subsidies and Transfers

First quarter expenditures under the subsidies and transfers amounted to K17.4 billion against a target of K12.6 billion. This was mainly due to frontloaded payment for the fertilizer procurements.

4.2.1.4 Goods and Services

Expenditures on goods and services were below the target for the first quarter by K3.4 billion. This, in part, is attributed to the austerity measures implemented in the quarter. In the event that all the measures, especially those dealing with central management of assets and procurements, are fully implemented, it is envisaged that more savings would be made in the subsequent quarters. Specific measures and their performance included the following:

- **Internal Travel Control Measure:**

Government should continue with the current restriction on internal travel to a maximum of 5 days in a month as this has proved to have tremendously reduced expenditures on internal travel item. Controlling Officers in Votes that have overspent on this budget line should strictly adhere to this expenditure control measure;

- **External Travel Control Measure:** Authorisation to external travel should be restricted to essential trips only and those fully funded. This will help to maintain low levels of expenditure on foreign travel item. Controlling Officers with particularly higher levels of spending on this budget line should strictly adhere to this expenditure control measure;

- **Fuel and Lubricants Control Measure:** The analysis has shown that where there were high levels of spending on subsistence allowances, fuel and lubricants expenditures were also high. This entails that Controlling Officers strictly adhere to the 5 day per month rule, then expenditures on fuel and lubricants will also be contained;

- **Motor Vehicle Maintenance and Running Costs:** Government needs to urgently speed up the transfer of Government vehicles to the PVHO so that expenditures on this budget line are moderated;

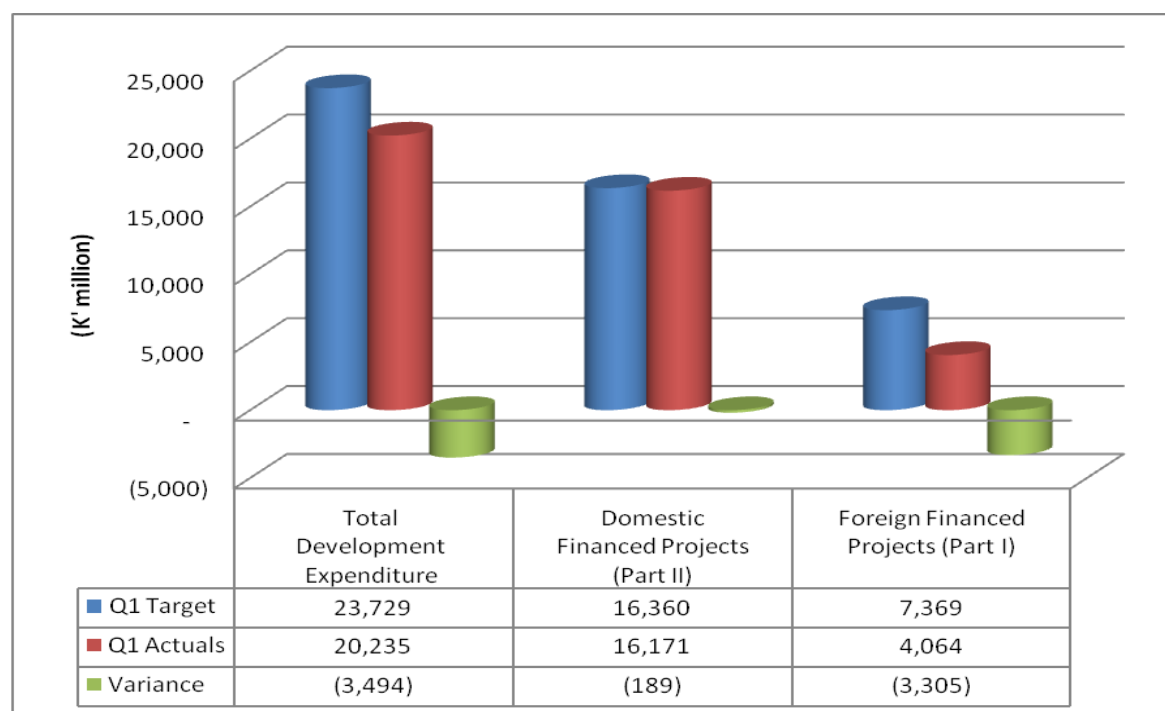
- **Government Contracting-Out Unit (GCU):** Although the analysis did not include project expenditures, but the speedy setting up of the GCU will assist in ensuring that Government gets value for money for its project expenditures; and

- **Central Procurement of Items:** Expenditure control measures requiring that procurements of drugs, medical supplies, stationery and other fast moving items are done centrally through the Central Medical Stores, Government Stores and Government Print have not yet fully taken off ground. Government should speed up these processes.

4.2.2 Performance of Development Expenditures in the Quarter

Government planned to spend MK23.7 billion in the first quarter of the financial year of which MK16.4 billion was to be financed using domestic resources (Part II) and MK7.3 was for foreign financed projects (Part I). As depicted by Chart 4.2 below, the Development budget underperformed by MK3.5 billion which is 15 per cent below the target. The underperformance was largely on account of low levels of activity in Part I projects which resultantly fell short by MK3.3 billion and Part II projects which underperformed by MK0.2 billion.

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

Unlike the Recurrent Budget, the Development Budget extremely underperformed. The underperformance in Development Budget expenditure is mainly on account of delayed inflows in project grants by Development Partners. It is expected that once these resources come through in the other quarters then the expenditures in the Development Budget will also improve.

Conclusion and Recommendations

The report has revealed that revenue collection in the first quarter of the financial year was below the target and this was mainly due to slow revision and introduction of user fees and receipts by revenue collection agencies. It is however envisaged that the situation would improve in the second quarter.

Disbursement of funds under grants also underperformed in the quarter under review. There is need for Development Partners and Government to engage each other to ensure minimal disruption of inflows in the ensuing quarters.

In summary, expenditures of Government in the first quarter of the financial year are within the definition of the ZDB and that the introduction of the expenditure control measures has assisted Government in moderating expenditure across the various Government Ministries and Departments.

ANNEX 1 A COMPENDIUM OF THE DEVELOPMENT PROJECTS

Vote	Project	2011/12 Budget Estimates			Progress of Implementation		
		Part I Allocation	Part II Allocation	Total	Expenditure Q1	Performance	Comments on Project Implementation
050 State Residences	060 - Construction & Rehabilitation of State House & Lodges		300,000,000	300,000,000	100,000,000		Chikoko Bay has been painted, Cold rooms for Sanjika Palace repaired, the Marquee tent at the New State House improved, and Blantyre Office Block rehabilitated
070 The Judiciary	061-Construction and Rehabilitation of Courts		60,000,000	60,000,000	22,926,199		Several Courts have been rehabilitated
	062-Commercial Court		400,000,000	400,000,000	87,280,192		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	13,885,217		The project is at ring beam level.
	064-Judiciary Headquarters - Lilongwe		15,000,000	15,000,000	500,000		No progress has been recorded the project awaits a loan from China.
080 National Assembly	Construction of Malawi National Assembly		70,000,000	70,000,000	40,000,000		Good progress on the national assembly building
090 Office of the President and Cabinet	073-Quick Impact Results		20,000,000	20,000,000	4,000,000		
	076-Malawi Public Service Charter Programme		20,000,000	20,000,000	2,000,000		
	078-GreenBelt Initiative		200,000,000	200,000,000	32,000,000		Irrigation communities established in Mnema in Salima
	080-Capacity Development for Public Sector Mgt	205,770,000	50,000,000	255,770,000	9,000,000		
	074-National Registration Bureau		240,000,000	240,000,000	61,000,000		

Vote	Project	2011/12 Budget Estimates			Progress of Implementation		
		Part I Allocation	Part II Allocation	Total	Expenditure Q1	Performance	Comments on Project Implementation
	081-E-Government		100,000,000	100,000,000	16,800,000		
	083- Shire Zambezi Waterway		150,000,000	150,000,000	25,000,000		Feasibility studies underway
	084- CIVO Service Sporting Club		50,000,000	50,000,000	20,000,000		Rehabilitation is underway and expected to be completed in Jan 2012
093 Department of Public Service Management	Human Resources Management Information System		64,213,085	64,213,085	28,878,127		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.
094 Nutrition, HIV/AIDS & National Aids Commission	061-Nutrition Services Delivery Support		150,000,000	150,000,000	51,040,155		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 people trained in Essential Nutrition Package in 17 districts
	062-National Nutrition, HIV/aids Research Program		40,000,000	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

Vote	Project	2011/12 Budget Estimates			Progress of Implementation		
		Part I Allocation	Part II Allocation	Total	Expenditure Q1	Performance	Comments on Project Implementation
							level conducted which has led to the development of a new project to strengthen Planning Systems at District level for HIV and AIDS interventions. And study is underway on the development of National HIV and AIDS Sustainable Financing Strategy.
100 Ministry of 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	819,357		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	21,752,060		Rehabilitation of Mafo 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 Dinning		210,000,706	210,000,706			Designs are being drawn by the Contractor
	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	2,957,554		Contract with CRWB is still on going.
110 Development Planning	064-Infrastructure Services Development Project	820,000,000	15,000,000	835,000,000	9,172,401		
	066-Joint Support to Monitoring and Evaluation Programme	221,280,000	20,000,000	241,280,000	13,435.100		51 Non-Established economists and 16 data clerks recruited and deployed to ministries
	068-Capacity Enhancement in PSIP		20,000,000	20,000,000	16,900,000		Trained planning officers in ministries and departments on the use of PSIP data base.

Vote	Project	2011/12 Budget Estimates			Progress of Implementation		
		Part I Allocation	Part II Allocation	Total	Expenditure Q1	Performance	Comments on Project Implementation
	070-Institutional Support for Undertaking and Coordinating Population Research in Malawi	15,000,000	20,000,000	35,000,000	6,238,000		Commemoration of the Worlds Polpulation Day done (7 th Billion baby day). Integrated the world population trends into policy framework. Sensitisation workshop conducted on population and development targeted at Disticts
	072-Institutional Cooperation	76,000,000	30,000,000	106,000,000	7,010,000		Data collection for macroeconomic modeling done. Trained economists on macroeconomic modelling
111 National Statistical Office	068-Welfare Monitoring Survey		30,000,000	30,000,000	10,000,000		Field workers were successfully trained for the survey and have departed for their respective survey areas.
	069-Perfomance,Evidence and Accountability		10,000,000	10,000,000	1,250,000		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	6,150,180		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	115,033,223		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 complited 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.

Vote	Project	2011/12 Budget Estimates			Progress of Implementation		
		Part I Allocation	Part II Allocation	Total	Expenditure Q1	Performance	Comments on Project Implementation
	087-Construction of Urban and Rural Markets		200,000,000	200,000,000	120,876,099		Most Markets are completed and some are very near completion.
	090- Rural Livelihood & Economic Enhancement	369,560,000	15,100,000	384,660,000	3,250,497		Trained farmers in in value chain analysis and market research.
130 Ministry of Lands and Natural Resources	63-Demarcation of International Boundaries - Malawi - Zambia Border		30,000,000	30,000,000	10,436,400		Beacons installation on a stretch of 139 kms
	64-Hydrographic Survey of Malawi		37,000,000	37,000,000	10,315,000		Installation of VESST in progress and production of maps carried out
	074-Construction of Chief's Houses and Office (CC 009)		60,000,000	60,000,000	5,320,232		Chief Lundu's House construction on track
	80-Malawi - Mozambique Border Stabilisation		36,000,000	36,000,000	10,436,400		Intermediate pillars for a stretch of 113 kms installed
	82- Construction of Government's Regional Offices Capital Hills (CC 009)		600,000,000	600,000,000	110,101,771		Certificates for completion of works prepared and presented for funding
	88-Land Information Management Systems		50,000,000	50,000,000	28,015,000		50 sheets of maps prepared
	86-Construction of Government Regional offices		50,000,000	50,000,000	23,711,881		
180 Youth Development and Sports	080-Rehabilitation of Kamuzu Stadium		260,000,000	260,000,000	243,500,000		Very good progress and funds permitting the project would be completed by July 2012
	082-Integrated Youth Development Initiative (BT)	60,400,000	80,000,000	140,400,000	20,390,560		

Vote	Project	2011/12 Budget Estimates			Progress of Implementation		
		Part I Allocation	Part II Allocation	Total	Expenditure Q1	Performance	Comments on Project Implementation
190 Ministry of Agriculture and food Security	067-Promotion of Cotton Growers (CC 059)		1,600,000,000	1,600,000,000	707,385,000		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	40,000,000		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	8,770,000		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	21,257,556		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.
	093-Agriculture Infrastructure Support Project	2,500,000,000	50,000,000	2,550,000,000	11,521,850		Extension of Dwangwa Cane Growers Trust in progress
	085-Malawi Agriculture Regulatory and Advisory		10,000,000	10,000,000	8,647,000		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	3,000,000		Surveys and verifications carried out undr
	096-Songwe River Basin Development Programme (Hqs)	610,000,000	80,000,000	690,000,000	12,500,000		
	098-Water Retention Structure Development Programme(Multi Purpose Dams along Shire River)		250,000,000	250,000,000	140,500,000		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 Rular Piped Supply in Malawi		30,560,000	30,560,000	29,700,000		Designs and supervision of work including solar panels, construction of security structures and schemes and bore hole drilling supervision including training

Vote	Project	2011/12 Budget Estimates			Progress of Implementation		
		Part I Allocation	Part II Allocation	Total	Expenditure Q1	Performance	Comments on Project Implementation
							beneficiaries.
	079-Dispersed Borehole Construction -PPE		125,000,000	125,000,000	30,000,000		18 boreholes drilled 70 sited
	071-Smallholder Crop Production and Marketing	2,000,990,000	117,000,000	2,117,990,000	23,399,078		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		125,000,000	125,000,000	87,000,000		Farmer awareness conducted, processed final payments for contractors, finalized lease on Lweya Irrigation scheme, plus weekly meetings with farmers. Facilitated the mobilization of irrigation Machinery composing of front loader and excavator
	061-National Water Development Programme II	2,758,050,000	332,000,000	3,090,050,000	75,955,820		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	14,046,600		80% of preparatory work like designs carried out in the implementation districts. There is progress in several sites: Nazing'ombe in Ntcheu, Chankhama, Chipaya, Chivungulu in Rumphi, Msikita in Mulanje, Chikoleza in Dedza, Chitungulu in Nkhatabay an Hara in Karonga.
	109-Water, Sanitation and Hygiene		100,000,000	100,000,000	-		
	108-Motorised Pumps		115,000,000	115,000,000	115,000,000		Outstanding payment made to Valiant Glass for motorized pumps.

Vote	Project	2011/12 Budget Estimates			Progress of Implementation		
		Part I Allocation	Part II Allocation	Total	Expenditure Q1	Performance	Comments on Project Implementation
250 Ministry of Education, Science and Technology	060-Construction of 7 Girls' Hostels		500,000,000	500,000,000	85,312,290		
	061-ADF1 V - Construction of Community Day Secondary Schools		111,000,000	111,000,000	32,219,933		2 CDSS (Changoima in Chikwawa and Khwalala in Mulanje) upgraded
	062-ADF V - Education Project	618,980,000	300,000,000	918,980,000	1,719,872		90% average completion on 5 CDSS's. On thraining, about 166 teachers upgraded to Diploma Level.
	066-Rehabilitation of Secondary Schools (SWAp)		250,000,000	250,000,000	3,917,312		
	075-Rehabilitation of 7 Technical Colleges		50,000,000	50,000,000	17,328,138		
	078-Rehabilitation of Primary Schools		2,200,000,000	2,200,000,000	491,490,445		Commencement of site verification delayed but due to be started end October and be completed in early November.
	079-Rehabilitation of TTCs		110,000,000	110,000,000			
	080-Mass Adult Literacy		176,187,139	176,187,139	93,840,038		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
	085-DAPP TTCs		132,720,000	132,720,000	33,182,500		
	096-Construction of Phalombe TTC	31,200,000	200,000,000	231,200,000	4,600,600		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.

Vote	Project	2011/12 Budget Estimates			Progress of Implementation		
		Part I Allocation	Part II Allocation	Total	Expenditure Q1	Performance	Comments on Project Implementation
270 Ministry of Finance	061 - Introduction of New Budgeting System		100,000,000	100,000,000	26,142,226		Under the capacity building component, two officers from the Budget Division have been sent for long term training and upgrading of 6 officers in local universities
271 Accountant General	065 - Contruction of Salima,Rumphi and Regional Centre Treasury Cashiers Offices		150,000,000	150,000,000	0		The project did not receive funding in Q1 but a contractor has been identified.
	066 - IFMIS Roll Out		200,000,000	200,000,000	30,000,000		Payments for licence fees and software upgrading and maintainance
310 Ministry of Health	061 - Rehabilitation of Zomba Central Hospital		350,000,000	350,000,000	42,959,130		Shortlisting - Contract terminated. (95% completed for phase I).
	066 - Construction of New Nkhata Bay District Hospital		800,000,000	800,000,000	59,120,882		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	151,311,487		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, Nathenje, Nyanja and Kabudula health Centres. The only challenge is 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.

Vote	Project	2011/12 Budget Estimates			Progress of Implementation		
		Part I Allocation	Part II Allocation	Total	Expenditure Q1	Performance	Comments on Project Implementation
							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	21,950,247		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	100,000,000		Construction underway
	092 - Support to Training Institutions		500,000,000	500,000,000	91,665,483		There is progress because many health training institutions are benefiting on this project. To be completed by end of calendar year (31st Dec)
	097- Improving Medicals Equipment and Facilities		250,000,000	250,000,000			To start procurement by Dec
	098- Health Sector Support		180,000,000	180,000,000			Handing over sites for Phase I. Dec 31 to complete 14 Sites.

Vote	Project	2011/12 Budget Estimates			Progress of Implementation		
		Part I Allocation	Part II Allocation	Total	Expenditure Q1	Performance	Comments on Project Implementation
320 Gender, Child and Community Development	064 - Social Cash Transfer	592,000,000	70,000,000	662,000,000	4,981,999		Beneficiaries identified in Machinga and Likoma and resources disbursed
	061 - Refurbishment of Magomero College		117,000,000	117,000,000	29,800,000		Computer laboratory rehabilitated. Review of the College master plan in progress
330 Information and Civic Education	060 - National Fiber Optic Cable Back Networking		23,400,000	23,400,000	15,000,000		No progress because of the inadequate funding. The work that would have been done in the first phase required MK140 Million. The funding so far has been used to procure UPS and training of officers on internet management
	061 - Digital Migration Project		200,690,000	200,690,000	20,000,000		Slow but momentum will improve after the consultant submits a report Consultant engaged to develop implementation plan together with equipment requirements and costing
340 Ministry of Home Affairs and Public Security	080 - Staff Houses Programme (Immigration)		70,000,000	70,000,000	15,000,000		Rehabilitation of immigration staff houses is underway in Karonga and Mwanza
	079 - Water Metering		60,000,000	60,000,000	5,000,000		Individual are meters are fixed at Nkhatabay Prison
	083 - Computerisation of Finger Print Bureau		105,000,000	105,000,000	45,000,000		Finger print identification system installed and operational training is underway
	066 - Construction & Rehab.of Police Offices & Staff Houses		185,000,000	185,000,000	15,000,000		Rehabilitation of houses is underway in Blantyre, Mtakatika and Kaporo
342 Department of Prisons	077 - Construction of Prison Cells & Staff Houses		150,000,000	150,000,000	33,000,000		A contractor for the construction at Chitedze has been indentified and compensation is being paid

Vote	Project	2011/12 Budget Estimates			Progress of Implementation		
		Part I Allocation	Part II Allocation	Total	Expenditure Q1	Performance	Comments on Project Implementation
360 Ministry of Tourism, Wildlife and Culture	076 - Chongoni Rocks (CC 007)		100,000,000	100,000,000	14,779,897		The resources were used to construct staff houses, an information centre and a workshop.
	085- Acquisition of French Cultural Centre		300,000,000	300,000,000	300,000,000		The whole amount was paid to National Bank for RBM externalization to Paris
	083- International Conference Centre (ICC) and Presidential Villas		600,000,000	600,000,000	269,000,000		The centre has been connected to the utility service networks/grids
370 Ministry of Labour	061 - Decent Work Country Programme for Malawi		80,000,000	80,000,000	14,959,662		Support to Child Labour networks provided. Child sweeping and women profiling exercise done
390 Ministry of Industry and Trade	070- MAWTCO		11,000,000	11,000,000	5,000,000		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	25,000,000		400 farmers trained, Market and trade information is being provided, Markets access training done, 6 cooperatives registered, two in Karonga, Salima, and Chikhwawa
	081 - Horticultural & Floricultural Exports Project		40,000,000	40,000,000	20,000,000		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.

Vote	Project	2011/12 Budget Estimates			Progress of Implementation		
		Part I Allocation	Part II Allocation	Total	Expenditure Q1	Performance	Comments on Project Implementation
	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 Nkhotakota and Rumph the Business Centers has been completed.
	083 - One Village One Product		65,000,000	65,000,000	28,273,777		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
400 Ministry of Transport, Public Works and Infrastructure	092 - Rehabilitation of Railway System		200,000,000	200,000,000	75, 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	150,000,000		Works are in progress. So far, the structural pillars have been constructed. However, works are being hindered by inability by the buildings department to provide designs.
	091 - Construction of Jetty(s)		130,000,000	130,000,000	0		Works are in progress at Karonga airfield.
420 National Road Fund Administration	116 - Liwonde - Nachinga Road		14,662,500	14,662,500	14,662,500		The project stalled. Efforts to make sure that the project recommences are in progress.
	119 - Lilongwe - Dedza - Nsipe		850,000,000	850,000,000	99,220,000		Work is in progress on this road but slow due to fuel shortage. Overall, 100 km. has been done
	076 - Thyolo - Thekerani - Muona Bangula		900,000,000	900,000,000	310,361,688		There is no progress on this project due to contractual problems which have since been resolved and works should start any time soo.

Vote	Project	2011/12 Budget Estimates			Progress of Implementation		
		Part I Allocation	Part II Allocation	Total	Expenditure Q1	Performance	Comments on Project Implementation
	068 - Zomba - Jali - Kamwendo - Phalombe - Chitakale		550,000,000	550,000,000	520,000,000		The project stalled due to contractual misunderstanding between the contractor and the consultant. The resources also were not enough to complete the project. Arrangements to contract a loan were in progress.
	109 - Zomba - Blantyre Road		150,000,000	150,000,000	138,082,000		Actual work has not started but a contractor has been identified to do the work
	110 - Lilongwe City By Pass (Bunda, Chinsapo, Kaunda Road Junction) Road		80,000,000	80,000,000	0		Feasibility study being done.
	062 - Bunda - Mitundu Road (Design)		40,000,000	40,000,000	102,148,000		completed
	080 - Lumbadzi Dowa - Ntchisi & Salima Spur		800,000,000	800,000,000	616,849,695		Work is slowly being done. Not much has been done and much of has been done is bush clearing up to 30 km.
	092 - Chiradzulu - Chiringa Upgrading		1,550,000,000	1,550,000,000	654,994,000		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.
	094 - Msulira - Nkhota Kota Road		1,300,000,000	1,300,000,000	870,011,909		There is very slow progress on this project. This is being attributed to unpaid certificates that are amounting to MK1.5 billion.
	097 - Bangula - Nsanje Road		500,000,000	500,000,000	299,624,318		The construction of this road has been completed and the contractor has since demobilised.
	100 - Mzuzu - Bula - Usisya Road		500,000,000	500,000,000	305,979,839		Over 70% complete and there is good progress being registered
	101 - Chiweta - Mlowe Road		120,000,000	120,000,000	209,984,000		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.

Vote	Project	2011/12 Budget Estimates			Progress of Implementation		
		Part I Allocation	Part II Allocation	Total	Expenditure Q1	Performance	Comments on Project Implementation
	093 - Malowa - Goliati - Chiperoni		50,000,000	50,000,000	166,104,000		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.
	102 - Kasitu - Rupashe - Kakwale Road		180,000,000	180,000,000	157,405,176		Not much being done.
	103 - Mtaja - Nayuchi Road		90,000,000	90,000,000	43,228,239		Not much work is being done on this stretch.
	114- Presidential way Extension		650,000,000	650,000,000	45,032,846		completed
	104 - Lilongwe - Kasiya Road-Santhe (Feasibility and Design)		50,000,000	50,000,000	0		Feasibility study in progress.
	107 - Chilinga - Mloza Road		36,000,000	36,000,000	20,000,000		Not much work is happening on this stretch.
	105- Mzimba Street Paul Kagame Round About		10,000,000	10,000,000	51,808,000		completed
	120- Mzimba - Eswazine - Mzlangwe Road		1,300,000,000	1,300,000,000	577,341,465		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	509,801,645		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 Ministry of Energy, Environment and Natural Resources	083 - Modernisation of Met Services for Aviation		75,000,000	75,000,000	14,900,482		On-going
	094 - Forestry Presevation Programme		10,000,000	10,000,000	0		Preliminary biomass assessment underway.
	086 - Community Vitalisation & afforestation in the Middle Shire		15,000,000	15,000,000	2,700,000		The first phase of the project has been completed. Currently now in the second phase.