



Implementing Program-Based Budgeting at Local Level Malawi's experience



Program-Based Budgeting in Eastern and Southern Africa:

What is working, where and how?

17th November 2021

Overview of Presentation

- Background;
- How Malawi's PBB merges policy and budget information;
- Main achievements so far;
- Challenges from the Councils;
- Challenges from the Center;
- Lessons learned;
- Way forward.

Background

- Malawi has a decentralized system based on one level of local government made of 35 Councils.
- The Government of Malawi (MoG) introduced Program Based Budgeting (PBB) in a few pilot ministries in the 2015/16 Fiscal Year (FY) and to all line ministries and MDAs in 2016/17.
- PBB was rolled out to all Councils in FY2017/18, based on a structure designed by NLGFC and MoFEP&D.
- NLGFC is the body tasked with providing the Councils with guidelines and support as well as to coordinate the PBB production and reporting process at local level.

How Malawi's PBB merges policy and budget information

Policy information

- Mission
- Strategic objectives
- Major achievements
- Programme Issues
- Program objectives, outcomes, outputs & indicators
- Staffing information

Budget information:

- Appropriations per program/ sub-program
- Program Economic classification and capital/ recurrent
- Budget by Cost Centers
- Capital projects

How Malawi's PBB merges policy and budget information

I-Mission	II-Strategic Objectives	III-Major Achievements	IV-Program Issues	V-Budget by Program
<ul style="list-style-type: none">• Describe LGAs Mandate and Vision	<ul style="list-style-type: none">• Program Objectives	<ul style="list-style-type: none">• Impacting on Program Outcomes	<ul style="list-style-type: none">• Affecting Program Outcomes	<ul style="list-style-type: none">• Program Budget• Sub-Program Budget
VI-Program Performance Information	VII-Budget By Economic Classification	VIII-Budget by Cost Centre	IX-Personnel Budget	X - Capital Budget By Project
<ul style="list-style-type: none">• Outcome Indicators• Output Indicators	<ul style="list-style-type: none">• Itemised Data• Old and new format	<ul style="list-style-type: none">• Budget summary for each cost centre	<ul style="list-style-type: none">• LGAs budgets by personnel	<ul style="list-style-type: none">• LGAs capital projects by Programme

Main achievements so far

- PBB has increased the level of transparency and accountability on public expenditures, also by helping to define priorities and following up on performance.
- PBB has provided a platform for improved and evidence-based decision making for policy-makers.

Challenges from the Councils

- PBB is not yet fully owned and understood by the Council personnel
- There are capacity challenges in PBB formulation and reporting
 - Indicators are defined at the center and thus not always relevant/realistic for the Councils which have issues in tracking the indicators inserted in the PBB
 - There is lack of clarity on how to account for off-budget resources
- Not all Councils report on PBB and most reports have quality issues
- Councils do not see the usefulness of PBB because at this point there is no link between PBB performance and budget allocations

Challenges from the Center

- Malawi's decentralization process is not yet complete, and several assignments were devolved without the corresponding resources.
- The devolved resources are broadly insufficient for the Councils to carry out their functions.
- The devolved resources are mostly for recurrent spending and thus curtail the capacity of Councils to invest.
- Lack of clarity on the PBB reporting period and differences on reporting systems between the LGA and line ministries.

Lessons learned 1/2

- The success of PBB depends on external factors such as (i) the completeness of the decentralization process in the country, particularly the adequacy of financing for the devolved functions and the nature of the funds transferred (recurrent/earmarked vs. development/fungible) and (ii) the link between the PBB performance and the future funding levels.
- The capacity to monitor for budget implementation at Council level is important to ensure adherence to the PBB as presented by the Councils. This in turn strengthens the perception of the PBB as a “serious” exercise.

Lessons learned 2/2

- For PBB to be successful, it is paramount to include the local level from inception and to properly capacitate all the relevant staff.
- PBB quality and responsiveness improves when staff at local level is provided support and capacity building.

Way forward

- The need for a further or continuous review of the PBB template to reach to a template and structure that is fully agreed upon by both the Councils and the MDAs.
- Devise a way to account for off-budget resources in the PBB to provide a more complete picture of the financing of the Councils.
- M&E functions at Council level should be strengthened and supported with data storage capacity to ensure relevant information for the PBB formulation is available.
- Continuous capacity building to Council staff on the PBB.
- Ensure a link between the PBB performance and the level of funding provided.



Thank you for our attention

