



MALAWI GOVERNMENT

2012/13 BUDGET PERFORMANCE QUARTERLY REPORT (Q2)

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 second Quarter of the 2012/13 Fiscal Year. The report provides a detailed analysis of the Revenues; status of Grants and Loans and Expenditures of Government. The objective is to appraise all Stakeholders on the current status of National Budget implementation 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 Stakeholders. Any further suggestions for improvements are welcome and can be submitted to the Secretary to the Treasury.

Abbreviations and Acronyms

ESWAP	Education SWAP
IFMIS	Integrated Financial Management Information System
FY	Financial Year
IMF	International Monetary Fund
MK	Malawi Kwacha
MDF	Malawi Defence Force
NAC	National Aids Commission
NRA	National Roads Authority
NTR	Non-tax Revenues
OPC	Office of President and Cabinet
OPV	Office of the Vice President
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

Executive Summary

Revenue Performance

In 2012/13 Financial Year, Government projected to collect total Domestic Revenues to the tune of K270.4 billion, of which, K236.4 billion were projected to be Tax Revenues and K33.9 billion Non-Tax Revenues. In the Second Quarter of the Financial Year, total Domestic Revenues were expected to be K69.0 billion of which, K60.7 billion and K8.3 billion were projected to be Tax Revenues and Non-Tax Revenues respectively. The actual outturn for Domestic Revenue for the quarter was 69.6 billion on the account of overperformance of Tax revenues of K62.7 billion and Non-Tax revenues of K6.9 billion. In general, Revenues overperformed by K0.7 billion in the quarter.

Performance of Inflows of Grants and Loans

In 2012/2013 Financial Year, Government projected to receive Grants amounting to K124.5 billion. Of this sum, K54.3 billion were projected to be Program Grants, K47.6 Dedicated Grants and K22.6 billion Project Grants. In the Second Quarter of the Financial Year, projected receipts from Grants were pegged at K51.2 billion, of which, K26.1 billion were projected to be Programme Grants, K18.9 billion Dedicated Grants and K6.1 billion Project Grants. The Outturn for the Second Quarter of the Financial Year represents an overperformance of Grants by K0.95 billion. A total of around K52.1 billion of Grants were received of which K32.1 billion were Programme Grants, K12.5 billion were Dedicated Grants and K7.5 billion were Project Grants.

Performance on Expenditures

In 2012/13 Financial Year, Government planned to spend K408.4 billion of which, K332.2 billion are projected to be Recurrent Expenditures and K76.2 billion Development Budget Expenditures. In the Second Quarter of the Financial Year, Government planned to spend K142.2 billion including net lending, of which, K116.6 billion are Recurrent Expenditures and K25.6 billion are Development Budget Expenditures. The outturn for the second quarter represents an overall underexpenditure of K4.7 billion including net lending registered mainly on Recurrent Budget.

INTRODUCTION

1.1 Background to the Report

In June 2012, the National Assembly approved a Budget of K408.4 billion inclusive of Net Lending for the 2012/13 Financial Year. This Budget is being financed by Domestic Resources amounting to K270.4 billion and K124.1 billion Grants.

In a view to assess the performance of the National Budget from time to time, the report is developed on quarterly basis to provide insight into all the relevant components of the budget.

This report therefore, examines the performance of Government Budget in meeting the set targets for the Second Quarter of the Financial Year, from October to December 2012. It highlights discrepancies between the projected estimates and outturn and also provides a possible explanation for such discrepancies.

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 Development Partners; and

- (iii) To present the details of Expenditures of Government in the second Quarter of the Financial Year.

1.3 Methodology

The review and assessment of Receipts and Expenditures for the second Quarter of the Financial Year was done in December, 2012. The work involved analysis of data from the Reserve Bank of Malawi, Expenditure Returns from the 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 focuses on the discussion of Expenditures while Chapter 6 concludes the Report.

Performance of Domestic Revenues

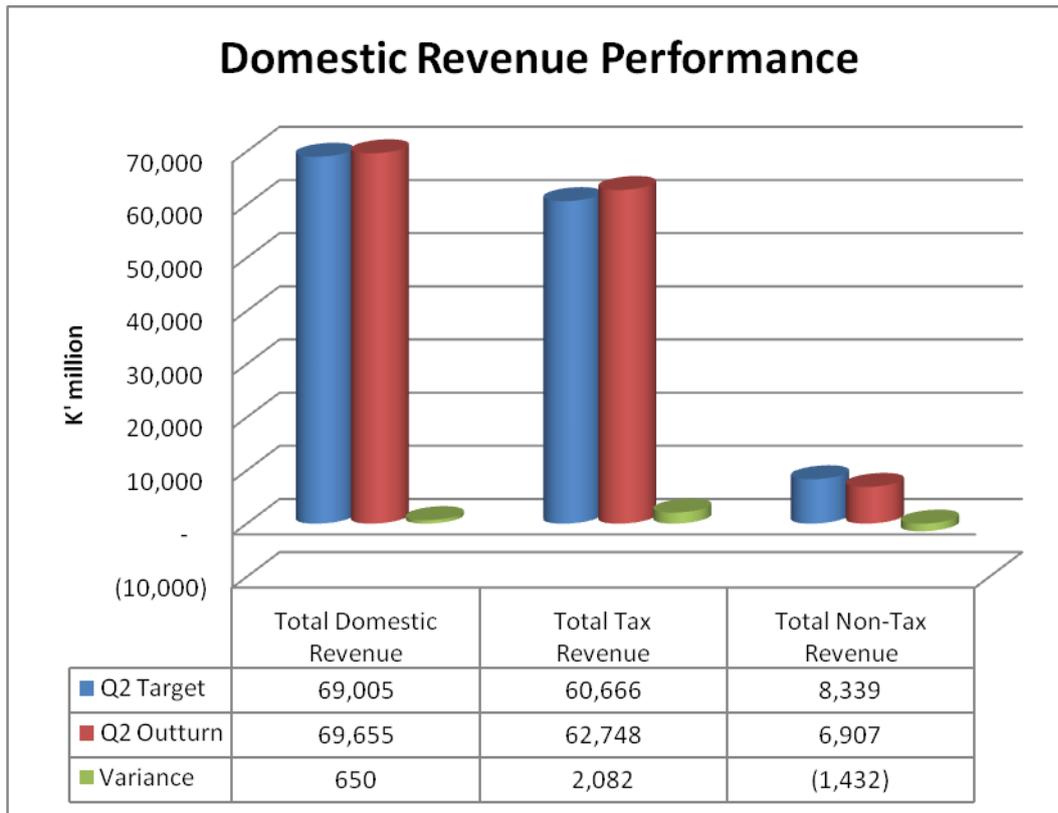
2.1 Introduction

In 2012/13 Financial Year, Government projected to collect total Domestic Revenues to the tune of K270.4 billion, of which, K236.4 billion were projected to be Tax Revenues and K33.9 billion Non-Tax Revenues. In the Second Quarter of the Financial Year, total net Domestic Revenues were projected to amount to K69.0 billion of which, K60.6 billion were expected to be Tax Revenues while Non-Tax Revenues were projected at K8.3 billion. This Chapter seeks to assess the performance of Government in Revenue collection during the second Quarter of the Financial Year by comparing the Revenue Outturn for the second quarter against the set targets; and discussing some of the underlying factors that explain the variances.

2.2 Overall Performance in Revenue Collection in the Second Quarter

Figure 2.1 compares the Outturn in Domestic Revenues in the second Quarter of the Financial Year against their corresponding targets. As indicated in Figure 2.1 below, overall, Domestic Revenues overperformed by K0.7 billion as compared to the Quarterly Target. Total Domestic Revenues amounted to K69.7 billion against a target of K69.0 billion. This translates into about 1 percent increase in the revenue collection against the projected amount in the Second Quarter.

Figure 2.1 Total Domestic Revenues Performance



2.3 Tax Revenue Performance in the Second Quarter of 2012/13 Financial Year

Table 2.1 below compares the Tax Revenue Outturn for the Second Quarter of the Financial Year against the projections. As the Table illustrates, overall, Tax Revenues overperformed by K2.1 billion. The projected estimates and outturn of Tax revenue was K60.6 billion and K62.7 billion respectively, representing 3.4 percentage overperformance against the projected revenue. The overperformance on Tax revenue is mainly on account of Pay As You Earn (PAYE) (K950 million), VAT (K1.1 billion), Withholding Tax (K134 million) and Dividend (K594 million). However, Company Tax and Excise Duties underperformed by K518 million and K824 million respectively. The net effect

is still however, an overperformance of K649 million on the entire Tax Revenues.

Table 2.1 Tax Revenue Performance

Type of Revenue	Q2 Target	Q2 Actual	Variance
	K' Million		
Revenue	69,006	69,655	649
Tax revenue	60,667	62,748	2,081
Income and profits	27,213	27,587	374
Individual	14,566	15,443	877
PAYE	13,495	14,445	950
Other	1,071	999	(72)
Fringe benefit	731	717	(14)
Non-resident tax and others	340	282	(58)
Corporate	7,532	6,894	(638)
Company assessments	1,332	818	(514)
Provisional	6,200	6,076	(124)
Withholding	5,115	5,249	134
Goods and services	27,662	27,231	(431)
VAT	20,122	20,516	394
Domestic	10,705	10,001	(704)
Import	9,417	10,514	1,097
Excise Duties	7,540	6,716	(824)
Local	2,707	2,024	(683)
Import	4,833	4,692	(141)
International trade	7,792	8,454	662
Import duty	7,792	8,474	682
Prepayment	-	(19)	(19)
Other	(2,000)	(524)	1,476
Misc. duties	93	152	59
Tax refunds	(2,366)	(1,548)	818

Type of Revenue	Q2 Target	Q2 Actual	Variance
Penalties	37	43	6
Dividend	234	828	594
Turn-over Tax	2	1	(1)
Discrepancy			-

2.4 Performance of Non – Tax Revenues in the Second Quarter of 2012/13 Financial Year

Table 2.2 below presents the outturn in Non–Tax Revenues in the Second Quarter of the 2012/13 Financial Year against their set targets. As indicated in the Table, actual Non–Tax Revenues amounted to K6.9 billion compared to their target of K8.3 billion, thus an under collection of K1.4 billion. Departmental receipts which amounted to K2.6 billion against a target of K3.0 billion underperformed by K447 million. This is on account of underperformance registered in some of the major Revenue collecting Ministries and Departments. Going forward, Departments need to jack up their revenue mobilization initiatives to avoid negatively affecting Government Fiscal Performance. There is also need to enhance revenue monitoring to boost revenue collection.

Fuel Levies amounted to K4.0 billion against a target of K4.2 billion thereby underperforming by K0.2 billion. This is largely on account of a blip in fuel supply which was experienced in the Quarter. Going forward, the situation is expected to improve as a backlog of arrears with Suppliers has been cleared and fuel flow in subsequent Quarters is expected to be seamless.

Table 2.2 Non – Tax Revenue Performance in the Second Quarter

Department	Q2 Projection	Q2 Actual	Variance
Immigration	825.00	699.65	-125.35
Civil Aviation	250.00	359.18	109.18
Road Traffic	587.50	449.62	-137.88
Marine	5.00	8.05	3.05
Met. Services	0.55	3.69	3.14
Police	175.00	104.93	-70.07
Geo Survey	0.38	4.37	4.00
Trade and Industry	49.15	10.19	-38.96
Forestry	0.30	1.75	1.45
Agriculture	30.00	32.90	2.90
Youth, Sports	8.75	1.56	-7.19
Labour & Social Services	18.75	17.08	-1.67
Judiciary	7.50	7.38	-0.12
Fisheries Department	3.00	2.28	-0.72
Mines	120.00	330.07	210.07
NSO	0.15	0.21	0.06
Education	200.00	58.67	-141.33
Finance	25.00	0.05	-24.95
Accountant General	30.00	29.26	-0.74
Registrar General	220.00	231.55	11.55
Government Stores	-	2.15	2.15
ODPP	2.50	-	-2.50
Lands & Phy. Planning	425.00	163.55	-261.45
Health & Population	25.00	13.35	-11.65
Information	3.75	2.98	-0.77
Tourism & Parks	8.75	9.25	0.50
Water & Irrigation	12.50	47.98	35.48
Women & Children	10.00	4.45	-5.55
Prisons	1.33	1.26	-0.07
Administrator General	0.15	0.02	-0.13
TOTAL DEPARTMENTAL	3,045.00	2,597.43	-447.57
		-	-
Road Levy	2,606.00	2,014.65	-591.35
Rural Electrification Levy	2,198.00	1,647.95	-550.05
Storage Levy	440.00	322.29	-117.71
Parastatal Dividends	50.00	325.00	275.00
Total Fuel Levies	5,294.00	4,309.89	-984.11
		-	-
TOTAL NON TAX	8,339.00	6,907.32	-1,431.68

2.5 Conclusion

The report indicates that overall, Revenue collection in the Second Quarter of the Financial Year overperformed, mainly on account of overperformance in Tax Revenues. Non-Tax Revenues underperformed partly on account of a blip in fuel supply as well as lower than expected receipts in some revenue collecting Departments. Going forward, Revenue Collecting Departments will need to upscale their revenue collection initiatives so that Government is able to meet its Domestic Revenue Targets.

Performance in Inflows of Grants in the Quarter

3.1 Introduction

In 2012/13 Financial Year, Grants were projected to amount to K124.5 billion. Of this sum, K54.3 billion were projected to be Programme Grants, K47.6 billion Dedicated Grants and K22.6 billion Project resources.

In the Second Quarter of the 2012/13 Financial Year, Government projected to receive K51.2 billion Grants of which K26.1 billion were projected to be Programme Grants, K18.9 billion Dedicated Grants and K6.1 billion Project Grants. This Chapter examines the performance of Grants in the Quarter of the Financial Year.

3.2 Performance in Overall Inflows of Grants in the Financial Year

Table 3.1 presents the performance of Grants in the Second Quarter of the Financial Year. As indicated in the Table, overall, Grants overperformed by K0.95 billion. In particular, Programme and Project Grants overperformed by K6.1 billion and K1.3 billion respectively. On the other hand, Dedicated Grants underperformed by K6.4 billion.

Table 3.1: Details of Performance of Grants for the Second Quarter of the 2012/13 FY

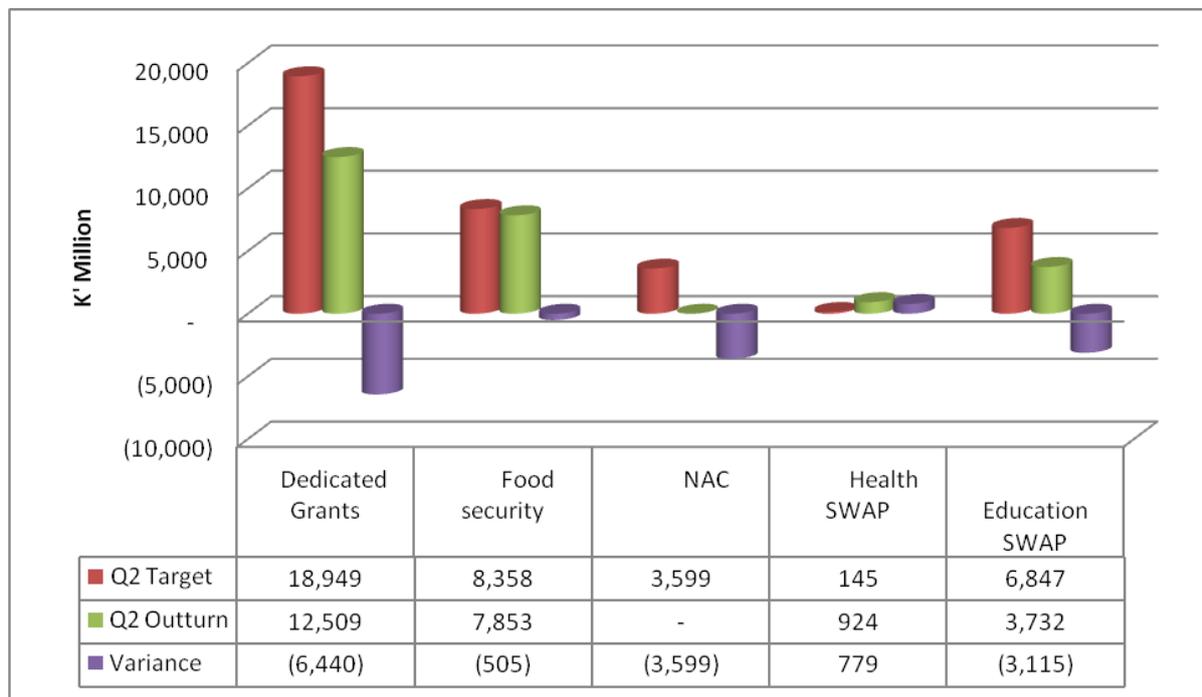
	Q2 Target	Q2 Outturn	Variance
Grants	51,179	52,131	952
Program	26,088	32,141	6,053
Dedicated Grants	18,949	12,509	(6,440)
Food security	8,358	7,853	(505)
NAC	3,599	-	(3,599)
Health SWAP	145	924	779
Education SWAP	6,847	3,732	(3,115)
Project Grants	6,142	7,481	1,339

3.3 Performance of Dedicated Grants in the Second Quarter of the Financial Year

Chart 3.1 below presents the performance of Dedicated Grants in the Second Quarter of the 2012/13 Financial Year. Overall, Dedicated Grants underperformed by K6.4 billion. The underperformance is largely explained by low inflows for NAC and Education SWAP which underperformed by K3.6 billion and K3.1 billion respectively. On the other hand, Health SWAP overperformed by K0.78 billion.

Food Security Grants also underperformed by K0.5 billion on the overall. This was mainly on account of low inflows under EU. The deficit would have been higher under food security had it not been for the favourable inflows from DfiD and Norway which exceeded their projections by K1.4 billion and K1.5 billion respectively.

Chart 3.1: Performance of Dedicated Grants for the Second Quarter of the 2012/13 Financial Year



3.4 Conclusion

As indicated above, overall, disbursement of Donor resources under Grants overperformed in the Second Quarter of the Financial Year and this is explained by more inflows than planned under Program Grants. It is envisaged that the status quo will be maintained and that the performance of Dedicated Grants would also improve with current favourable indications from the economic program with the IMF.

Performance of Expenditure in the Second Quarter

4.1 Introduction

This chapter highlights the performance of expenditures in the Second Quarter of the 2012/13 Financial Year and explain the factors underlying the observed expenditure trends.

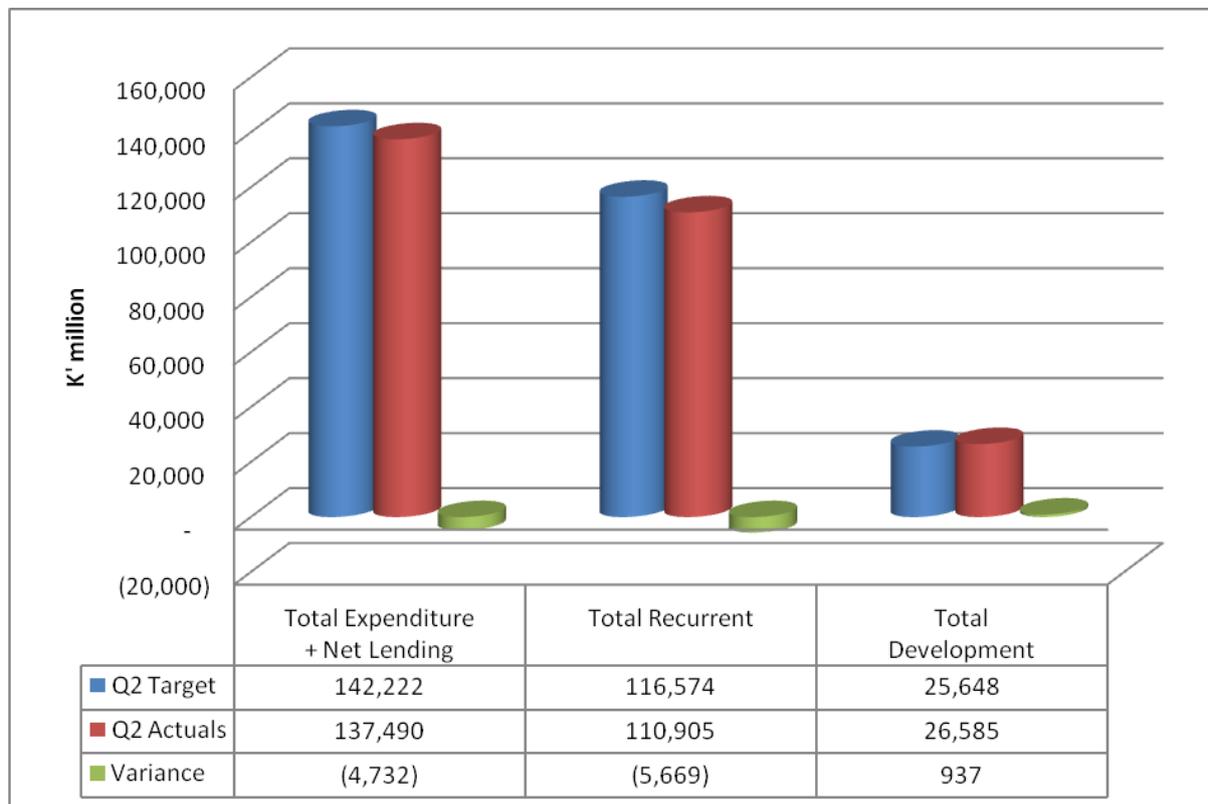
In 2012/13 Financial Year, Government is expected to spend K408.4 billion of which, K332.4 billion are projected to be Recurrent Expenditures and K76.2 billion Development Budget Expenditures. In the Second Quarter of the Financial Year, Total Expenditures, including Net Lending and Direct Payments were projected at K142.2 billion broken down as K116.6 billion Recurrent Expenditures and K25.6 billion Development Budget Expenditures.

Out of the projected Recurrent Expenditures, Wages and Salaries were projected at K23.7 billion; Interest Payments K8.3 billion while other current expenditures including Good and Services and Subsidies and Transfers were projected at K35.2 billion and K45.9 billion, respectively. On the other hand, expenditures on Development Budget Projects were projected at K25.6 billion broken down as K10.9 billion Domestically Financed Projects and K14.7 billion Foreign Financed Projects.

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

The Outturn for the Second Quarter of the Financial Year indicate that Total Expenditures for the Quarter were K137.5 billion including net lending, broken down as K110.9 billion Recurrent Expenditures, K26.6 billion Development Budget Expenditures. Chart 4.1 below illustrates the Projected expenditures against the Outturn.

Chart 4.1 Total Government Expenditure in the Second Quarter of the 2012/13 FY



As can be depicted from Chart 4.1 above, Total Expenditures in the Quarter were contained within the projected amount of K142.2 billion. This was mainly due to underexpenditures on interest payments due to reduced Government borrowing in the period under review. The Development Budget reported

overexpenditures of K0.94 billion. The overexpenditures in the Development Budget were mainly explained by increased disbursements and expenditures under Donor Supported Projects which also attracted counterpart funding under domestically financed components of the projects.

4.2.1 Expenditures under Personal Emoluments

In 2012/13 Financial Year, Government projected to spend K86.1 billion on PE. In the Second Quarter of the Financial Year, the projection was that a total of K23.8 billion will be spent on Personal Emoluments. The outturn for the Quarter was that a total of K23.6 billion which means that PE expenditures were contained within the acceptable levels.

4.2.2 Other Recurrent Transactions (ORT)

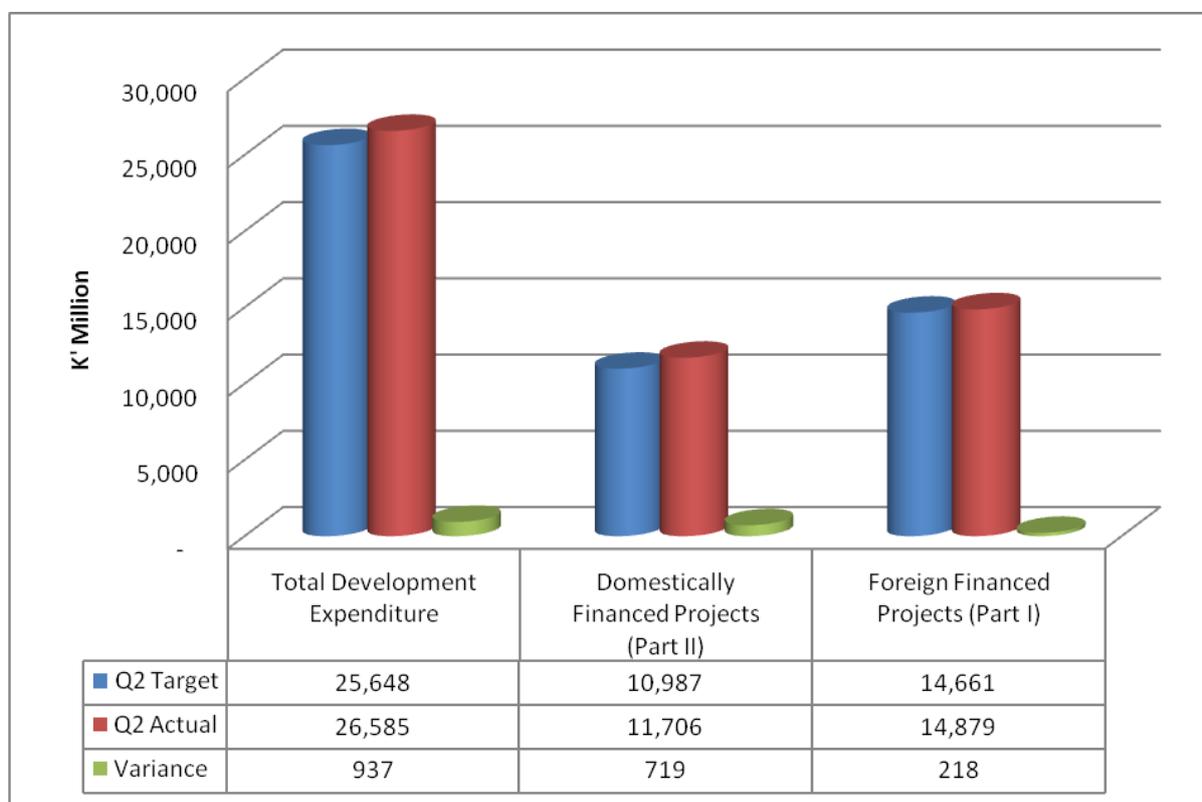
ORT expenditures for the Second Quarter of the Financial Year were projected to amount to K92.8 billion (which is total recurrent expenditure less wages and salaries). Actual expenditures as at the end of the Quarter were K87.3 billion which was within the projected amount for ORT.

4.2.3 Development Budget Expenditures

On Development Budget Expenditures, Government planned to spend K25.6 billion in the Second Quarter of the Financial Year, of which, K10.9 billion was to be financed using domestic resources (Part II) and K14.7 billion was for Foreign Financed Projects (Part I). As depicted by Chart 4.2 below, the outturn on Development Budget Expenditures was that K26.6 billion was spent implying an overexpenditure of K0.94 billion. The overexpenditure was on

account of favourable donor inflows in the Quarter under review which translated into increased activities under the Development Budget Projects.

Chart 4.2 Performance of the Development Budget



Annex I is a compendium of some of the development projects assessed in the quarter under review. It shows the performance of each project visited and gives reasons per project for any reported under performance.

4.3 Conclusion

This Chapter focused on the performance of expenditures of Government in the Second Quarter of the 2012/13 Financial Year. The expenditures were broken down into various categories and the analysis was based on the discrepancies between the target and the actual Expenditures. Generally, the outturn showed that expenditures were contained within projected levels under the Recurrent

Budget. The Development Budget, on the other hand, registered overexpenditures. This was mainly because of increased activities in the Quarter under review due to favourable donor inflows and covering a backlog of activities postponed in the First Quarter of the Financial Year due to unfavourable economic environment in that Quarter. It is envisaged that the situation would improve in the remaining half.

Conclusion and Recommendations

The report has revealed that Revenue collection in the Second Quarter of the Financial Year was slightly above the target and this was mainly due to the overperformance in Tax Revenues. It is therefore recommended that revenue collection bodies especially those collecting non-tax revenues should continue to give priority to revenue enhancing activities to avoid missing their annual target.

Disbursement of resources under Grants overperformed in the Second Quarter. This was mainly on account of higher than anticipated disbursements under Program and Project Grants. It is anticipated that the status quo would be maintained as Government continues to re-engage Development Partners to honor their commitments.

On the Expenditure side, overall, Government Expenditures were contained within the target for the Quarter. Government should maintain this tight fiscal stance in subsequent Quarters for a favourable year-end fiscal balance.

ANNEX 1 A COMPENDIUM OF THE DEVELOPMENT PROJECTS

Vote	Project	2012/13 Budget Estimates			Progress of Implementation		
		Part 1 Allocation	Part II Allocation	Total	Expenditure by End of Q2	Performance	Comments on Project Implementation
070: The Judiciary	062: Commercial Court Project		400,000,000		137,392,126		The project aims to construct a Commercial Court Division of the High Court. The construction of the building is the last floor. Some plastering of the lower floors has also resumed. It is anticipated that the project will be completed by September, 2013.
100: Ministry of National Defense	064: Improvement of Barracks Roads		890,630,192		432,537,319		The project aims at constructing a 10.9km Road network around Changalume Barracks. Currently about 4 km stretch of the road has been constructed. The project is expected to be completed by the end of this financial year.
190: Ministry of Agriculture	061: PIAD Fish Farming Project		100,000,000	100,000,000	27,705,631		The aim was to establish 1 village scheme in this financial year. Sensitisation meetings were conducted, identification of participants was done, 2 trainings were conducted to the beneficiaries on scheme operations, 13 fish ponds of 1,200 square meters have been pegged and waiting for excavation, 1 cage culture trial undertaken at Chigumukire in Senga Bay - Salima, 748,000 fingerlings produced and distributed, 1 hatchery has been set up at National Aquaculture Centre in Domasi. 58 fish farmer clubs established
	066: Installation of Small Metallic Silos		50,000,000	50,000,000			Aimed at training 100 artisans, fabricating 100 silos, produce 100 manuals and conduct 187 demonstrations. So far 20 artisans have been trained, 100 silos of 500kg capacity have been fabricated, 20 manuals produced, and 120 demonstrations done

Vote	Project	2012/13 Budget Estimates			Progress of Implementation		
		Part 1 Allocation	Part II Allocation	Total	Expenditure by End of Q2	Performance	Comments on Project Implementation
	067: Promotion of Cotton Growers (CC 059)		240,000,000	240,000,000	95,635,465		The plan was to put 250,000 ha to cotton use, do 3,000 demonstrations, and distribute 2,250 metric tons of seed. So far 262,266 ha are now under cotton cultivation representing 105 per cent performance, 2,700 demonstrations done, and 3,934 metric tons of seed distributed. Government is now in the process of engaging a Fund Manager
	071: Upscaling of production of breeder, basic seed and livestock		45,000,000	45,000,000	32,350,000		Aimed at coordinating production and making available adequate amounts of breeders and basic seeds of legumes, cereals, pastures, horticultural crops and improved livestock breeds in order to enhance productivity. Seeds for 26 ha have been distributed for various crops and planted
	072: Improvement of Irrigation Infrastructure Research		60,000,000	60,000,000	33,289,000		Aimed at Dam designing for the rehabilitation or construction at 4 research stations. So far rehabilitation assessments have been done at Mbawa, Chitala, and Makoka Research Stations
	085: Malawi Agricultural Regulatory and Advisory Services Improvement Project		66,000,000	66,000,000	45,000,000		One seed laboratory accredited, 10,000 out of 11,000 packets of rhizobium produced, 1,000 out of 1,500 extension workers and farmers trained, 597 out of 550 imports permits issued, 41 out of 50 samples quarantined
	087: Promotion of Fruit Production		100,000,000	100,000,000	28,000,000		Aimed at rehabilitation or establishment of 5 Government nurseries and 28 community nurseries. So far 1 Government nursery has been rehabilitated and 11 community nurseries have been identified, 4,006 seedlings and been procured and delivered to Mwanza, 11 out of 28 planned groups have been formed and strengthened.
	088: Development of Agricultural Biotechnology in Malawi		100,000,000	100,000,000	12,333,333		Biotechnology and biosafety laboratory is under renovation at Chitedze
	093: Agriculture Infrastructure Support Project	786,993,172	50,000,000	836,993,172	183,616,679		Plan was to construct 8 irrigation schemes in Nkhotakota, Chikwawa, Neno, and Nsanje. Construction has started in 3 sites. Contracts for the other sites have not been finalised due to insufficient fund.

Vote	Project	2012/13 Budget Estimates			Progress of Implementation		
		Part 1 Allocation	Part II Allocation	Total	Expenditure by End of Q2	Performance	Comments on Project Implementation
	094: Livestock Development Programme		300,000,000	300,000,000	170,000,000		Aimed at contributing to economic growth through increased livestock production and specifically aimed at producing 180,000 black austrolop chickens, importation of 80 dairy heifers, production of 70 dairy crosses and support to Mikologwe School of Veterinary Science. So far 112,611 black austrolops produced, 45 dairy crosses produced, school buildings at Mikologwe have been rehabilitated and teaching and learning and learning materials bought.
210: Ministry of Water Development and Irrigation	013/061: National Water Development Programme (NWDPII)	1,844,020,841	200,000,000	2,044,020,841			The objective of the programme is to increase access to sustainable water supply and sanitation services for people living in cities, towns, market centres, and rural areas and improved water resources management at national level. The beneficiary target for NWDPII is to reach 7.4 million people with water supply and sanitation. To date up to 3.7 million people have been reached indicating 50% achievement of the target.
	062: Small Farms Irrigation Projects		115,000,000	115,000,000			140 ha out of the 240ha leveled, inputs (seeds and fertilizer) procured and awaits distribution, 4 maize mills constructed
	071: Smallholder Crop Production and Marketing	950,828,055	100,000,000	1,050,828,055			796 ha of irrigation schemes has been done out of the planned 1,026 ha, 4 boreholes have been drilled at market centres, and contracts have just been awarded to construct 4 community storage centres
	079: Dispersed Borehole Construction		125,000,000	125,000,000			12 out of 100 boreholes drilled. Low progress due to fuel scarcity and breakdown of machinery. The target has been revised down to 60 by March 2013
	014/096: Songwe River Basin Development Programme	4,093,110	50,000,000	54,093,110			Negotiations with successful consultant done, Accountant for the project recruited
	098: Construction of Multipurpose Dams along Shire, Bua and South		500,000,000	500,000,000			Has not taken off due to lack of enough resources.

Vote	Project	2012/13 Budget Estimates			Progress of Implementation		
		Part 1 Allocation	Part II Allocation	Total	Expenditure by End of Q2	Performance	Comments on Project Implementation
	Rukuru Rivers						
	100: Ground Water Extraction for Rural Piped Supply in Malawi		66,865,732	66,865,732			Trench excavation and pipe laying to existing tank to Ngala Forest; and Kasese Health Centre Pipeline pressure testing
	101: Malawi Irrigation Support Programme		200,000,000	200,000,000			Construction works underway with varying degrees of progress ranging from 25% to 75%) however, works have stalled at Chisyemba & Chivungulu due to land conflicts. Planned also to install 32 kits but currently 4 kits have been installed. This is due to late engagement of a technician
	107: Mwanza-Neno Ground Water Development Programme		40,000,000	40,000,000			85 boreholes out of 119 planned boreholes drilled. Mobilized extension workers, Briefed extension workers on community mobilization, Trained water point committees
250: Ministry of Education	060: Construction of Girls' Hostels		300,000,000	300,000,000	211,787,731		16 hostels were to be constructed. 8 have been completed, the other 8 are waiting for utility connections especially electricity. Progress is above 80 per cent but slow. The problem was delayed payments but has been sorted. The project is now on track and will meet the deadline of completion by the end of the financial year.
	062: ADF V Education Project		41,344,830	41,344,830	18,472,035		15 out of 18 schools completed; contractors attending to defects; the other 3 schools involved construction of a laboratory, library and reading room as one block only; progress for these at roofing stage; about 80% progress. Furniture being delivered; lab items; books, waste bins, filing cabinets, ICT equipment, delivered to most of the schools; water and electricity connection still a challenge to most schools.
	072: Rehabilitation of 4 Secondary School		150,000,000	150,000,000	585,000		Rehabilitation of Lilongwe Girls and Blantyre only. Analysis of sights and bills of quantities established

Vote	Project	2012/13 Budget Estimates			Progress of Implementation		
		Part I Allocation	Part II Allocation	Total	Expenditure by End of Q2	Performance	Comments on Project Implementation
	078: Construction of Primary Schools		2,000,000,000	2,000,000,000	342,331,982		374 classroom constructions are ongoing and 5 schools completed and handed over between July 2012 to date. Slow progress registered;
	082: Special Needs Institute		150,000,000	150,000,000	1,432,850		Evaluation for expressions of interest done, report ready and submitted to SPU; waiting for IPC meeting. Contractor for water reticulation hired by Lilongwe water Board currently on site.
	088: Construction of Chiradzulu TTC		100,000,000	100,000,000	3,000,000		Consultant identified; process of engaging a contractor at an advanced stage; Evaluation report for procurement of contractor ready; evaluation report reviewed by UNICEF and EIMU and has been forwarded to IPC through SPU for approval.
	095: Construction of 3 Teacher Training Colleges for Primary School		200,000,000	200,000,000	698,962		The sites for these include Rumphi, Mchinji and Chikwawa. Cadastral surveys done. Expression of interest for consultants done; tender opening done; evaluation done; evaluation report finalized and submitted to SPU. Compensation issues for Mchinji site being sorted out.
	096: Construction of Phalombe Teacher Training College		250,000,000	250,000,000	143,621,799		Construction works started on 5th July, 2012 and is expected to be completed by July, 2013 (52 weeks construction period). Progress as of 4th October 2012 was 13% in 13 weeks construction period. Major challenge is on low pressure of water being used and boreholes expected to be dug to increase the water supply.
	097: Construction and Expansion of CDSSs and Boarding Secondary Schools		350,000,000	350,000,000	5,673,150		Tumbwe: Evaluation of RFPs done; evaluation report finalized; submitted to IPC for approval, Machinga is the second project and appraisals are starting in Q3
	098: Expansion of Infrastructure at Mzuzu University		100,000,000	100,000,000	33,895,306		Contracts terminated, new Bills of quantities and bidding documents prepared and submitted to SPU and World Bank for review; TORs for the recruitment of individual electrical engineer finalized and submitted to SPU
	100: Completion of MIE Hostels		100,000,000	100,000,000	-		The super structure is completed. What is remaining is the ancillary works such as car park and a dining hall

Vote	Project	2012/13 Budget Estimates			Progress of Implementation		
		Part 1 Allocation	Part II Allocation	Total	Expenditure by End of Q2	Performance	Comments on Project Implementation
	101: Construction Project at LUANAR		500,000,000	500,000,000	268,235,082		Construction started and is progressing well; contractor paid up to certificate number 2. Contractor has bought all the critical materials in advance to accelerate the works; Progress is at 19%
	102: Support to Higher Education, Science and Technology		142,388,000	142,388,000	2,435,840		Work plan, procurement plan and request for funding submitted and approved; launching of the HEST Project took place on 4th December, 2012. Process for recruiting consultant architect, M&E specialist and ICT specialist as conditions for second disbursement has started.
	103: Construction Project at Polytechnic		300,000,000	300,000,000			This project was being handled by Polytechnic but now it shall be transferred to EIMU. Scope of works being revisited to match with the budget.
	104: Construction Project at Chancellor College			-			This project is being managed by the Building Department in the Ministry of Transport and Public Works. Bills of Quantities and bidding documents for the construction of lecture room done; waiting for tendering.
	6 CDSS Project			-			ODPP has approved the recommendation for award of the contracts to Terrastone Ltd; contractor informed already; contract documents being prepared; contract signing ceremony has been planned for 30th October 2012. The sites are in the following districts; Mzimba, Mzuzu, Nkhatabay, Nkhotakota, Salima and Lilongwe.
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Vote	Project	2012/13 Budget Estimates			Progress of Implementation		
		Part 1 Allocation	Part II Allocation	Total	Expenditure by End of Q2	Performance	Comments on Project Implementation
260: Ministry of Foreign Affairs	069 – Construction and Acquisition of Chanceries and Official Residences in Malawi Missions Abroad (Lusaka)		323,648,665	323,648,665	323,648,665		The project aims at Constructing a Chancery and Rehabilitating the Official Residence in Lusaka Mission. The Chancery is at an advanced stage and major finishing works are almost complete. The project is expected to be completed by the end of this Financial year.
310: Ministry of Health	070 - Rehabilitation of Referral and District Hospital		450,275,702	450,275,702	264,208,990		Evaluation for retendered works completed, however final approval of the report not yet done
	066 - Construction of New Nkhata Bay District Hospital		150,000,000	150,000,000	40,495,229		Progress at 55% and procurement of medical equipment underway
	069 - Umoyo Housing (Govt. Contribution)		1,290,000,001	1,290,000,001	525,547,022		Phase 1: Completion of 250 new houses and rehabilitation of 250 other houses - All completed.
							Phase 2: Construction of 5 flats, 140 houses, 63 Health Centres - Contracts awarded for flats and sites possessed; Sites handed over for staff Houses in the Central Region; Houses in the North and Centre are at the GCU
							Construction of a kitchen and ART Clinic at Balaka District Hospital - completed
							Rehabilitation of the Sewer line in Mzuzu - completed
	078 - Construction of Phalombe District Hospital		100,000,000	100,000,000	-		Advert for consultants was floated, and evaluation done. Evaluation report was sent to BADEA
	083 - Construction of Cancer Centre		75,000,000	75,000,000	-		Consultant recruited and Architectural designs produced
	084 - Rehabilitation of Central Medical Stores		250,000,000	250,000,000	181,614,642		Warehouse achieved 80% progress. Roofing in progress
	085 - Construction of New Dowa District Hospital		-	-	-		Project Sites have been identified
	088 - Rehabilitation of Nsanje District Hospital		-	-	-		Contractor is on site and works have just started
	088 - Construction of Zomba Referral Hospital		-	-	-		Designs for the projected have been completed
	100 - Construction of		110,224,297		-		7 laboratories completed and 23 laboratories are yet

Vote	Project	2012/13 Budget Estimates			Progress of Implementation		
		Part I Allocation	Part II Allocation	Total	Expenditure by End of Q2	Performance	Comments on Project Implementation
	laboratories			110,224,297			to be awarded to contractors
	092 - Support to Training Institutions		175,000,000	175,000,000	-		Most of the structures are at super structure (wall level): KCN LL Campus completed, KCN Blantyre campus roofed, the resource centre at CoM BT campus is almost complete (97% complete), CoM LL Campus roofed and finishes in progress; MCHS project in Zomba has been completed in LL finishes in Progress.
	093 - Rehabilitation and upgrading of Health Centres		260,500,000	260,500,000	-		Preliminary site surveys done. Architectural designing and documenting underway
	094 - Rehabilitation of Kamuzu Central Hospital		-	-	-		Rehabilitations at 42% overall completed
	095 - Rehabilitation of Queens		-	-	-		Construction is on site
	096 - Minor and Emergency Rehabilitation	450,000,000	-	450,000,000	-		National Cold room in Lilongwe & Regional Cold room (South) completed. Architectural designs & BoQs for a regional cold room (North) are ready
							Construction of Malaria & EPI Office Block at 16 per cent
							One (1) Waiting Home completed and handed over. Currently, construction is underway on six (6) sites.
							Installation of Solar Power in selected health facilities - sites have been identified
	097- Improving Medical Equipment and Facilities		500,000,000	500,000,000	36,751,575		1 dialysis machine replaced, 2 scanners and 3 ventilators purchased at KCH
	098- Health Sector Support	411,482,833	100,000,000	511,482,833	-		87 % of the sites completed (43 completed and 4 functional). 89 % is the overall expenditure
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Vote	Project	2012/13 Budget Estimates			Progress of Implementation		
		Part 1 Allocation	Part II Allocation	Total	Expenditure by End of Q2	Performance	Comments on Project Implementation
342: Department of Prisons	067 - Construction of Maximum Prison		300,000,000	300,000,000	262,000,000		The project scope is to Construct a maximum prison complex at Chitedze in Lilongwe. The drawings and designs for the structure are ready. Currently, 5 Staff Houses and 2 servant quarters have been constructed.
420: National Road Fund Administration	120- Mzimba – Mzalongwe Road		1,400,000,000	1,400,000,000			The works involve upgrading from earth to bitumen standard class 2. Progress: 39 per of the works done. There have been some delays due to fuel shortage and non-availability of designs
	080- Lumbadzi – Dowa – Salima Spur		1,250,000,000	1,250,000,000			The works involve upgrading from earth to bitumen standard class 1. Progress: 67.2 per cent of the works done. Currently surfacing is in progress towards Dzaleka.
	092 – Chiringa – Chiradzulu Road		1,411,000,000	1,411,000,000			The works involve upgrading from earth to bitumen standard class 1. Progress: 58 per cent of the works completed thus 10 km of the stretch. But there is bitumen supply problem
	068 – Zomba – Jali-Phalombe – Chitakale Road		1,131,000,000	1,131,000,000			The works involve upgrading from earth to bitumen standard class 1. Progress: 75 per cent of the works have been completed