



## **Government of Malawi**

### **Financial Year 2023-24 - Consolidated Financial Report to 31<sup>st</sup> August, 2023**

#### **Introduction**

This is the fifth monthly report for the year beginning April 2023. It covers the execution of the national budget for the five months of the 2023-24 fiscal year for the periods April to August 2023. These monthly reports will continue to be kept brief and at a high-level but with sufficient information to inform users on resource mobilization and utilization.

The report contains a summary table consistent with the budget framework.

For this report, the summary table identifies the data that has been directly extracted from the IFMIS. The summary table helps demonstrate that the initial phase of the IFMIS implementation has been on ensuring that government can settle its liabilities to employees, pensioners, suppliers, and other beneficiaries, and that these payments are controlled to prevent expenditures that exceed the appropriated and funded amounts. The summary report provides summary budget, actual information of transactions recorded in IFMIS.

A system with proven internal controls and the ability to produce reliable reports covering all receipts and government funded payments will be the platform for encouraging Development Partners to channel their funding and project expenditures through the IFMIS.

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Henry Mphasa  
**Accountant General**  
14<sup>th</sup> September, 2023

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Macdonald M. Mwale, PhD.  
**Secretary to the Treasury**

## Financial Year 2023-24 - Consolidated Financial Report to 31<sup>st</sup> August 2023

### Notes to the monthly financial report:

- 1. Report status** – The monthly report’s primary purpose is to monitor budget execution. It is intended that the reports be produced soon after the end of each month and concentrate on performance, thereby enhancing accountability and transparency. The figures are not subjected to independent audit and reconciliation; subsequent reports may include adjustments for prior periods.
- 2. Revenues** –The revenues for the reporting period amounts to **K 842** billion of which **K817** is the Tax Revenues representing 97% of the total revenues; and **K25** billion Non-Tax Revenues representing 3% of the total revenues.
- 3.** Total outlays for the first quarter amounts to **K1,166** billion.
- 4. Recurrent Expenditures** –Total recurrent expenditures amounted to **K1,078** billion. Included in recurrent expenditure are the following:
  - i)** Compensation of employees amount to **K362** billion representing 34% of the total recurrent expenditures.
  - ii)** Interest payments on domestic and foreign debt amount to **K314** billion representing 29% of the total recurrent expenditures.
  - iii)** Use of goods and services amount to **K162** billion representing 15% of the total recurrent expenditures.
  - iv)** Grants amount to **K106** billion which represents 10% of the total recurrent expenditures.
  - v)** Social benefits amount to **K119** billion which represents 11% of the total recurrent expenditures.

The reported recurrent expenditures of **K1,078** billion represents 36% of the approved recurrent budget.

- 5. Development Part II** expenditures in the first quarter amounts to **K50** billion, out of which **K48** billion was under Use of Goods and Services, **K0.6 billion** was under Other Expenses and **K1** billion procurement of non-financial assets. The total expenditures on Development Part II represents 31% of the Development Part II approved budget.

**6. Development Part I expenditures** – Project components that are funded by development partner grants or loans (Development Part I) are typically managed outside the IFMIS through commercial bank accounts. Details of project receipts and payments are submitted and captured to the IFMIS *ex-post* through cash controls. Development Part I expenditures amount to **MK38 Billion** representing 6% of the Approved Development Part I approved budget. Included in the Development Part I expenditures are the following:

- i) Compensation of employee of **K1.4** billion representing 4% of total development part 1 expenditures.
- ii) Use of goods and services of **K33** billion representing 87% of the total development part 1 expenditures.
- iii) Development transfers of **K3** billion representing 8% of the total development part 1 expenditures.

The reported development part I expenditure of K38 billion represents 6% of the Development Part I approved budget. Efforts are being undertaken to be up to date in capturing these expenditures.

**7. Public debt capital repayments** – Payments of principal sums account for an increasing proportion of the below the budget framework. Domestic and external debt principal repayments have been recorded and reported in IFMIS for the very first time this year. The information is shown below:

<b>Description</b>	<b>FY2022-23 Actual Amounts</b>
Domestic Debt	MK429 billion
External Debt	MK 28 billion
<b><i>Total Repayments</i></b>	<b><i>MK457 Billion</i></b>

**8.** Based on this report, total revenues for the period up to 31<sup>st</sup> August, 2023 were **MK842** billion against total expenditures of recurrent and development part II of **MK1,128** billion, hence a deficit of **MK286 billion** that was financed through borrowings.

The deficit of **K286** billion as detailed in the report has been arrived at after considering domestic revenues of **K842** and recurrent expenditures of **K1,078** and development part II expenditures of **K50** billion.

9. Transactions for Malawi Defence Force, State Residences, Debt and Aid, Foreign Missions and Local Councils form part of this report. A solution has just been completed to capture MRA Retention, and these figures will be reported in subsequent reports.