



MINISTRY OF FINANCE AND
ECONOMIC AFFAIRS



MALAWI PUBLIC FINANCE MANAGEMENT STRATEGY

2023-2028

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ACKNOWLEDGEMENTS

The Ministry of Finance and Economic Affairs wishes to acknowledge, with gratitude, the various stakeholders and institutions for their tremendous contributions in the formulation of the first Public Finance Management Strategy (PFMS). In particular, the Ministry values the input received from the Directorates of the Ministry of Finance such as the Economic Affairs, the Budget Division, the Revenue Policy Division, the Debt and Aid, the Public Finance Management Systems Division and the Accountant General. The Ministry is indebted to the core drafting team, which comprised of the staff in the Public Finance Management Systems Division, for their hard work and coordination in the formulation of the Strategy.

The Ministry of Finance and Economic Affairs extends its sincere appreciation to the Office of the President and Cabinet, through the Principal Secretary for public Sector Reforms who provided guidance in the preparation of this Strategy.

The Ministry also wishes to acknowledge with appreciation the development partners and in particular the European Union for its financial and technical support to the development of this Strategy, through the Public Finance Management Reforms (Chuma Cha Dziko) Programme.

ACRONYMS

ACB	Anti-Corruption Bureau
AGD	Accountant General Department
AFROSAI-E	African Organisation of English-speaking Supreme Audit Institutions
AMMS	Audit Management and Monitoring System
ASYCUDA	Automated System for Customs Data
BFC	Budget and Finance Committee
CG	Central Government
CS-DRMS	Commonwealth Secretariat Debt Recording and Management System
DAD	Debt and Aid Division
DHRMD	Department of Human Resource Management and Development
DPs	Development Partners
DRMS	Domestic Revenue Mobilization Strategy
EBUs	Extra Budgetary Units
EFDs	Electronic Fiscal Devices
EFT	Electronic Funds Transfer
EP&D	Economic Planning and Development
GDP	Gross Domestic Product
GoM	Government of Malawi
GP	Government Procurement
HRMIS	Human Resource Management Information System
ICAM	Institute of Chartered Accountants in Malawi
ICT	Information, Communication and Technology
IFMIS	Integrated Financial Management Information System
IGFTF	Inter-Governmental Fiscal Transfer Formula
IMF	International Monetary Fund
INTOSAI	International Organization of Supreme Audit Institutions
IPDCs	Internal Procurement and Disposal Committees
ITAS	Integrated Tax Administration System
LA-IFMIS	Local Authority Integrated Financial Management Information System
LGA	Local Government Act
LPOs	Local Purchase Orders
LRESPs	Local Revenue Enhancement Strategic Plans
MDAs	Ministries, Departments and Agencies
MEJN	Malawi Economic Justice Network
M&E	Monitoring & Evaluation
MIM	Malawi Institute of Management
MIPS	Malawi Institute of Purchasing and Supply
MIS	Management Information System
MoFEA	Ministry of Finance and Economic Affairs
MoU	Memorandum of Understanding
MRA	Malawi Revenue Authority
MTDS	Medium Term Debt Management Strategy
MTEF	Medium Term Expenditure Framework

NAO	National Audit Office
NTR	Non-Tax Revenue
OPC	Office of the President and Cabinet
ORT	Other Recurrent Transactions
PAC	Public Accounts Committee
PEFA	Public Expenditure and Financial Accountability
PERMU	Public Enterprise Monitoring Unit
PFEM-RP	Public Finance and Economic Management Reform Programme
PFM	Public Finance Management
PFMA	Public Finance Management Act
PFM-SC	Public Finance Management Steering Committee
PFMS	Public Finance Management System
PFMSD	Public Finance Management Systems Division
PFM-TC	Public Finance Management Technical Committee
PIMA	Public Investment Management Assessment
PIT	Personal Income Tax
PPDA	Public Procurement and Disposal of Assets
PPDAA	Public Procurement and Disposal of Assets Authority
PDU	Procurement and Disposal Unit
PPPs	Public Private Partnerships
PSIP	Public Sector Investment Programme
QA	Quality Assurance
RBM	Reserve Bank of Malawi
RTD	Road Traffic Directorate
SDGs	Sustainable Development Goals
SDI	Staff Development Institute
SMEs	Small and Medium Enterprises
SOE	State Owned Enterprise
TSA	Treasury Single Account
TTCS	Twenty Third Century Systems
TTWGs	Thematic Technical Working Groups
TTWG-PFM	Thematic Technical Working Group-Public Finance Management
USD	United States Dollar
VAT	Value Added Tax
WHT	Withholding Tax

FOREWORD BY THE MINISTER OF FINANCE AND ECONOMIC AFFAIRS

This Public Finance Management Strategy (PFMS) is the first of its kind, as the country has been operating without such a framework document and covers the period 2023 – 2028. The vision of this Strategy is to achieve the overarching goal of attaining a sound financial management and discipline in public service delivery for sustainable development. This Strategy reflects the results of the 2018 Public Expenditure and Financial Accountability (PEFA) and represents the programmatic approach to the public finance management reforms in the country. The Strategy has built on the successes and challenges identified in the 2018 PEFA while clearly identifying linkages to other reform areas in government and also taking cognizance of the Public Finance Management (PFM) improvements that have taken place since 2018 PEFA. These improvements include enactment of the new Public Finance Management Act (PFMA) 2022, approval and implementation of Domestic Revenue Mobilisation Strategy (DRMS), introduction and implementation of the new Integrated Financial Management Information System (IFMIS) and Electronic Funds Transfer (EFT) including rationalization of bank accounts, and strengthening of public investments and oversight of State-Owned Enterprises (SOEs). This Strategy will therefore seek to build on these changes. This Strategy will be reviewed during the mid-term of its implementation to assess the successes made and challenges encountered as well as taking on board emerging issues affecting public finance management.

This Strategy and its accompanying Rolling Plan sets the ground for improving alignment of public finances to national development goals as outlined in the MIP-1 ten-year Implementation Plan and optimizing their impact on economic growth and accountability through seven prioritized PFM strategic reform focus areas namely enhancing efficient resource mobilization, maintaining aggregate fiscal discipline compatible with macro-economic stability and inclusive growth, allocating resources consistent with the priorities in the MIP-1 ten-year Implementation Plan, promoting the efficient use of public resources and delivery of services through better budget execution, promoting accountability through external scrutiny and budget transparency, enhancing the enabling environment for improved PFM outcomes, and instituting effective governance systems and institutions.

This Strategy has been developed in line with MW2063 goals and objectives; and the implementation results are expected to be linked to the goals set forth in the National Planning Frameworks. Through the M&E, this Strategy will be regularly monitored to assess implementation progress of agreed actions with a view to attaining desired results; and ensure that the responsibility and the reform effects are shared accordingly among key stakeholders.

I wish to acknowledge the dedication of the Public Finance Management Systems Division staff who have led the process diligently and tirelessly in the development of this Strategy. I look forward to having full support and inclusive participation of all stakeholders including Development Partners in its implementation.



Honourable Sellen Gwengwe, MP
Minister of Finance and Economic Affairs


PREFACE BY THE SECRETARY TO THE TREASURY

This Public Finance Management Strategy 2023-2028 outlines a new management paradigm for our public finance in Malawi. The vision of the Government for our country is to transform Malawi into a middle-income country of the 21st century.

This Strategy highlights public financial management reform areas that the Government will prioritize over the next five years. We will implement a strong economic strategic policy and reliable budget planning in line with the National Planning Frameworks. Reforms on budget execution, reporting, external scrutiny and oversight, monitoring and evaluation are key to implementing expenditure controls, the Treasury Single Account and ensuring discipline and accountability when spending public money.

The Government has been implementing the PFM reform agenda since July 2011 when the first phase of the Public Finance and Economic Management Reform Programme (PFEMRP) came into operation. The major challenge has been lack of defined PFM Strategy to drive the PFM reform agenda in a coordinated and prioritized manner consistent with the emerging issues on the ground. Much as the implementation of the previous Rolling Plans since July 2011 had some successes, several challenges still existed, and these were confirmed by the 2018 PEFA.

Lessons have been learned since 2011 in the implementation of the PFM reforms while new challenges are emerging. The PFM agenda itself has evolved over time. It is clear now that the entire spectrum must be covered though in a prioritized manner – from resource mobilization to resource utilization and to monitoring. Expenditures and revenues have all to be examined so that they are properly managed and accounted for. Spending units must be properly scrutinized. Value for money must be seen to be realized. Only then will we be able to assert effectiveness of public finance management.



MacDonalid Mwale, PhD
Secretary to the Treasury

1 INTRODUCTION AND BACKGROUND

1.1 Introduction

The vision of this Strategy is to achieve the overarching goal of attaining a sound financial management and discipline in public service delivery for sustainable development. Government of Malawi launched the Vision 2063 which outlines the aspirations of the country to be an Inclusively Wealthy and Self-reliant Nation by 2063. The Vision has three pillars (i) Agricultural productivity and commercialization; (ii) industrialization and (iii) Urbanization and seven enablers (1) Mindset change; (2) Effective Governance systems and institutions; (3) Enhanced public sector performance; (4) Private Sector Dynamism; (5) Human Capital Development; (6) Economic Infrastructure; and (7) Environmental sustainability. The enablers cut across the Vision and support this Vision. This Vision is to be implemented by breaking down the implementation period and targets into 10-year implementation plans. The success of the Vision 2063 is dependent on an effective PFM as included under the Enabler 2.

Recently, the first ten-year implementation plan (MIP-1) has been adopted starting from 2021. By 2030 MIP-1 targets to meet two milestones – (i) to raise the country's income status to lower middle level¹ by 2030; and (ii) to meet most of the Sustainable Development Goals (SDGs) whose end-line target is 2030. This document² breaks down the action on the Pillars and the Enablers into smaller elements. The document also prescribes strategies for implementation of the Enablers. Although indirectly, the Ministry of Finance would have to get involved in the entire Vision, direct action is expected from the MoFEA for Enablers 2 and 3 of the Vision. The Vision 2063 success is dependent on an effective PFM as included under Enabler 2.

In the last few decades, the implementation of Public Financial Management in Malawi has not significantly improved to face up to the challenges which exist in the environment. More so when the country intends to launch itself on to the basic work on its Vision 2063. To support, enhance and smoothen the process of implementation of various interventions, the architecture and operation of the PFM should be most

¹ (GNI per capita between \$1,036 and \$4,045) <https://www.worldbank.org/en/country/mic/overview#1>

² <https://online.flippingbook.com/view/254849411/>

suitable in all its dimensions. The inefficiencies in PFM severely restrict the limited fiscal space for the development needs of the country. Having seen the sub-optimal performance in PFM and very slow progress of the reforms, it was considered necessary to bring in new vigour and vitality to PFM reform efforts. With that view in mind, various stakeholders got together and discussed the issues threadbare. This has brought about a new way of looking at the diagnosis, the policy responses and the internal coherence needed in the policies. Thus, this Strategy has been crafted to meet the challenge head-on.

Effective institutions and systems of Public Financial Management (PFM) play a critical role in the implementation of national policies concerning development and poverty reduction. Good PFM is the linchpin that ties together available resources, delivery of services, and achievement of government policy objectives. If it is done well, PFM ensures that revenue is collected efficiently and used appropriately and sustainably³. With these views in mind, a new PFM Strategy is being proposed.

The next section gives a brief background and is followed by approach to crafting this Strategy.

1.2 Background

The universally acknowledged measure for the current status of PFM as well as its progress over time or its comparison with other countries is the Public Expenditure and Financial Accountability (PEFA) assessment. It does a 360-degree evidence-based analysis of PFM systems and brings out the rankings based on shortcomings. This ranking is respected by both the country as well as Development Partners (DPs) as the DPs use PEFA scores to guide their own assessments of fiduciary risks before committing to using in-country systems and providing budgetary support. In the last twenty years or so, five PEFA diagnostic studies have been conducted in Malawi⁴, with the last one done in 2018. There are many shortcomings which have still not been addressed so far.

In Table 1, the frequencies of rankings received in the last three assessments are given. Although there have been some changes in the framework of PEFA, there is no hiding the fact that the overall condition of various dimensions of PFM is far below average.

³ PEFA (Public Expenditure and Financial Accountability) Secretariat. 2016. Public Financial Management Performance Measurement Framework. Washington, DC: PEFA Secretariat. https://pefa.org/sites/default/files/PEFA%20Framework_English.pdf.

⁴ <https://www.pefa.org/country/malawi> (visited 7 Feb, 2022)

With very reduced fiscal space, it is essential that we do more with less than what we have, and that can be done at a very basic level by improving actual performance of PFM consistently and not just by improving scores in PEFA assessments.

Table 1- PEFA Assessment so far

Year of assessment	Total number of Indicators	Number of As	Number of Bs	Number of Cs	Number of Ds
2018	31	3	6	9	13
2011	28	2	7	8	11
2008	28	3	8	9	8

PEFA is a measure and like any other measures it has benefits and limitations. PEFA tells you what is expected from the PFM system. It is not a good guide to get to the core of the problem, which we face in Malawi. It also does not throw light on how actually the systems are working or not working as expected. For example, if the bank reconciliation is not working, PEFA assessment will not tell you why it is not working in a manner that you can attempt to resolve the issues. It also does not tell you which are the areas in which you should focus more or how you should do it. Recently, there have however been some more work done by PEFA Secretariat which helps in going beyond the PEFA assessments.

1.3 Organisation of Chapters

We already have a deep-dive diagnostic study in the form of 2018 PEFA assessment, a framework to take PEFA work going forward to plan PFM reform action, a distant goal of Vision 2063 and a near-term and long-term target to accomplish MIP-1. The PFM Reform Strategy is presented in 7 chapters as follows:

- **Chapter 1** presents introduction and background to the PFM Reform Strategy
- **Chapter 2** summarizes the current state and lessons learned from the previous PFM reform Rolling Plan implementation
- **Chapter 3** provides the detailed actions under each of the goals and objectives including the priority actions

- **Chapter 4** describes the change management challenge, risks, and opportunities
- **Chapter 5** describes implementation arrangements for the PFM Reform Strategy
- **Chapter 6** describes the Costing Matrix of the PFM Reform Strategy
- **Chapter 7** presents M&E Framework
- **Annex A** presents PFM Strategy Results Framework
- **Annex B** presents PFM Rolling Plan for five years

2 CURRENT STATE OF PUBLIC FINANCE MANAGEMENT IN MALAWI

2.1 Approach to Current PFM Reforms

The Public Finance Management reform actions in Malawi are designed to respond to the challenges found in our system, to improve efficiency and effectiveness of public spending and improve our revenue mobilisation. The goals of the PFM reform carried out include strengthening fiscal discipline, ensuring debt sustainability and the efficient, transparent and modern management of public finances.

Malawi has undergone a number of significant PFM reforms since 2005, when the first PEFA was carried out. The Ministry of Finance formulated a PFM Reform Rolling Plan for 2018 to 2021 as a successor to the Public Finance and Economic Management Reform Program (PFEM-RP) based on the identified weaknesses/challenges at that time. It took on board several uncompleted activities from the expired PFEM-RP, which continued implementation until 2018 i.e., over a seven-year period rather than the three years initially envisaged and reflected new priorities to remedy PFM weaknesses exposed by the 2013 public resource defraud (cash gate) and other issues that required further improvement. The Rolling Plan set the ground for improving alignment of public finances reform to national development goals and optimizing their impact on economic growth by implementing pertinent reforms in five thematic areas: planning and budgeting; budget execution; monitoring and reporting; budget oversight; and PFM institutional framework.

Most of the investments over the period of the Rolling Plan were in the public finance management information systems, their roll-out to local councils, as well as tax and non-tax revenue management information systems. Some important areas in PFM were either overshadowed or narrowly defined under the PFEM-RP among which was contract management which later constituted a reform component with the objective of providing value-for-money in government procurement of goods and services.

Some of the other drivers for the reforms include implementing the recommendations from the 2018 PIMA and MAPS reports; achieving the full potential benefits from the investment in the new IFMIS; full implementation of the new PFMA 2022; and improving PFM generally as an important means of restoring near-term budget support.

There are three general take-away lessons from the implementation of the 2018-21 PFM Rolling Plan that would argue for greater focus and doing fewer things with great impact but enhancing comprehensiveness in this Strategy. The lessons indicate that: (a) moving across many fronts simultaneously is inevitably slow-going in the Malawi environment; (b) the lack of focus on few priorities has left some of the more fundamental PFM reforms—incomplete; and (c) the technical commitment to reform in certain units and departments in Ministries may be necessary but is not likely to be sufficient for comprehensive reforms to be rolled out across all MDAs.

Several limitations were observed during the preparation of the 2018-21 Rolling Plan. These include (a) non-involvement of the MDAs as implementing agencies thus affecting the ownership of the Rolling Plan since it was viewed as belonging to MoFEA; (b) lack of strategies as the Rolling Plan focused on activities than on outputs; and (c) over-budgeting of the activities in the Rolling Plan. The lessons learned during the implementation of the 2018-21 Rolling Plan are summarized in Box 1-Lessons Learned prior to 2018 Reform Program below. The 2023-28 Strategy is therefore intended to focus on tangible and feasible solutions but at the same time address the environment for reform insofar as this can be done through the PFM Strategy. Fundamentally the institutional structure within the government has not changed. The demand for, and leadership of, PFM reforms has remained focused on relatively few people and receives relatively little attention from the political or public interest. The broader public administration environment has also not changed, which significantly constrains the ability to train and incentivize improved PFM practices.

Box 1-Lessons Learned prior to 2018 Reform Program

A key to successful PFM reform lies in obtaining top level political support, which requires the political level to understand the nature of PFM and how reform can contribute to political objectives such as better public service with greater transparency. Key lesson learnt from the implementation of the 2018-21 Rolling Plan is the need to establish broader ownership by Government of any PFM reform process and the need to include “demand side” reforms (involving parliament and civil society, at least using in part the reports of the Auditor General) to improve the “demand” side of PFM reform. The 2018-21 Rolling Plan emphasized the need to involve line ministries more extensively in the reform program. Good PFM reform should have benefits for line ministries in terms of greater predictability of resource, increased autonomy, and flexibility in managing resources and an ability to achieve results. However, this did not appear to have happened.

The political interest in PFM reforms to mobilize taxes has grown over in recent years. This PFM Reform Strategy is keen to reflect the issues that have strong political commitment which has been evidenced in the references to the need for additional tax resources to finance the national development objectives and to develop the country for middle income country status. A much stronger pillar for tax mobilization appears in the PFM Reform Strategy 2023-28 as a result.

Building a public discourse and promoting fiscal transparency will need to continue. This will continue to be important and the strategy for ensuring good quality and timely information is available to the public is part of the solution to developing a stronger demand for, and interest in, the PFM reforms. Yet more will need to be done on the demand side to make sure that there are informed users for the citizen budget and fiscal information disclosed. This calls for effective change management through proactive communication of the reforms at every stage to all stakeholders.

The previous PFM Rolling Plan was not well funded, and hence lack of resources was a limiting factor. It was partially supported by a Multi-Donor Trust Fund. However, a number of interventions remained unsupported due to lack of resources as donors viewed such interventions as a mere shopping list. Government on its own would not have fully implemented the Rolling Plan due to resource constraints.

This Strategy has therefore been formulated to address the weaknesses affecting the PFM systems in a prioritized manner with a view to achieving quick gains in the short to medium term as outlined in Chapter 3.

3 PRIORITIZED PUBLIC FINANCE MANAGEMENT REFORM GOALS

3.1 Goals, Objectives and Actions for the Strategy 2023-28

In this Chapter, each of the objectives is explained in detail. A number of goals and actions have been drawn from other existing strategies such as DRMS, Debt Restructuring, MIP-1, for consistency. The vision of this Strategy is to achieve the overarching goal of attaining a sound financial management and discipline in public service delivery for sustainable development.

This Chapter includes an assessment of the current performance and challenges, the reforms previously undertaken and underway to achieve the objective, and the full set of actions to be undertaken to achieve the objective under the strategy during the short term 2023-24, medium term 2025-2028. This section identifies the priority actions within each objective, most of which are to be undertaken in the short term.

Table 2: Priority Action Matrix – PFM Reform Strategy 2023-28

Objectives	Priority Actions
Goal 1: Increase the revenue to GDP ratio by 5% points by 2025/26 financial year⁵	
1.1: Broaden the tax base	<ul style="list-style-type: none"> a) Strengthen taxpayer registration and data management. b) Strengthen business intelligence and analysis. c) Review tax policy and legislation. d) Strengthen taxation of the informal sector. e) Reduce the stock of tax arrears to not more than 5% of total revenue collection f) Strengthen own source revenue generation capacity of Local Authorities. g) Reduce the cost of revenue collection
1.2: Strengthen tax compliance	<ul style="list-style-type: none"> a) Build tax compliance culture. b) Modernize and simplify tax laws and rules. c) Strengthen revenue enforcement. d) Strengthen the accounting, recording, reporting, monitoring, follow-up and clearance of tax arrears

⁵ Domestic Revenue Mobilization Strategy

Objectives	Priority Actions
	<ul style="list-style-type: none"> e) Improve taxpayer services and experience. f) Strengthen tax audit capacity. g) Improve Taxpayer education h) Strengthen the risk assessment process.
1.3: Improve the perception of tax system	<ul style="list-style-type: none"> a) Improve tax disputes resolution mechanisms. b) Improve transparency (publication of activities, results and plans). c) Strengthen oversight of tax administration d) Improve the tax refund processes e) Change management, Taxpayer perception surveys and implementation of SLA.
1.4: Strengthen institutional capacity of MRA	<ul style="list-style-type: none"> a) Develop staff skills and professionalism. b) Develop analytical skills, micro-simulation capacity, and other tools for tax policy analysis. c) Strengthen Taxpayer transaction accounting system to enhance predictability of tax collection and the participation of tax administration in government revenue forecasting
1.5: Improve non-tax revenue	<ul style="list-style-type: none"> a) Institute governance arrangements to oversee implementation of non-tax revenue policy. b) Improve accounting and reporting of Treasury Funds through IFMIS c) Review Treasury Fund Orders so that funds are spent and accounted for through IFMIS d) Improve non-tax legislation. e) Implement Dividend and Surplus Policy and monitor compliance. f) Improve the pricing, quality and delivery of public services. g) Provide for adequate capacity within AGD to strengthen the monitoring, accounting and reporting of Non-tax revenue collection h) Require MDAs in collaboration with the Ministry of Finance to establish collection targets in their strategic plans.

Objectives	Priority Actions
	<ul style="list-style-type: none"> i) Promote use of ICT in the collection and management of non-tax revenue. j) Undertake cost reduction initiatives to augment revenue. k) Improve remittance, monitoring and reporting requirements. l) Improve capacity for assessment, accountability and reporting of non-tax revenue. m) Undertake peer learning on digitalization of non-tax revenue management systems. n) Improve debtor management administration (including dues recovery). o) Improve banking arrangements of non-tax revenue.
<p>Goal 2: Improve the Management of Fiscal Risks, Debt and Cash to Maintain Fiscal Discipline</p>	
<p>Improve Governance and Performance of State-Owned Enterprises</p>	
<p>2.1: Improve the management of fiscal risks of SOEs to maintain fiscal discipline</p>	<ul style="list-style-type: none"> a) Introduce Enterprise Risk Management (ERM) to identify, mitigate and manage fiscal risk across the public sector b) Perform annual fiscal stress tests c) Improve compliance with PFM systems, laws & regulations, international accounting and auditing standards d) Improve accounting, recording, monitoring and reporting of extra budgetary expenditure e) Strengthening financial accounting and reporting at Councils and Extra-Budgetary Units (EBU)

Objectives	Priority Actions
	<ul style="list-style-type: none"> f) Strengthen the controls over the issuance of loans and guarantees (e.g. introduction of ceilings and levels of authorisation) g) Formulate a State-Owned Enterprise (SOE) ownership policy h) Strengthen monitoring of SOEs through timely periodic financial and performance reports for better management of fiscal risks i) Review risk management guidelines on borrowings by Statutory Bodies j) Ensure the SOE budget setting is in alignment with financial performance and fiscal risks so that the government budget function is better informed on SOEs k) Prepare annual report on the aggregate fiscal position of SOEs. l) Improve financial reporting of SOEs and public disclosure
Improve Debt and Cash Management	
2.2: Improve debt management for sustainability	<ul style="list-style-type: none"> a) Update and review the Medium-Term Debt Management Strategy (MTDS) b) Conduct annual debt sustainability analysis c) Reduce domestic debt to manageable levels d) Enhance Debt and Aid data quality, timeliness and reliability e) Review and update the regulations for Debt and Aid management

Objectives	Priority Actions
	<ul style="list-style-type: none"> f) Enhance and sustain the technical capacity of Debt and Aid Division (DAD) g) Prepare annual borrowing plan in line with MTDS h) Establish a Debt Retirement Fund i) Activate a high-level multi-stakeholder Debt Policy Committee that provides oversight on public debt management j) Install new debt recording and management system and develop a unified debt database for more transparency and proactive debt management k) Enhance the use of in-country PFM systems for donor-funded programmes
<p>Goal 3: Allocate resources consistent with the priorities in the National Plan (MIP-1 10 Year Implementation Plan)</p>	
<p>3.1: Improve the link between budgets and government policies and priorities</p>	<ul style="list-style-type: none"> a) Improve the link between policy and the budget b) Align sector strategies to Malawi Vision 2063 and MP-1 and ensure that the actions and costing reflect the realities of the government c) Improve budget credibility, and predictability and control in budget execution d) Improve linkage between the outer year projections in the annual multi-year budget to budget ceilings in subsequent budget years

Objectives	Priority Actions
	<ul style="list-style-type: none"> e) Reduce delays in the implementation of the budget calendar and provide MDAs with adequate time to complete their budget proposals f) Prepare medium term budget aligned to Malawi Implementation Plan (MIP 1, MW2063) g) Improve coordination and interface with Budget and Finance Committee of Parliament h) Ringfence allocation to the development budget at an annual minimum of 25% of the national budget i) Ensure MTEF is more realistic and aligned to revenue base and Government policy objectives j) Improve aggregate expenditure budget outturn k) Produce and publish monthly and quarterly fiscal reports (Expenditure Returns, Social spending, Funding reconciliation, M&E etc) l) Produce Treasury Minute m) Review the budget Calendar in collaboration with other stakeholders
3.2: Strengthen the management of public investments	<ul style="list-style-type: none"> a) Improve the linkage between investment budget to Malawi Vision 2063, MP-1 and Sector strategies b) Improve linkage between the outer year projections for investment in the annual

Objectives	Priority Actions
	<p>multi-year budget to budget ceilings in subsequent budget years</p> <p>c) Undertake mid-term Public Investment Management Assessment (PIMA) during the implementation of this Strategy followed by a formal external assessment at the end of RP.</p> <p>d) Strengthen strategic guidance and budget ceilings for public investment</p> <p>e) Establish a ceiling for the PSIP budget at the start of the budget process based on a binding resource envelope and include PSIP ceilings in the budget circular.</p> <p>f) Strengthen the project appraisal process by developing a standard methodology for project appraisal, publishing this methodology and verifying that it is consistently applied by the line ministries.</p> <p>g) Improve the project selection process for the budget by developing better targeted selection and prioritization criteria and processes</p> <p>h) Strengthen the project management and monitoring framework and ensure implementation in all MDAs and SOEs.</p> <p>i) Develop a framework for ex-post evaluations and ensure that lessons learned from past projects are incorporated in revised guidelines and practices.</p>

Objectives	Priority Actions
<p>3.3: Strengthen the budget and performance management capacity</p>	<ul style="list-style-type: none"> a) Strengthen capacity for budget formulation and preparation within MDAs (e.g. Build capacity in procurement planning, Expenditure planning and cash planning) b) Develop/ provide tools enabling MDAs to develop cash flow forecasts linked to Budget and Procurement Plan c) Establish systems/ mechanisms for MDAs to provide expenditure and cash plans on a quarterly basis with plans to eventually move to monthly basis d) Finalise the development and roll out of in-year budget monitoring reports in IFMIS and strengthening the comprehensiveness and quality of these reports e) Strengthen the accounting, recording and reporting of Off-budget resources through IFMIS f) Strengthen the approval over in-year budget adjustments and virements g) Ensure that all MDAs prepare costed medium term strategic plans which are aligned to MIP-1 h) Work out a plan for institutional strengthening of MDAs to improve in financial management functions i) Enhance the skills of PFM staff in MDAs to tackle new and emerging risks
<p>3.4: Strengthen PFM capacity of local government</p>	<ul style="list-style-type: none"> a) Strengthen the capacity of the accounting and internal audit functions at councils

Objectives	Priority Actions
	<p>(technical skills, number of qualified staff and provision of relevant tools)</p> <ul style="list-style-type: none"> b) Develop a strategy to attract and retain qualified accounting and internal audit personnel at councils a) Strengthen financial accounting, recording and reporting (timeliness, comprehensiveness and quality) at local councils to enable them submit their audited financial statements on time c) Conduct PEFA Assessment to assess the local government PFM systems and identify the areas of reforms d) Build capacity of local councils in all components of Public Finance Management e) Improve the auditing system of local councils to enable them submit their audited financial statements on time f) Align the Local Authority Accounting Manual to PFMA 2022 g) Review framework for resource sharing allocation criteria (IGFTF) for local councils h) Review the framework for ceded revenue/revenue sharing for local councils i) Digitize local revenue collection systems for councils j) Improve Local Authorities IFMIS capabilities k) Develop fiscal decentralization policy and strategy

Objectives	Priority Actions
	<ul style="list-style-type: none"> l) Enforce local councils to publish audited financial statements m) Conduct a study for improving revenue generation capacity at council level n) Develop Local Revenue Enhancement Strategic Plans (LRESPs)
Goal 4: Promote the efficient use of public resources and delivery of services through better budget execution	
<p>4.1: Improve business processes and strengthen internal controls for service delivery</p>	<ul style="list-style-type: none"> a) Extend the scope of the current TSA arrangements. b) Develop Operation Manual for TSA c) Strengthen the management of government bank accounts and ensure timely bank reconciliation with effective follow-up and clearance of outstanding items. d) Clear reconciliation backlog for 2019/2020 and 2020/2021 e) Undertake benchmarking on critical cash management processes. f) Institutionalise monthly reconciliation of personal records with payroll. g) Improve effectiveness of payroll controls h) Finalise the implementation of the payroll interface with IFMIS and ensure that introduction of new account codes is done simultaneously in the budget and HRMIS. i) Fully implement the recommendations from the 2021 personnel audit

Objectives	Priority Actions
	<ul style="list-style-type: none"> j) Strengthen the management of arrears and commitments. k) NAO to establish the stock of arrears and ensure that a record of the stock of arrears is maintained in IFMIS. l) Develop and implement a strategy to clear arrears. m) Train staff in MDAs on the use of the cash management module in IFMIS n) Revise the Cash Management Manual to incorporate EFT and SAP requirements. o) Review Fleet Management Policy to make civil service transport system cost effective. p) Review Fixed Asset Management Policy q) Enforce Public Expenditure Tracking Surveys in key sectors such as Education, Health and Agriculture
<p>4.2: Adopt International Standards of Procurement Practice to facilitate service delivery and achieve value for money</p>	<ul style="list-style-type: none"> a) Conduct procurement capacity need assessment (Technical capacity and adequate qualified personnel for the efficient and effective functioning of the Procurement and Disposal Units) b) Improve and strengthen the functioning of PDUs and IPDCs in MDAs c) Develop strategy for capacity building with support from Malawi Institute of Purchasing and Supply (MIPS) d) Conduct procurement sensitisations to enhance capacity and awareness

Objectives	Priority Actions
	<ul style="list-style-type: none"> e) Align procurement planning with budgeting and cash flow. f) Strengthen the central procurement monitoring mechanism g) Finalize the development and rollout of the Electronic Government Procurement (e-GP) system
4.3: Modernize the Internal Audit function	<ul style="list-style-type: none"> a) Strengthen the internal audit capacity to perform systems audit and apply the standardized methodologies and toolkits b) Establish functional cluster Audit Committees for all MDAs based on sectors c) Increase coverage of internal audit based on the approved work plan d) Enforce use of standardized methodologies and toolkits regarding audit documentation, reporting and follow-up activities. e) Operationalize the internal audit function in accordance with PFM Act, 2022. f) Undertake regular quality assessment reviews across MDAs and periodic assessment against International Standards of best practice. g) Develop and implement a tracking system for internal audit recommendations. h) Develop a competency framework for the internal audit profession

Objectives	Priority Actions
	<ul style="list-style-type: none"> i) Update Internal Audit Manual to include procedures relating to risk-based planning and auditing j) Build capacity of internal audit units in terms of numbers and skills across all MDAs k) Roll-out continuous audit of IFMIS and HRMIS Payroll transactions in MDAs l) Digitize the internal audit function
Goal 5: Promote Accountability through External Scrutiny and Budget Transparency	
<p>5.1: To raise the profile of external auditing practices to international standards in terms of quality, coverage and timeliness to provide adequate assurance that the public funds are used efficiently and effectively</p>	<ul style="list-style-type: none"> a) Fill the vacant post of the Auditor General b) Improve compliance with PFM laws & regulations, international accounting and auditing standards c) Improve auditing practices (e.g. value for money audits, digitalisation of auditing processes, etc.) d) Support the implementation of the NAO ICT strategy to improve audit scope, qualify, timeliness and efficiency of audits. e) Improve timeliness, quality and public availability of audited financial statements f) Enhance training and professional capacity to conduct more ISSAI-compliant audit g) Establish a mechanism for the follow-up, monitoring and reporting on actions taken on Auditor General’s recommendations and those recommendations of Parliament

Objectives	Priority Actions
	<ul style="list-style-type: none"> h) Strengthen the functions of quality assurance (QA) i) Undertake regular updates of Audit Manuals (Performance Audit Manual, Regularity Audit Manual, Compliance Audit Manual, etc.) in line with AFROSAI-E
<p>5.2: To enhance the capacity and commitment of the relevant financial committees of Parliament and their respective secretariats</p>	<ul style="list-style-type: none"> a) Strengthen the Parliamentary Budget Office (PBO) to support the committees to improve their oversight function of scrutinizing the budget, fiscal policies and the Auditor General reports on annual financial statements. b) Put in place a mechanism to keep Parliament informed on a regular basis of the macroeconomic, fiscal policy and budgetary development c) Adopt a mechanism to ensure systematic follow-up of audit recommendations and sanctions by the PAC d) Provide content-based training to the relevant committee secretariat staff to work out the agenda for the committee meetings e) Enhance capacity of finance committees of parliament to carry out their duties in line with the Public Audit Act (amended) 2018. f) Modernize business process, proceedings and automated record management and development of MIS for financial oversight committees. g) Revisit the standing orders to include explicit arrangements for public consultation

Objectives	Priority Actions
	<p>and other necessary improvements in line with PFMA 2022.</p> <p>h) Submit audit reports to Parliament for scrutiny for entities using public funds including Statutory Bodies and Subvented Organizations.</p> <p>i) Undertake regular review of the terms of reference for PAC so that they are comprehensive and up to date</p> <p>j) Embrace non-state actors to track the audit follow-ups and engage the public on progress</p>
Goal 6: Enhance the enabling environment for improved PFM Outcomes	
6.1: Put in place a comprehensive and a clear legal framework	<p>a) Develop guidelines for debt management based on PFMA, 2022 and debt management strategy to introduce clear and binding appropriation rules and a framework for debt management</p> <p>b) Review Audit Committee Charter</p> <p>c) Review Desk Instructions; Accounting Manual; and Treasury Instructions in line with the PFMA 2022</p> <p>d) Establish a legal framework to allow publication of information regarding resource availability to primary service units, for example health, education, etc</p>
6.2: Put in place the policies, processes and skills to manage and deliver a comprehensive	<p>a) Develop PFM skills strategy, including a needs assessment, and prepare an action plan in consultation with relevant stakeholders.</p>

Objectives	Priority Actions
<p>training and capacity development program</p>	<ul style="list-style-type: none"> b) Develop and implement a strategy to anchor PFM trainings in Malawi School of Government to enhance efficiency, effectiveness and sustainability. c) Revive the Training Centre under the Accountant General's Department d) Commit funds for professionalization of PFM skills. e) Develop a comprehensive capacity building/technical assistance programme on PFM reforms. f) Build capacity of Malawi School of Government to include change management, and leadership change in its curricula
<p>6.3: Establish a secure, reliable, efficient, effective, and fully integrated public financial management system</p>	<ul style="list-style-type: none"> a) Activate the functionalities of all modules in (IFMIS) SAP b) Finalize full implementation of IFMIS (SAP) across all government MDAs c) Integrate IFMIS (SAP) with other systems (RBM, HRMIS, MRA, Meridian, etc.) for completeness. d) Address the implementation issues of SAP covering change management, communication and training and other measures necessary for sustainable implementation. e) Establish an effective helpdesk for IFMIS f) Consider the longer-term IFMIS support and management arrangements for sustainability

Objectives	Priority Actions
	<ul style="list-style-type: none"> <li data-bbox="602 232 1184 302">g) Build capacity for super users and end users to manage SAP <li data-bbox="602 339 1026 371">h) Maintain Data Recovery Centre <li data-bbox="602 408 1126 478">i) Procure end user equipment for smooth implementation of IFMIS <li data-bbox="602 515 1085 585">j) Institutionalize in-year and year-end reporting through IFMIS <li data-bbox="602 622 1184 846">k) Expand the IFMIS coverage of transactions – including MG1 transactions, the timely recording of revenues, budgets and actuals for all debt issuance receipts and servicing payments, transfer to councils, and advances to embassies and non-IFMIS MDAs <li data-bbox="602 883 1180 1033">l) Publish consolidated fiscal reports – IFMIS coverage to include all national government inflows and outflows including MG1 and public debt flows from July 2021 <li data-bbox="602 1071 1184 1258">m) Institute strict month-end accounting practices to ensure completeness and reliability of IFMIS data supported by timely bank reconciliation prior to generating monthly reports <li data-bbox="602 1296 1139 1365">n) Undertake valuation and recording of all public assets in IFMIS <li data-bbox="602 1403 1163 1628">o) Perform IFMIS audit prior to the handover of the system to government to ensure that all deliverables under the contract are provided to the satisfaction of government and outstanding issues are satisfactorily closed.

Objectives	Priority Actions
	<ul style="list-style-type: none"> p) Produce and reconcile quarterly financial statements one month after the end of the quarter. q) Publish comprehensive and quality financial statements covering central government and local government within the statutory timelines r) Improve accounting practices (e.g. Introduction of accrual accounting, implementation of IPSAS and digitalisation of non-tax revenue collection, etc.)
<p>6.4: Develop Organizational Change Agility to enhance implementation of PFM Strategy</p>	<ul style="list-style-type: none"> a) Develop a change management plan b) Proactively and effective communication of the reform and the motivation behind the reform at every stage to all relevant stakeholder (e.g. emails, Fact Sheets, Posters, Newsletters, Website Articles, News Papers Articles, Public notices, Radio and TV programmes, Presentations, Workshops and seminar) c) Prepare and conduct Awareness workshops on Change Leadership for Controlling Officers d) Prepare and conduct Awareness workshops on Change Management for senior public officers (Directors, Deputy Directors, etc) e) Conduct Immersion Workshops on Change Leadership for those who will be leading changes under PFM

Objectives	Priority Actions
	<ul style="list-style-type: none"> f) Conduct Immersion Workshops on Change Management for those who will be implementing changes under PFM g) Incorporate Change Leadership and Change Management activities during the planning stages of any change h) Integrate Change Leadership and Change Management activities with the specific project plans for implementing the changes i) Undertake continuous professional development including peer learning, training on the job, etc.
Goal 7: Institute effective governance systems and institutions	
7.1: Enhance public sector performance	<ul style="list-style-type: none"> a) Roll out results-based financial management in all MDAs and local councils b) Conduct Economic Governance Sector Review c) Conduct Economic Governance Performance Monitoring d) Develop a joint sector Economic Governance strategy with M & E framework and implementation plan e) Review and enhance the PFM staff performance appraisal process and ensure that it is focused on goals that contribute to the performance of the relevant institutions

Goal 1: Increase the revenue to GDP ratio by 5% points by 2025/26 financial year

The Government of Malawi has developed a Domestic Revenue Mobilization Strategy (DRMS) covering the period 2021-26. In the medium term, the Government will, through this Strategy, aim at improving the overall efficiency and effectiveness of Malawi's revenue system, by among other things, expanding the tax base, enhancing tax compliance, improving the perception of the tax system, strengthening institutional capacity for revenue mobilization as well as improving non-tax revenues. The intention is to promote inclusive growth, enhancing accountability, investing in systems to reduce the cost of compliance and promoting growth related tax policies in line with the national development priorities. The Strategy seeks to ensure that revenue policies, legal framework and practices are in line with regional and international good practices.

The priorities are set out in the form of strategic objectives, strategies and key activities. These, as detailed in the DRMS, have also been reflected in the PFM Rolling Plan since their implementation is currently underway.

Goal 2: Improve the Management of Fiscal Risks, Debt and Cash to Maintain Fiscal Discipline

2.1 Improve Governance and Performance of State-Owned Enterprises

Current Performance and Challenges: The Government of Malawi (GoM) has a mandate for SOEs, to contribute to the National Goals as espoused in the Malawi Implementation Plan 1 (MIP 1) under the Malawi Vision 2063. This requires that these entities take a long-term approach, be efficient and profitable, while being allowed the capacity to develop. Areas where these entities are expected to contribute are set out in the MIP 1 which is the medium-term national development strategy aligned to the country's long-term national development aspirations articulated in Malawi Vision 2063.

The exercise of ownership rights is the responsibility of MoFEA under the PFMA. The issue of SOE oversight is important in Malawi given the size of its public sector. There are over 70 SOEs which fall under the oversight of the Public Finance Management Systems Division (PFMSD) in the MoF. SOEs create fiscal risks to the extent that Government may guarantee their borrowings that they may be unable to repay, and unprofitable SOEs may require direct support from the budget to maintain assets even for operating expenses. Loss making SOEs drain budget resources. The financial

situation of loss-making public enterprises creates potential and contingent liabilities for the budget, for example, through the accumulation of arrears to private suppliers thereby necessitating bail out from Government. The MoF through the Division therefore plays a more direct role in managing the Government's assets, particularly its stakes in SOEs, and monitor associated liabilities.

The PFMSD aims to provide strategic guidance and oversight to these SOEs. It is also responsible for managing fiscal risks posed by the SOEs. SOEs are required to submit quarterly reports, annual performance reports and annual audited financial statements to the PFMSD. However, the PEFA (2010) assessment noted that there are delays in submitting audited financial statements. The report also noted that there was no consolidation and presentation of fiscal risks posed by the SOEs to the GoM.

The oversight function of SOEs is fragmented. The Public Enterprise Monitoring Unit (PERMU) in the MoF is responsible for the financial oversight of SOEs but has limited financial and human resources to undertake such work. The Department of Statutory Corporations in the Office of the President and Cabinet is responsible for the administrative oversight of SOEs and other statutory bodies. There are over 70 statutory bodies, half of which operate on a commercial basis. The PERMU undertakes the review of the SOEs' investment plans of corporations and their financial performance. Currently, reporting by individual SOEs is infrequent and irregular. However, recently the Unit is producing consolidated performance report of SOEs which started with 2017/18 financial year covering investment activities, fiscal risks and overall financial performance of the SOEs. The Unit has also started compilation of data on the financial support provided by the government in the form of grants, capital injections, on-lending and loan guarantees to these enterprises. However, data gaps exist on subsidies and cross subsidies among SOEs. Further, the oversight of SOEs in key infrastructure sectors is blurred by fragmented and overlapping roles between the MoF and other oversight government institutions which is contrary to international good practice.

The actions to be taken under PFM reforms: The main reform actions for the period will be strengthening the financial reporting of the SOEs and to monitor consolidated fiscal risks arising across the sector. The capacity of the PFMSD could be strengthened to enable better monitoring of the SOEs to improve reporting and enhance the capacity of the PFMSD to better manage the fiscal risks by consolidating the reports of the SOEs, determine and better manage those risks.

Table 3: Reform Actions to Strengthen Governance and Reporting of SOEs

	Improve central oversight of SOEs and PPPs
Intermediate – Short Term	a) Introduce Enterprise Risk Management (ERM) to identify, mitigate and manage fiscal risk across the public sector
	b) Perform annual fiscal stress tests
	c) Improve compliance with PFM systems, laws & regulations, international accounting and auditing standards
	d) Formulate a SOE ownership policy
	e) Improve accounting, recording, monitoring and reporting of extra budgetary expenditure
	f) Strengthen the controls over the issuance of loans and guarantees
	g) Revamp the role of PFMSD to make it more comprehensive and to focus on overall performance management to align it to PFM Act, 2022.
	h) Build capacity in PFMSD to monitor and report fiscal risks of SOEs.
	i) Review risk management guidelines on borrowings by Statutory Bodies.
	j) Strengthen monitoring of SOEs so that timely periodic financial and performance reports are submitted to PFMSD to enable better management of fiscal risks
k) Ensure the SOE budget-setting and debt profile is in alignment with financial performance and fiscal risks and the government budget function is better informed on SOEs	
l) Improve financial reporting of SOEs and public disclosure	

m) Prepare annual report on the aggregate fiscal position of SOEs

2.2. Improve Debt and Cash Management for Sustainability

Current performance and challenges: The primary responsibility of debt recording and reporting lies with the Debt and Aid Division (DAD) of the Ministry of Finance. DAD is responsible for managing public and publicly guaranteed debt with a view to assessing the macroeconomic impact of existing and new borrowing. The PFMA gives the Minister of Finance the power to raise debt on behalf of the Government and to issue government guarantees. DAD is responsible for maintaining the records of all public debt contracted by the state for both local and foreign borrowing. Reconciliation on the public debt is done monthly considering new debt that has been raised during the month, debt that has been retired and the principal and interest payments which would have been made or sinking fund payment arrangement directed toward clearing debt. The government also keeps track of contingent liabilities as government issues consent letters and guarantees to public enterprises.

The securities, external and domestic loans are recorded using the debt management software called Commonwealth Secretariat Debt Recording and Management System (CS-DRMS). Quarterly debt reports are produced which covers information on composition of domestic and external debt, interest rates, and actual foreign exchange rates. At the end of the fiscal year a comprehensive annual debt report is prepared which is also presented before the Parliament showing the debt status.

The Minister of Finance is required to prepare a Medium-Term Debt Management Strategy (MTDS) covering 2020-22. However, there is no debt strategy since 2020, and the annual plan for borrowing is mostly not consistent with the debt strategy.

With regards to the treasury and cash management, the key issue is that there is no Treasury Single Account (TSA) covering all government cash holding. Of major concern is that bank accounts for donor funded projects, which are maintained by the respective MDAs, are not being monitored by MoF and the balances are also not being consolidated and reported upon by MoF. The other issue is that a full reconciliation of bank accounts is not regularly done.

The actions to be taken under PFM Reforms: The priority reform actions are (a) to prepare a Medium-Term Debt Management Strategy (MTDS); (b) debt restructuring; (c)

establish a debt retirement fund; (d) to make the annual borrowing to be consistent with the Medium-Term Debt Management Strategy; (e) to support the planned migration of debt recording from CS-DRMS to Meridian in a phased and controlled manner and to help DAD realize the benefits from the modern software; and (f) to extend the scope the current Treasury Single Account (TSA) arrangements.

Table 4: Reform Actions to Improve Debt and Cash Management

Intermediate – Short Term	a) Develop guidelines for debt management based on PFMA 2022 to introduce clear and binding appropriation rules and a framework for debt management
	b) Update and review the Medium-Term Debt Management Strategy (MTDS)
	c) Develop a Debt Restructuring Strategy
	d) Conduct annual debt sustainability analysis
	e) Enhance Debt and Aid data quality, timeliness and reliability.
	f) Review and update the regulations for Debt and Aid management
	g) Enhance and sustain the technical capacity of DAD
	h) Prepare annual borrowing plan in line with MTDS
	i) Establish a Debt Retirement Fund
	j) Reduce domestic debt to manageable levels
Medium Term	a) Extend the scope of the current TSA arrangement through developing technical measures including account structure and institutional arrangements for TSA, and developing Operation Manual for TSA

	b) Install new debt recording and management system and develop a unified debt database for more transparency and proactive debt management.
	c) Enhance the use of in-country PFM systems for donor funded programmes

Goal 3: Allocate Resources Consistent with the Priorities in MIP-1 (Malawi 2063 First Ten Year Implementation Plan)

Objective 3.1: Improve the Link between Budgets and Government Policies and Priorities

3.1.1. Improve Credibility of the Annual Budget

Current Performance and Challenges: In-year adjustments and virements within the budget of government agencies and across agencies are at the discretion of the Ministry of Finance, initiated at the request of government agencies. However, these adjustments are not referred to Parliament for ratification. The 2018 PEFA Assessment recorded significant composition variance of more than 15% especially in primary expenditure composition by functional classification in all the last years up to 2016/17. The credibility of the budget preparation process is therefore undermined as sectors reallocate their expenditures. The continuous budget reallocations also raise questions about budget credibility as well as the delivery of government services based on its original policy intent.

The actions to be taken under PFM Reforms: The priority reform actions are (a) to prepare a Medium-Term Budget Framework Policy; (b) to prepare medium-term budget aligned to MIP-1; (c) to produce and publish monthly fiscal reports; and improve aggregate expenditure budget outturn.

Table 5: Reform Actions to Improve the Link between Budgets and Government Policies and Priorities

Intermediate – Short Term	a) Improve the link between policy and the budget
	b) Align sector strategies to Malawi Vision 2063 and MIP-1 and ensure that the actions and costing reflect the realities of the government
	c) Improve budget credibility, and predictability and control in budget execution
	d) Improve linkage between the outer year projections in the annual multi-year budget to budget ceilings in subsequent budget years
	e) Reduce delays in the implementation of the budget calendar and provide MDAs with adequate time to complete their budget proposals
	f) Ensure MTEF is more realistic and aligned to revenue base and government policy objectives
	g) Improve coordination and interface with Budget and Finance Committee of Parliament
	h) Prepare medium term budget aligned to Malawi 2063 First Ten Year Implementation Plan (MIP 1, MW2063)
	i) Ringfence allocation to the development budget at an annual minimum of 25% of the national budget
	j) Produce and publish monthly and quarterly fiscal reports
	k) Review the Budget Calendar in collaboration with other stakeholders
	l) Improve aggregate expenditure budget outturn

Objective 3.2: Strengthen the Management of Public Investments

Current Performance and Challenges:

GoM operates a Public Sector Investment Program (PSIP) process for all development activities with a total estimated cost of not less than an equivalent of USD 1,000,000 for infrastructure projects and USD 500,000 for service projects. The PSIP is managed by a unit within EP&D which is tasked at coordinating national developmental projects for MDAs on behalf of the GoM in line with MIP 1, 2063. It has issued PSIP guidelines to help MDAs in prioritizing projects to be included in the national budget based on set criteria.

The annual budget includes PSIP for the respective year, with the same projects that are expected to carry on in the medium term included in the next two years and information on the total project construction cost. No new projects are included in the two years following the budget year. Similarly, the projected recurrent costs of most major infrastructure projects that would be completed in the medium term and carry-overs from previous years are not included in the budget figures. Lifecycle costing for any of the PSIPs have not been carried out yet. Solid budget and cash-flow management, as well as cost-benefit analysis, depend on comprehensive financial analysis of investment projects. Total estimated capital cost for major projects including the capital costs for the forthcoming budget years are not included in the budget documents which show only budget year expenditure estimates. Some major investment projects are prioritized by the PSIP Department, recommended to Cabinet, and included in the budgets for approval by the Parliament prior to their inclusion in the budget.

Most major investment projects are carried out through foreign financing – either through bilateral or multilateral grants or loans. Foreign financed projects are better appraised than those financed domestically. Some development partners conduct economic analyses with their own methodology, but these are not published. The monitoring performed by EP&D includes all government infrastructure projects, including the donor funded ones. However, this does not align with the financial plan and the schedule. Budgetary units are requested to prepare annual cash flow plans for PSIP projects for ease of cash flow management.

The actions to be taken under PFM Reforms: The Public Investment Management Assessment (PIMA) carried out by IMF and released in June 2018 identified major weaknesses and progress made. The weaknesses include capacity constraints at public investment institutions; poor budget credibility and budget execution in the wider PFM system regarding PIM; gaps in planning institutions in designing but more significant gaps in implementation. The PIMA also points out that, although budget documents include comprehensive information on public investment, the

government's ability to allocate these resources to the right sectors and projects is undermined by the lack of robust processes throughout the project selection and budgeting cycle. It also exposes significant weaknesses in implementing projects on time and on budget, leading to higher costs and the inefficient use of scarce investment resources. The report provides recommendations to strengthen the institutional framework, under five main headings. Key reform actions include institutional strengthening for project appraisal, selection, and management; adoption of more stringent project screening and vetting mechanisms for all public sector investment projects and enhancing the oversight of public investment undertaken by non-budgetary institutions, including SOEs, PPPs, investment planning and budgeting, and legal framework.

The PSIP Unit has made several strides in addressing the identified PIMA weaknesses. This Strategy will however support the design and implementation of an upgraded PSIP system which is supported by JICA and its interface with IFMIS.

The actions to be taken under PFM Reforms: The priority reform actions are (a) to undertake PIMA on regular basis; (b) to strengthen strategic guidance and budget ceilings for public investment; (c) Improve the capacity of institutions through training to carry out project appraisal, selection and management; (d) Strengthen capacities of all actors involved in public investment management.

Table 6 Reform Actions to Improve Public Investment Management

Reform Actions including Priorities in Bold

Intermediate – Short Term	a) Undertake mid-term Public Investment Management Assessment (PIMA) during the implementation of this Strategy followed by a formal external assessment at the end of this Strategy.
	b) Improve the linkage between investment budget to Malawi Vision 2063, MIP-1 and Sector strategies
	c) Improve linkage between the outer year projections for investment in the annual multi-year budget to budget ceilings in subsequent budget years

	d) Strengthen strategic guidance and budget ceilings for public investments
	e) Establish a ceiling for the PSIP budget at the start of the budget process based on a binding resource envelope and include PSIP ceilings in the budget circular.
	f) Strengthen the project appraisal process by developing a standard methodology for project appraisal, publishing this methodology and verifying that it is consistently applied by the line ministries.
	g) Improve the project selection process for the budget by developing better targeted selection and prioritization criteria and processes. This includes developing a project pipeline to improve the medium-term focus of project identification, appraisal, selection, and approval
	h) Strengthen the project management and monitoring framework and ensure implementation in all MDAs and SOEs.
	i) Develop a framework for ex-post evaluations and ensure that lessons learned from past projects are incorporated in revised guidelines and practices.

Objective 3.3: Strengthen the Budget and Performance Management Capacity

3.3.1. Enhance PFM Skills Capacity in MDAs

Current Performance and Challenges: PFM skills in MDAs need upgrading as evidenced by recurring audit findings coupled with the introduction of the new IFMIS. Staff capacity is a major challenge in several PFM institutions because of the need for new skills and numbers to manage new activities resulting from the PFM reforms. Most MDAs do not have skilled personnel in PFM to cope with emerging issues in PFM such as the implementation of the new IFMIS.

Currently, many PFM staff, both within MoFEA and across other stakeholder agencies, lack terms of reference specifying duties and expected outputs.

The actions to be taken under PFM Reforms: The priority reform actions are (a) to align medium term strategic plane for MDAs to MIP-1; (b) to enhance PFM skills in MDAs; and (c) to develop a comprehensive capacity building programme focusing on core PFM functions.

Table 7 Reform Actions to Strengthen Financial and Performance management of MDAs

Reform Actions to Strengthen Financial and Performance management of MDAs

Intermediate – Short Term	a) Strengthen capacity for budget formulation and preparation within MDAs (e.g. build capacity in procurement planning, expenditure planning and cash planning)
	b) Develop/provide tools enabling MDAs to develop cash flow forecasts linked to Budget and Procurement Plan
	c) Establish systems/mechanisms for MDAs to provide expenditure and cash plans on a quarterly basis with plans to eventually move to monthly basis
	d) Finalize the development and roll out of in-year budget monitoring reports in IFMIS and strengthening the comprehensiveness and quality of these reports
	e) Strengthen the accounting, recording and reporting of off-budget resources through IFMIS
	f) Ensure that all MDAs’ medium term strategic plans are prepared and aligned to Malawi 2063 First Ten Year Implementation Plan
	g) Work out a plan for institutional strengthening of MDAs to improve in financial management functions
	h) Develop a framework for defining a clear set of principles and criteria for targeting delivery of training activities to specific PFM stakeholders
	i) Strengthen the approval over in-year budget adjustments and virements

3.4: Strengthen PFM Capacity of Local Government

3.4.1. Enhance Public Financial Management of Local Government

Current Performance and Challenges: Malawi has a single tier of local government comprising four city councils, 28 district councils, two municipal councils and one town council. They are all on the same level with no subsidiary or supervisory structure.

Sections 146 and 150 of the 1995 Constitution (amended) provides for decentralization administration of Malawi and financial administration of the local government respectively. These sections are further supported by Section 3 of LGA, 1998 (amended) which defines the objectives of local government while the Decentralization Policy that was approved by Cabinet in October 1998 deals with devolution of administration and political authority to the district level, and assignment of functions and responsibilities. The LGA and Decentralization Policy are currently under review.

A number of key challenges exist and include the following:

- a) Lack of integration of central government and local government financial management systems thereby affecting data consolidation and integrity for the national accounts
- b) Inadequate PFM capacity at local government level which adversely affects accounting and reporting
- c) Low uptake on PFM reforms at the local government level due to lack of skills and numbers

The actions to be taken under PFM reforms: The basic action in the short-term is to carry out a PEFA for local governments to gather insights about the centralized-decentralized expenditure systems. In addition, improvement of the auditing system of local councils to enable them to submit audited financial statements on time is a priority action. In the medium term and based on the PEFA conclusions a set of recommendations and a sequencing of activities can be planned and implemented. Table 6 below lists the priority reform action during the reform period.

Table 8 -Reform Actions to Enhance PFM of local governments

Reform Actions including Priorities in Bold

Intermediate – Short Term	a) Conduct a PEFA to assess the local government PFM system and identify the areas of reforms
	b) Improve LA-IFMIS capabilities in all councils
	c) Align the Local Authority Accounting Manual to the PFMA 2022
	d) Build capacity of local councils in all components of Public Finance Management
	e) Strengthen the capacity of the accounting and internal audit functions at councils (technical skills, number of qualified staff and provision of relevant tools)

	f) Develop a strategy to attract and retain qualified accounting and internal audit personnel at councils
	g) Strengthen financial accounting, recording and reporting (timeliness, comprehensiveness and quality) at local councils to enable them to submit their audited financial statements on time
	h) Improve the auditing system of local councils to enable them submit their audited financial statements on time
	i) Review framework for resource sharing allocation criteria (IGFTF) for local councils
	j) Review the framework for ceded revenue/revenue sharing for local councils
	k) Digitize local revenue collection systems for councils
	l) Develop Local Revenue Enhancement Strategic Plans
	m) Develop fiscal decentralization policy and strategy
Medium Term	a) Enforce local councils to publish audited financial statements
	b) Conduct a study for improving revenue generation capacity at council level
	c) Develop Local Revenue Enhancement Strategic Plans (LRESPs)

Goal 4: Promote the Efficient Use of Public Resources and Delivery of Services through Better Budget Execution

Objective 4.1: Improve Business Processes and Strengthen Internal Controls for service delivery

4.1.1. Improve business processes and treasury management practices

Current Performance and Challenges: MoF through the AGD operates Government's Main Account no.1 with RBM. MRA holds its main collection account with RBM. Spending MDAs do not have individual operating accounts (ORT and Development) with RBM as AGD maintains pooled bank accounts which are managed and reconciled by AGD. Cheques are no longer used by Government as an interim EFT model is used by Government as the payment method.

The PFMA, Accounting Manual and Desk Instructions outline a number of internal controls over management of funds within Government. Such controls include those

for posting, release, pre-audit, cheque printing, and payment. These internal controls are supplemented by Treasury Circulars from time to time, based on need and clarity required. The IFMIS related segregation of responsibilities is outlined in the IFMIS End User Manual. Access rights to the system modules and applications are based on levels under the user control spectrum i.e., parking, posting, release and payment. Central Government transactions are processed through IFMIS, and Treasury has the right to view expenditure made at any given time in MDAs.

Expenditure commitments for ORT are done in IFMIS and tied to payment processing when funding is available in MDAs. IFMIS generates commitments based on Local Purchase Orders (LPO) produced by IFMIS. However, while these commitments are captured in IFMIS, there are other commitments which are created outside IFMIS by MDAs but are not correctly reported on anticipation of monthly funding releases from Treasury. Such commitments are normal ORT related transactions which ordinarily could be captured in IFMIS had monthly funding releases by Treasury been predictable. These are the commitments which end up as arrears following lapse of the financial year. Treasury does not provide extra funding for such arrears and MDAs have to use the current budget year fund releases to liquidate them.

Much as no commitments can be created within IFMIS without budget availability, this control is largely undermined by procurement of goods/services outside IFMIS by MDAs. Such procurements are only captured in IFMIS when funds become available.

The actions to be taken under PFM Reforms: The key priority reform action is to introduce sound commitment control measures based on quarterly budget allotments allowing MDAs to commit through IFMIS and monthly cash releases to manage payments.

Table 9 Reform Actions to Improve Business Processes and Strengthen Internal Controls for service delivery

Reform Actions including Priorities in Bold

<p>Intermediate – Short Term</p>	<p>Introduce sound commitment control measures based on quarterly budget allotments allowing MDAs to commit through IFMIS and monthly cash releases to manage payments.</p> <p>Operationalizing commitment controls might include releasing quarterly allotments of the budget enabling commitments within the IFMIS supported by monthly payment limits and contract management functionality. An additional activity may include the design, testing and implementation of a long-term EFT model as part of the RBM upgrade of its core banking system</p>
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	a) Extend the scope of the current TSA arrangements
	b) Develop Operation Manual for TSA
	c) Clear reconciliation backlog for 2019/2020 and 2020/2021
	d) Undertake benchmarking on critical cash management processes
	e) Strengthen the management of government bank accounts and ensure timely bank reconciliation with effective follow-up and clearance of outstanding items
	f) Institutionalise monthly reconciliation of personal records with payroll
	g) Improve effectiveness of payroll controls
	h) Fully implement the recommendations from the 2021 personnel audit
	i) Strengthen the management of arrears and commitments
	j) NAO to establish the stock of arrears and ensure that a record of the stock arrears is maintained in IFMIS
	k) Develop and implement a strategy to clear arrears
	l) Enforce Public Expenditure tracking survey in key sectors such as Education, Health, and Agriculture
	m) Train staff in MDAs on the use of the cash management module in IFMIS (SAP)
	n) Revise the Cash Management Manual to incorporate EFT and SAP requirements
	o) Review Fleet Management Policy to make civil service transport system cost effective
	p) Review Fixed Asset Management Policy
Medium Term	a) Finalise the implementation of the payroll interface with IFMIS and ensure that introduction of new account codes is done simultaneously in the budget and HRMIS

Objective 4.2: Adopt International Standards of Procurement Practice to facilitate service delivery and achieve value for money.

4.2.1. Roll-out Improved Public Procurement Practices

Current Performance and Challenges: The 2018 PEFA Assessment indicated that GoM's procurement system scored poorly especially regarding procurement monitoring, procurement methods applied and public access to procurement information. However, improvements have been introduced since 2018 to address

some of these weaknesses. Such improvements include publication of data on the PPDAA website and development of PPDA regulations.

Procurement monitoring is done by PPDAA. However, other entities such as Government Contracting Unit (GCU) and Anti-Corruption Bureau (ACB) are officially mandated to monitor different parts of the procurement processes. GCU is involved in contract processes while ACB is involved in single source and high value procurements. Ministry of Justice is involved in vetting of all contracts. It is noted that databases or records for contracts are not comprehensively maintained in procuring entities including data on what has been procured, value of procurement and who has been awarded contracts. Procurement planning, record keeping, and reporting are poor in many procuring entities. PPDAA has only kept records of procurement operation which have been submitted for its approval.

The NAO by means of its mandate is responsible for procurement audits. However, NAO has not been exercising this function mostly because of lack of capacity and resources. On the other hand, PPDAA has not undertaken extensive monitoring of procuring entities due to limited human resources as the Compliance review team is often requested to undertake other tasks such as vetting of suppliers, etc. thereby leaving inadequate time to undertake its core function of compliance review.

The government does not have a functional system to generate substantial and reliable coverage of key procurement information and does not systematically make key procurement information available to the public. Procuring entities do not have resources to place advertisements relating to contracts awarded in the local daily newspapers. This has resulted in little information being publicized. However, the PPDAA has since 2021 developed a fully functional website with the aim of collating all the procurement information from the procuring entities.

The actions to be taken under PFM Reforms: The key reform action is to strengthen post procurement audits by PPDAA. This will be supplemented with (a) strengthening the central procurement monitoring mechanism; (b) finalization of the development of Electronic Government Procurement (e-GP) system; and (c) Undertake a stocktake of what information is being uploaded on the PPDAA website by which MDAs in order to identify gaps and develop remedial actions.

Table 10 Reform Actions to improve Roll-out Improved Public Procurement Practices

Reform Actions including Priorities in Bold

Intermediate – Short Term	a) Strengthen the central procurement monitoring mechanism by undertaking post procurement reviews
	b) Finalize the development and rollout of e-GP system
	c) Improve and strengthen the functioning of PDUs and IPDUs in MDAs
	d) Conduct procurement capacity need assessment (Technical capacity and adequate qualified personnel for the efficient and effective functioning of the Procurement and Disposal Units)
	e) Develop strategy for capacity building with support from Malawi Institute of Purchasing and Supply (MIPS) - By localising the Procurement & Supply Chain Management Curriculum
	f) Conduct procurement sensitisations to enhance capacity and awareness
	g) Align procurement planning with budgeting and Cashflow

Objective 4.3: Modernize the Internal Audit Function

4.3.1. Strengthen the internal audit function

Current Performance and Challenges: The 2018 PEFA Assessment found the internal audit function to be performing weakly largely due to non-functioning of internal audit units in MDAs as the internal audit units in MDAs are constrained by high vacancy rates, inadequate funding and absence of audit committees. Further, Internal audit activities consist primarily of ex-post reviews focusing on financial compliance; annual work plans for internal audit are not fully implemented; and response to internal audit recommendations is weak as evidenced by recurring findings. Systems audit to evaluate the adequacy and effectiveness of the internal controls is not being performed. Independence of internal audit in MDAs is a major concern given the absence of Audit Committees.

In a bid to improve on compliance, Financial Inspectors have been placed as a control measure to ensure compliance and accuracy of financial transactions being processed

in the system. The financial inspectors report directly to the Secretary to the Treasury. However, the placement of financial inspectors should be formalized through established positions.

Further, as a response to the 2018 PEFA and as a driver for strengthening the internal audit function, the new PFMA 2022 has included provisions for the regulation of the internal audit functions through establishment of the position of Comptroller of Internal Audit who shall be the head of Government internal auditing services; and establishment of audit committee for each Ministry or Government institution with its attendant functions.

The actions to be undertaken under PFM Reforms: The key reform action is to increase coverage of internal audit based on the approved work plan. The audit function needs to be expanded to cover more public offices to improve the coverage and the quality in terms of types of audited conducted, methodologies and toolkits, and strengthening quality assurance mechanisms.

Table 11-Reform Actions to improve the internal audit function

Reform Actions including Priorities in Bold

Intermediate – Short Term	<p>a) Increase coverage of internal audit based on the approved work plan through:</p> <ul style="list-style-type: none"> ● Strengthening the internal audit capacity to perform systems audit and apply the standardized methodologies and toolkits ● Establishing functional cluster Audit Committees in all MDAs
	<p>b) Enforce use of standardized methodologies and toolkits regarding audit documentation, reporting and follow-up activities.</p>
	<p>c) Increase coverage of internal audit based on the approved work plan</p>
	<p>d) Operationalize the internal audit function in accordance with PFM Act, 2022.</p>
	<p>e) Undertake regular quality assessment reviews across MDAs and periodic assessment against International Standards of best practice.</p>

	f) Develop and implement a tracking system for internal audit recommendations.
	g) Develop a competency framework for the internal audit profession
	h) Update Internal Audit Manual to include procedures relating to risk-based planning and auditing
	i) Build capacity of internal audit units in terms of numbers and skills across all MDAs
	j) Roll-out continuous audit of IFMIS and HRMIS transactions in MDAs
	k) Digitize the internal audit function

Goal 5: Promote Accountability through External Scrutiny and Budget Transparency

Objective 5.1: To raise the profile of external auditing practices to international standards in terms of quality, coverage and timeliness, so to provide adequate assurance that the public funds are used efficiently and effectively.

5.1.1. Ensure that there is adequate external audit and an informed opinion on the financial statements

Current Performance and Challenges: Section 184 of the Constitution of Malawi provides for the creation of the office of the Auditor General who shall audit and report on the public accounts of Malawi and shall exercise such other powers in relation to the public accounts and the accounts of public authorities and bodies as may be prescribed by an Act of Parliament, in so far as they are compatible with the principal duties of that office. The duties of the Auditor General are further elaborated in Part II of the Public Audit Act 2003. The office of the Auditor General is affiliated to international and regional organizations such as INTOSAI and AFROSAI-E.

The Public Audit Act 2003 was amended through enactment of Public Audit (Amendment) Act 2018 which provides for a higher degree of independence of the National Audit Office including appointment of the Auditor General and administration of staff as well as guaranteeing that salaries, allowances, pensions and other benefits payable to employees shall be a charge against the Consolidated Fund. However, while this Amended Act spells out the procedures for appointment of the

Auditor General including administration and financial independence of the office of the Auditor General, in practice the Amended Act is not yet operational despite being gazetted on 11th May 2018. This is due to a contentious clause in the amended Act regarding the qualifications of the Auditor General. This contentious clause has been amended in the just ended sitting of Parliament in November 2022.

For the past 3 years, NAO has not fully audited and reported on all government’s revenue and expenditures although the audits conducted have highlighted any relevant material issues and systemic or control risks. Audit of the FY 2021 was supposed to be reported on by the Auditor General by 31st December 2021 and the audit for FY2020 was only reported on by the Auditor General on 30th August 2021 instead of 31st December 2020. The audit reports are published on NAO’s website. NAO does not have a systematic follow-up system to monitor the extent to which audit recommendations or observations are implemented by the executive or by the audited entities. Audit issues and recommendation are discussed in exit meetings and these discussions are reflected in the Management Letters. Though the executive through the Minister of Finance is required to send formal letters on the status of implementation; in most cases, these letters are mostly not sent out and hence NAO does not receive any formal responses from the Minister of Finance.

The actions to be taken under PFM Reforms: The main priority actions are to improve on audit coverage, timeliness, and enhance training and professional capacity to conduct more ISSAI-compliant audits.

Table 12 -: Reform Actions to ensure adequate External Audit

Reform Actions including Priorities in Bold

Intermediate – Short Term	a) Improve timeliness and public availability of audited financial statements.
	b) Enhance training and professional capacity to conduct more ISSAI-compliant audits
	c) Fill the vacant post of the Auditor General
	d) Support the implementation of the NAO ICT strategy to improve audit scope, quality, timeliness and efficiency of audits

e) Improve compliance with PFM laws and regulations, international accounting and auditing standards
f) Improve auditing practices (e.g. value for money audits, digitisation of auditing processes, etc.)
g) Establish a mechanism for the follow-up, monitoring and reporting on actions taken on the Auditor General's Parliament's recommendations
h) Strengthen the functions of quality assurance (QA)
i) Modernize and digitize the external audit function.
j) Undertake regular updates of Audit Manuals (Performance Audit Manual, Regularity Audit Manual, Compliance Audit Manual, etc.) in line with AFROSAI-E
k) Strengthen NAO's audit recommendation follow-up mechanism.

Objective 5.2: To enhance the capacity and commitment of the relevant financial committees of Parliament and their respective secretariats

5.2.1. Strengthening Parliamentary oversight of public expenditure

Current Performance and Challenges: The following two financial committees in Parliament are mainly responsible for exercising parliamentary oversight of public expenditure:

- a) Budget and Finance Committee
- b) Public Accounts Committee

The Budget and Finance Committee (BFC) leads the budget scrutiny process. The budget documents submitted to the Parliament include economic and fiscal forecasts for the medium term, fiscal policy objectives and details of revenue and expenditure.

During January and February, the Minister of Finance usually holds consultations with various stakeholders – including the Budget and Finance Committee (BFC) of the National Assembly. The Assembly has well established procedures for the budget scrutiny process, set out in the Constitution and its Standing Orders, which are followed every year. Nine cluster committees debate the proposals, of which the

committee on finance comprises representatives from BFC and the Public Accounts Committee (PAC), as well as MoF to explain and defend its proposals. The eight sector committees similarly include the relevant sector MDAs to explain and defend their proposals. The nine cluster committees report their findings and proposals to BFC, which consolidates the reports into one report being sent to the plenary for final discussion and approval.

Scrutiny of the budget and consultations with stakeholders by Parliament is undertaken over a two-week period. This is a clearly insufficient time period to do a proper evaluation of the budget and let alone propose amendments.

Negotiation procedures are clear but give limited powers to the Assembly. According to the Standing Orders, only the Minister of Finance can make a motion to increase a vote's appropriation, whereas any member of the Assembly can propose a motion to reduce a vote allocation. The Assembly makes proposals to the Minister but cannot impose any changes to the submitted budget estimates. If there is a major concern the Minister of Finance usually tries to accommodate this in an adjustment to the estimates, but at this late stage of the budget formulation cycle it is difficult to make any major changes, such as adding or replacing sizable projects.

The work of the cluster committees is supported by the respective committee clerks, plus a Parliamentary Budget Office. Parliament has established a PBO for an improved support to parliamentary oversight in the National Assembly. The PBO ensures to contribute to better support for Members of Parliament and Parliamentary committees in understanding the budgeting process. The BFC hires a consultant to assist during the budget scrutiny process to consolidate the reports from the clusters.

Apart from the usual pre-budget stakeholder consultations by the Minister of Finance, civil society participates in the review of budget proposals. Institute of Chartered Accountants in Malawi (ICAM) presents its input to the budget proposals to the Minister of Finance during budget consultations. Malawi Economic Justice Network (MEJN) is invited to present its analysis of the budget proposals to the cluster committee on finance. Similarly, various sector specific civil society organizations are invited for consultations in the other cluster committees. Journalists are invited to attend consultations in all cluster committees. Development Partners are also called to present and support the holding of budget hearings.

According to the new PFM Act 2022 Article 36, the Minister of Finance (with approval by Cabinet) may transfer any surplus from a vote that - during any review of budget

performance - appears to become under-spent during the financial year, to the Unforeseen Expenditure Vote from where it may be transferred for unforeseen expenses for any nominated vote. Such transfers shall subsequently be explained in notes to the annual financial statements.

This provision gives the executive significant powers to change the budget allocations in-year without prior approval of the National Assembly, as long as the overall amount of expenditure stays within the aggregate of approved appropriations.

PAC conducts in-depth public hearings only on the audit reports for central government by summoning all responsible controlling officers whose findings have been highlighted in the Auditor General's report. However, individual audit reports for Extra Budgetary Units (EBUs) are not submitted to Parliament for scrutiny. The Auditor General includes in his report major issues emanating from only the EBU audit reports the NAO may have received at the time of report completion.

The Auditor General is in attendance during PAC inquiry and provides technical guidance and evidence to PAC. Controlling officers are given adequate time to prepare responses which are submitted to PAC in advance. These responses are later presented by each responsible controlling officer before PAC with evidence which PAC assesses/reviews in the presence of the Auditor General to determine whether the issue at hand has been satisfactorily addressed. Controlling officers with insufficient evidence on Auditor General's findings are sent back to bring substantive evidence. Similarly, controlling officers who appear unprepared before PAC are also sent back so that they fully prepare for the hearings. Responsible officers are requested to clear any outstanding/unresolved findings appearing in the Auditor General's report and provide PAC with evidence later based on PAC's calendar of events. These outstanding findings are followed up through Ministry of Finance's Treasury Minutes.

The public hearings conducted by PAC culminate into a PAC summary report which contains all unresolved issues with corresponding recommendations. This summary report is discussed in plenary and once adopted, a PAC report is prepared and submitted to the Minister of Finance for action. The follow up of the resolution of the findings and implementation of the recommendations is two-pronged: (a) The Minister of Finance prepares status of implementation of recommendations and (b) PAC and Auditor General verifies implementation and non-implementation of the recommendations. However, there are significant delays in following up the implementation of the recommendations by PAC and Auditor General caused by

delays on the part of the Minister of Finance to prepare Treasury Minutes. Further, the oversight responsibility of the Parliament is severely impaired by the delay of submission of audit reports by the NAO. The NAO submitted the Audit Report on the Annual Financial Statements of the Government for the year ended 30th June 2020 to the Parliament due on 31st December 2020 on 30th August 2021.

The PAC may recommend actions and sanctions to be implemented by the executive, in addition to adopting the recommendations made by the external auditors. Neither in the minutes of PAC nor by other means, is it evident that the executive has systematically followed up on the recommendations made by the external auditors or issued additional recommendations and followed up on their implementation or recorded on the lack of action taken on recommendations.

The actions to be taken under PFM Reforms: The main reform priorities are strengthening the capacity of staff, strengthening of PBO to support the financial oversight committees, and adopting a mechanism to ensure systematic follow-up of audit recommendations and sanctions by the PAC.

Table 13 -Reform Actions to Strengthen Parliamentary Oversight

Reform Actions including Priorities in Bold

Intermediate – Short Term	a) Strengthen capacity of staff and technical support to committees (PAC and BFC)
	b) Strengthen the PBO to support the financial oversight committees to improve their oversight function of scrutinizing the budget, fiscal policies and the Auditor General’s reports on annual financial statements.
	c) Put in place a mechanism to keep Parliament informed on a regular basis of the macroeconomic, fiscal policy and budgetary development
	d) Provide content-based training to the relevant committee secretariat staff to work out the agenda for the committee meetings to enable them attain sufficient exposure on topical issues.
	e) Enhance capacity of finance committees of parliament to carry out their duties in line with the Public Audit Act (amended) 2018.

	f) Modernize business process, proceedings and automated record management and development of MIS for financial oversight committees.
	g) Adopt a mechanism to ensure systematic follow-up of audit recommendations and sanctions by the PAC.
	h) Revisit the standing orders to include explicit arrangements for public consultation and other necessary improvements in line with PFMA 2022.
	i) Submit audit reports to Parliament for scrutiny for entities using public funds including Statutory Bodies and Subvented Organizations.
	j) Undertake regular review of the terms of reference for PAC so that they are comprehensive and up to date
	k) Embrace non-state actors to track the audit follow-ups and engage the public on progress

Goal 6: Enhance the Enabling Environment for Improved PFM Outcomes

Objective 6.1: Put in place a comprehensive and a clear legal framework

6.1.1. Ensure that the legal framework and rules clarify roles and responsibilities, incentives, and behaviours consistent with sound PFM practices.

Current performance and challenges: The PFMA 2022 has brought improvements to the legal and regulatory framework to modernize the public financial management. The enactment of the PFMA 2022 brings about PFM reforms which have been considered in this Strategy. While the existing PFM legal framework is comprehensive, there will be need to transform some business processes as well as introduce new information technology measures for better alignment with the legal framework.

The focus of the PFMA 2022 has been broadened to provide for the legal and institutional framework for public finance management within an economic and fiscal policy framework; the preparation and implementation of the national budget; the strengthening and transparency, accountability and responsible management and control of public resources; the responsibilities of controlling officers, officers and public bodies in public financial management; cash and debt management systems; the efficient, effective and economic recognition and accounting for and reporting of

public resources and the financial position of the Government; the management and control of public assets and stores; and the establishment and management of the Debt Retirement Fund.

The actions to be taken under PFM Reforms: The key reform action to be undertaken during the period relate to operationalization of the PFMA 2022 as outlined in Table 12 below.

Table 14 - Reform Actions to Operationalize the PFMA 2022 and Enhance the Legal Framework

Reform Actions including Priorities in Bold

Intermediate - Short Term	a) Develop guidelines for debt management based on PFMA, 2022 and debt management strategy to introduce clear and binding appropriation rules and a framework for debt management.
	b) Review Audit Committee Charter
	c) Review Desk Instructions; Accounting Manual; and Treasury Instructions in line with the PFMA 2022
	d) Establish a legal framework to allow publication of information regarding resource availability to primary service units, for example health, education, etc

Objective 6.2: Put in place the policies, processes, and skills to manage and deliver a comprehensive training and capacity development program

6.2.1. Change Management and Capacity Development

Current performance and challenges: Currently, there is no coordinated comprehensive capacity development strategy for identifying needs and conducting all public service sector trainings in public finance management. Further, the Staff Development Institute has not modernized itself with the demands of the Public Sector in public finance management across all cadres in the public sector. Trainings related to Public Finance Regulations and Public Accounts System – SAP training need to be coordinated and delivered across all cadres in the public sector for better delivery of services. The Training Centre under the Accountant General Department (AGD) is almost non-functional, and this used to be the hub for coordinated trainings for the accounting personnel. The AGD training function requires dedicated trainers and a unit to manage the training logistics and materials. The training function needs to extend beyond IFMIS and a longer-term and sustainable model may need to look at alternatives to reliance on classroom training.

Some training programs were carried out in collaboration with the Staff Development Institute (SDI). Presently, AGD staff have been trained on the new IFMIS although not all accounting staff in MDAs have been trained. AGD needs specific trainers to carry out such training and capacity development programs. No assessment has been carried out on the effectiveness of these trainings so far.

The actions to be taken under PFM Reforms: To ensure accounting personnel and other public officers in the public sector are familiar with the financial regulations and procedures set by MoFEA as well as conversant with the PFMA 2022, there will be need for a comprehensive change management and capacity development programme. The PFM Strategy emphasizes the importance of a substantial commitment to capacity building as an essential ingredient for improving PFM practices and outcomes. Further, there is need to relook at the current AGD training function to consider other delivery models, extension of training needs beyond IFMIS, and inclusion of other training topics beyond PFM such as data security, ethics, etc.

Table 15-Reform Actions to Change Management and Capacity Development

Intermediate – Short Term	a) Develop a comprehensive capacity building/technical assistance programme on PFM reforms
	b) Develop PFM skills strategy, including a needs assessment, and prepare an action plan in consultation with relevant stakeholders
	c) Revive the Training Centre under the Accountant General’s Department
	d) Commit funds for professionalization of PFM skills
	e) Develop and implement a strategy to anchor PFM trainings in the Malawi School of Government to enhance efficiency, effectiveness and sustainability
Medium Term	a) Build capacity of Malawi School of Government to include change management, leadership change and broader PFM issues in its curricula

Objective 6.3: Establish a secure, reliable, efficient, effective, and fully integrated public financial management system

6.3.1. Integrated Financial Management Information System

Current performance and challenges: The AGD, until June 2020, used IFMIS based solution locally known as EPICOR which was acquired as EPICOR Version 7.2 in 2005

and later upgraded to EPICOR Version 7.3.5 in 2008. The technical support on the use of the system was received from Soft Tech Consultants Limited. The EPICOR system was replaced by SAP S/4 HANA from July 2020 in a modular and phased approach. Initially, only five modules namely budget and funding; procurement; payments; general ledger; and bank and cash management were implemented in 10 votes of Government as part of initial testing phase. From July 2021, the five modules were rolled out to all MDAs. Only five out of the 10 modules are functional, and the system is yet to stabilize and fully implemented across all MDAs. The technical support on the use of the system is provided by Twenty Third Century Systems (TTCS).

IFMIS has automated controls which help to ensure that there is multi-level access and changes to records are restricted. Appropriate user access levels are given. Upon setting up of users in the accounting system platform the authorization forms clearly define the user roles which are to be given and the functions which the user is to perform in the accounting system. Certain restricted entries in the system which are only done by authorized personnel in specified departments include inputting the budget and releasing budget figures into the system, which can only be done by the Budget department.

The criteria followed while giving the authorizations in public accounting system are predetermined based on the PFMA and regulations, to ensure data integrity. SAP keeps audit trails of all the transactions such as, person accessing the data, person initiating transactions, the time and date of entry, the type of entry, information updated, and files uploaded. There is segregation over authorizing, processing, recording, and reviewing of transactions across the system and segregation of duties is ensured through SAP system user controls.

SAP information system is used for processing and approval of payments in the government ministries. However, the system is still being implemented and perfected and hence generation of reports and reconciliation on bank accounts in SAP are yet to be done.

MRA keeps records of each taxpayer using its own stand-alone revenue management system including data for tax assessments, collections, and arrears. This system is not yet integrated with SAP for central governance. Further, there are no interfaces between SAP and other government systems like HRMIS managed by the Department of Human Resource Management and Development (DHRMD), Reserve Bank of Malawi (RBM), Local Government IFMIS, Department of Immigration, and Road Traffic Directorate (RTD), among others.

The actions to be taken under PFM Reforms: The key reform to be undertaken relates to the implementation and roll out of the SAP across all government MDAs and ensure integration with other systems for data integrity, completeness, and reporting. Such systems include MRA Revenue Management System, RBM systems, RTD systems, Department of Immigration, among others.

Table 16- Reform Actions for IFMIS

Intermediate – Short Term	a) Finalize full implementation of IFMIS (SAP) across all government MDAs
	b) Activate the functionalities of all modules in (IFMIS) SAP
	c) Establish an effective helpdesk for IFMIS
	d) Address the implementation issues of SAP covering change management, communication, and other measures necessary for sustainable implementation.
	e) Build capacity for super users to manage SAP
	f) Maintain Data Recovery Centre
	g) Procure end user equipment for smooth implementation of IFMIS
	h) Perform IFMIS audit prior to the handover of the system to government to ensure that all deliverables under the contract are provided to the satisfaction of government and outstanding issues are satisfactorily closed.
	i) Consider the longer-term IFMIS support and management arrangements for sustainability
	j) Ensure that all transactions relating to the budget (debt service payments, transfers to Councils, transfers to embassies, transfers to independent sites) and MG 1 are processed through the IFMIS
	k) Produce and reconcile quarterly financial statements one month after the end of the quarter.
	l) Publish comprehensive and quality financial statements covering central government and local government within the statutory timelines
	m) Improve accounting practices (e.g. Introduction of accrual accounting, implementation of IPSAS and digitalisation of non-tax revenue collection, etc.)

	n) Institutionalize in-year and year-end reporting through IFMIS
	o) Expand the IFMIS coverage of transactions – including the timely recording of revenues, the budgets and actuals for all debt issuance receipts and servicing payments, transfers to councils, and advances to embassies and non-IFMIS MDAs
	p) Publish consolidated fiscal reports – IFMIS coverage to include all national government inflows and outflows, including MG1 and public debt flows from July 2021.
	q) Institute strict month-end accounting practices to ensure completeness and reliability of IFMIS data supported by timely bank reconciliation prior to generating monthly reports
Medium Term	a) Undertake valuation and recording of all public assets in IFMIS
	b) Integrate IFMIS (SAP) with other systems (RBM, HRMIS, MRA, DADAMPS, etc.) for completeness

Objective 6.4: Develop Organizational Change Agility to Enhance Implementation of PFM Strategy

Table 17-Reform Actions for Change Management

Intermediate Short Term	Develop a change management plan
	Undertake proactive and effective communication of the PFM reform and the motivation behind the reform at every stage to all relevant stakeholders (e.g. Emails, Fact Sheets, Posters, Newsletters, Website Articles, Newspaper Articles, Public Notices, Radio and TV Programmes, Presentations, Workshops and Seminars)
	Prepare and conduct Awareness workshops on Change Leadership for Controlling Officers
	Prepare and conduct Awareness workshops on Change Management for senior public officers (Directors, Deputy Directors, etc)

	a) Conduct Immersion Workshops on Change Leadership for those who will be leading changes under PFM
	b) Conduct Immersion Workshops on Change Management for those who will be implementing changes under PFM
	c) Incorporate Change Leadership and Change Management activities during the planning stages of any change
	d) Integrate Change Leadership and Change Management activities with the specific project plans for implementing the changes
Medium Term	a) Undertake continuous professional development including peer learning, training on the job, etc.
	b) Integrate Change Leadership and Change Management activities with the specific project plans for implementing the changes

Goal 7: Enhance public sector performance

Table 18-Reform Actions to enhance public sector performance

Intermediate Short Term	Roll out results-based financial management in all MDAs and local councils
	Conduct Economic Governance Sector Review
	Conduct Economic Governance Performance Monitoring
	Develop a joint sector Economic Governance strategy with M & E framework and implementation plan.
	Review and enhance the PFM staff performance appraisal process and ensure that it is focused on goals that contribute to the performance of the relevant institutions

4 CHANGE MANAGEMENT, RISKS, CHALLENGES AND MITIGATION

4.1 Change Management

In this strategy, change management seeks to enhance reform implementation, improve institutional behaviour, and enhance stakeholder engagement and communication processes, and outcomes. It will also enable adaptive implementation based on learning from reform processes over the past decade.

The process of developing this Strategy will combine two key features that contribute to managing change from the outset, namely: (i) involvement of actors across key central government agencies, significantly beyond the Ministry of Finance and Economic Affairs and (ii) within the comprehensive set of objectives and actions, identification of a smaller set of priorities that will be the focus of the first two years of the implementation plan.

The change management plan shall also include (i) capacity strengthening for reform leaders at various levels across GoM; and (ii) utilization of techniques such as the rapid results approach to accelerate implementation. This shall involve strengthening capacity of high-level leaders and working with them through processes that help them prioritize, make timely and informed decisions, and provide an enabling environment to achieve reform goals. Further, the use of various techniques shall be adopted to develop individual capacities at the technical staff level, particularly in line ministries, to better fulfil their functions within Government agencies to effect some of the changes that have not happened previously within the reform institutions. Given the transversal nature of PFM reforms, the Strategy will facilitate collaboration across agencies.

Effective communication with the stakeholders, both internal and external, will be a critical component of the change management plan. Training (both hands-on and orientation), seminars, workshops, dissemination programs on output, publicity campaign, distribution of pamphlets and booklets, and regular meetings with the end-users are some the means for effective communication. A detailed plan will be prepared bearing in mind the reform objectives and actions and how they will affect the stakeholders, including those within the government (line ministries) and external stakeholders such as citizens and private sector. These actors are particularly

important on the ‘demand side’ to ensure that they are informed of progress (or lack thereof) and are better able to maintain interest and a measure of accountability through social scrutiny of progress on PFM reforms.

Effective change management plan for implementation of the PFM reforms shall consider of the following dimensions of stakeholder ownership and participation:

Developing ownership among relevant stakeholders for the PFM reform strategy will be important, reinforcing and building on the substantial engagement and ownership across multiple agencies that has been achieved in the development of the PFM reform strategy to date. This will include:

- *Broadening the base of ownership*, identifying who needs to be involved and when, and designing targeted engagements with the different audiences. Key groups include the line ministries without whom implementation of many of the reforms will not be possible, and who are at the front-line of delivering better outcomes from public spending. It will be important to build consensus on the strategy with the broader group.
- *Deepening ownership of the stakeholders involved*, building on the momentum achieved and addressing any challenges or dynamics that hinder their progress together.

Assessing readiness, capacity, and commitment to act amongst stakeholders – A process is required to understand the readiness and capacity of different groups of stakeholders to act. A process for focusing on what they are willing, capable and ready to do will increase chances they will successfully do what is expected. Once agreement has been reached on the part different stakeholders can contribute to, ensuring there is a credible commitment to action is important for future accountability to a steering committee.

Managing the changes proposed in this Strategy requires effective governance and coordination arrangements. The arrangements are still to be finalized, and consideration will be given to (i) a national steering committee (or similar) to oversee how successfully the strategy is being implemented, provide strategic guidance, and facilitate coordination and participation among key agencies across the Government of Malawi, and (ii) the most appropriate arrangements to monitor the program, identify any implementation snags and take appropriate steps for resolution.

4.2 Risks and Challenges

Experience over the past two decades has shown that implementing PFM reform strategy in Malawi faces many risks and challenges. The risks listed below are not exhaustive and basically meant for stimulating discussion among the key stakeholders. The risks are categorized external and internal to identify the risks outside the direct influence of the strategy (external) and the risks internal to the strategy itself.

External Risks

- a) Lack of widely-based political engagement in PFM and wider governance reforms.
- b) Absence of institutional reforms to embed and sustain the results of process reforms.
- c) Delays and disruptions to the flow of funds from the development partners because of the stringent funding framework.
- d) Excessive delays in enacting new legislation required to support a well-functioning PFM system.
- e) Insufficient access to information and/or capacity of civil society and private sector to scrutinize progress (or insufficient lack thereof) on reforms.

Internal Risks

- a) Lack of full buy-in and capacity to internalize reforms by the line ministries.
- b) Counter or competing interests and/or priorities between different ministries or government agencies.
- c) Challenges of coordination across institutions to ensure effective implementation and 'lesson learning' across agencies of PFM reforms.
- d) Capacity constraint in the relevant outfits of line ministries requiring constant mentoring from MoFEA.
- e) Rotation of trained staff responsible for implementing reforms in key areas.
- f) Senior managers' commitment to line management roles reduces the scope of providing effective leadership in taking forward reforms.
- g) Insufficient attention paid to skills transfer undermining sustainability.
- h) Insufficient number of experienced staff to take over responsibility from the consultants.
- i) Failure to agree an exit strategy resulting in continuing dependence on external inputs.
- j) Insufficient trained staff in permanent set-up of the Government to absorb the technical solutions such as the IFMIS (SAP).

4.3 Risk Mitigation Plan

A risk management plan, as presented in Table 17 below, has been worked out to mitigate the risks listed above. The table below presents the proposed plan:

Table 17-Risk Management Plan

No	Risks	Risk Mitigation Actions	Indicators
1	Absence of institutional reforms to embed and sustain the results of process reforms	Draw political support for concomitant institutional reforms	New institutions to embed the results of process reforms are in place
2	Delays and disruptions to the flow of funds from the development partners because of the stringent fund disbursement framework	initiate dialog with the development partners to liberalize their fund disbursement regime	Funds are disbursed on time
3	Excessive delays in enacting new legislations required to support a well-functioning PFM system	identify the barriers, draw up a timeframe and persuade the relevant channels to act upon	Relevant legislations are enacted within a reasonable time frame
Internal			
4	Lack of full buy-in reforms by the line ministries	<ul style="list-style-type: none"> Involve the top management of line ministries and seek their agreement on the proposed reform agenda. Initiate change management process with top management in MDAs 	Reforms internalized and sustained
5	Capacity constraint in the relevant outfits of line ministries requiring constant mentoring from MoF	Create a critical mass of skilled staff to perform the assigned tasks	The assigned tasks are performed with professional competence
6	Rotation of trained staff responsible for implementing reforms in key areas	Take on board DHRMD for retention of trained and skilled staff	Trained and skilled staff are retained
7	Senior managers' commitment to line management roles reduces the scope of providing effective leadership in taking forward reforms	Free up senior managers to provide effective leadership in taking forward reforms	Effective leadership is provided by senior managers

No	Risks	Risk Mitigation Actions	Indicators
8	<ul style="list-style-type: none"> • Insufficient attention paid to skills transfer undermining sustainability. • Insufficient number of experienced staff to take over responsibility from the consultants 	<ul style="list-style-type: none"> • Work out an effective plan to transfer skills • Make available enough experienced staff to take over responsibility from the consultants 	Reform outputs sustained
9	Failure to agree an exit strategy resulting in continuing dependence on external inputs	<ul style="list-style-type: none"> • Work out an agreed exit strategy well in advance • Develop a sustainability strategy for PFM reforms 	A well-laid out strategy is in place
10	Insufficient trained staff in permanent set-up of the Government to absorb the technical solutions such as the IFMIS (SAP)	Work out proposals for required number staff in the permanent set-up well in advance	Systems operate as planned and technical glitches are fixed immediately.

Despite the presence of risks that threaten the implementation of the Strategy, there are opportunities as well on the horizon emerging from the changes in the governance landscape. Government has been implementing wide ranging reforms to ensure good governance in keeping with the demands for improved service delivery. This commitment is part of the process of achieving the goals set out in the 10-year Implementation Plan for MW2063. Apart from the ongoing reforms in public expenditure management, revenue administration and procurement management, a set of complementary reforms is underway to scale up the efficiency in the public sector. These complementary reforms taken together are instilling confidence in the change agents. This confidence should be seized as an opportunity to successfully implement the PFM Reform Strategy both in the medium and long term.

5 IMPLEMENTATION ARRANGEMENTS

Ensuring effective governance and management is a critical pre-requisite for a successful implementation of PFM Strategy. The PFMSD shall be the apex body leading the PFM reform programs through this PFM Reform Strategy and the Rolling Plan which will be updated on a periodic basis. The actual implementation of specific reform interventions shall be carried out by various Implementing Agencies (IAs).

Institutional arrangements should be in place to ensure the reform program is well-coordinated and issues addressed accordingly by the respective institutions. Thus, a broader governance approach will be adopted for the implementation of the PFM Reforms as indicated below:

- a) PFM Steering Committee
- b) PFM Technical Committee
- c) Thematic Technical Working Group on PFM (TTWG-PFM)

PFM Steering Committee (PFM-SC) - The main objective is to provide strategic oversight, policy direction decision-making, and strategic guidance with direct engagement of designated core PFM stakeholders, including ministerial level participation. The PFM-SC will be chaired by the Secretary to the Treasury with additional participation (membership) of key PFM stakeholders, including Development Partners. PFMSD will serve as secretariat to the PFM-SC. The PFM-SC will meet on a quarterly basis.

PFM Technical Committee (PFM-TC) - The main objective of this Committee is to review progress against objectives and expected outputs as outlined in the Strategy, providing technical support to the PFM Steering Committee. It will be chaired by the Accountant General, with additional participation (membership) of key PFM technical experts, including Development Partners. PFMSD will serve as secretariat to the PFM-TC. The PFM-TC will meet on a quarterly basis.

Thematic Technical Working Groups (TTWGs) - The main objective of TTWGs is to review progress against objectives and expected outputs as outlined in the Strategy at the thematic level. Separate technical working groups corresponding to each of the Strategy's eight thematic areas, with membership corresponding to the core PFM stakeholders identified for each respective thematic area. The groups would be chaired by the respective component leads, secretarial services will be provided by PFMSD and will meet monthly.

In a strict sense, TTWGs do not operate as “governance” committees. Rather, TTWGs focus on maintaining well-coordinated technical implementation of activities and timely delivery of outputs within their respective thematic area, as well as in supporting the PFMSD’s regular reporting to both the PFM-SC and PFM-TC.

Detailed terms of reference for the PFM-SC, PFM-TC and TTWGs will be developed.

6 PFM STRATEGY COSTING MATRIX SUMMARY

No.	Goal	Estimated Annual Cost (MK'000)							Total
		2023/24	2024/25	2025/26	2026/27	2027/28			
1	Increase the revenue to GDP ratio by 5 percentage points by 2025/26 fiscal year	270,000	270,000	1,482,850	1,482,850	1,482,850	1,482,850	1,482,850	4,928,550
2	To improve the management of fiscal risks, debt and cash to maintain fiscal discipline	588,500	498,500	518,500	503,500	548,500			2,657,500
3	Allocate resources consistent with the priorities in the Malawi 2063 First Ten-Year Implementation Plan	3,855,948	5,375,859	5,567,365	4,931,525	4,566,504			24,297,201
4	Promote the efficient use of public resources and delivery of services through better budget execution	4,225,450	3,495,950	3,957,017	4,208,323	4,690,284			20,577,025
5	Promote accountability through external scrutiny and budget transparency	1,247,130	1,010,000	1,075,000	1,075,000	1,155,000			5,562,130
6	Enhance the enabling environment for improved PFM outcome	11,800,000	8,150,000	7,715,000	5,930,000	5,545,000			39,140,000
7	Institute effective governance systems and institutions	245,000	195,000	245,000	195,000	195,000			1,075,000
	Totals	22,232,028	18,995,309	20,560,732	18,296,199	18,153,139			98,237,406

Details of the above annual costings are reflected in the PFM Rolling Plan for 2023-28. The PFM Rolling Plan has been prioritized based on the urgency to deal with critical PFM issues as well as the need to address some of the concerns observed by the Development Partners. There are 190 interventions in total of which 100 are rated moderate and 90 are rated high as shown in the PFM Rolling Plan. The PFM Rolling Plan has also identified source of funding for each intervention.

7 MONITORING AND EVALUATION FRAMEWORK

7.1 Overview and lessons learnt from the PFM Rolling Plan

The PFM Monitoring and Evaluation Framework provide the backbone for measuring the performance of the Malawi Public Finance Management Strategy: 2022-2032. The Framework seeks to provide the guidance required to support implementation of M & E system that can inform the ongoing process of PFM implementation. The framework will measure the progress made in the in the implementation and achievement of output, outcomes as well the impact within the PFM strategy theory of change. The indicators in the framework focus on results without losing focus of the processes to achieve the results.

The M and E framework has been drawn from the lessons learnt Monitoring and Evaluation of the PFM rolling plan 2018 to 2021. The main M and E challenges identified from the PFM rolling were weak coordination and lack of a harmonized M and E system that facilitates data flow from the implementing institutions to the PFM secretariat for overall decision making. The strategy 2022-2032 PFM strategy will address these challenges by initiating a sustained capacity building of the PFM secretariat and developing a harmonized M and E system with linkages to existing Monitoring and Evaluation Systems. The system will be built on the foundation of building a platform for basic ICT Functionality under the thematic area 8 of cross cutting issues.

The following are the objectives of this framework:

1. *To present key monitoring indicators that will be used to measure uses of the PFM Strategy.* This framework provides an overview of key indicators relevant to all PFM system levels that represent the priority areas to achieve the desired results.
2. *To offer an implementation framework.* This framework outlines the institutional context in which M and E activities are operationalized, clearly defines stakeholder roles and responsibilities.
3. *To provide the basis for evidence based decision making.* This framework describes strategies for disseminating and utilization of the findings from M and E work

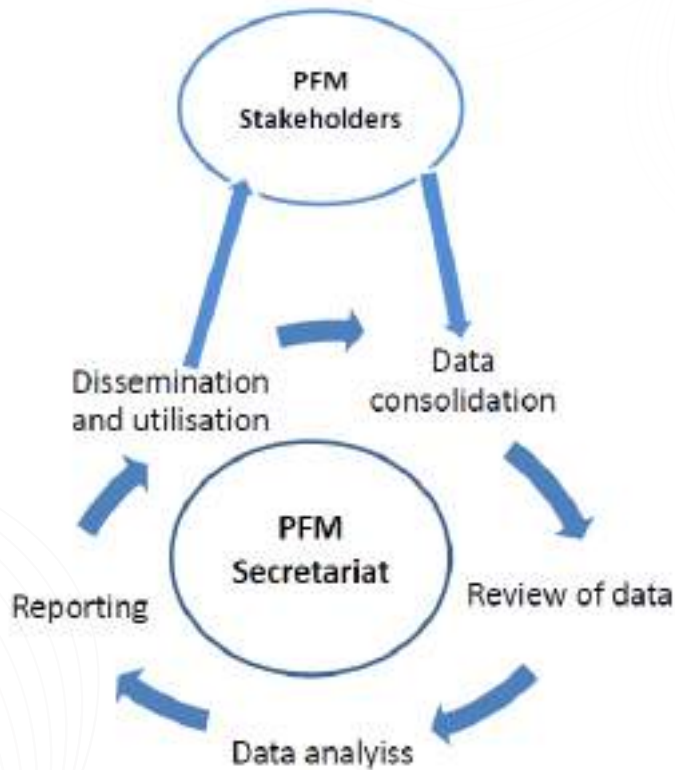
and for promoting reflection and dialogue on these findings among key stakeholders.

7.2 Guiding principles in PFM Monitoring and Evaluation

The guiding principles of the PFM M and E Framework are: mutual accountability and transparency among stakeholders; provision quality data with emphasis on accuracy, reliability, validity, adequacy, and timelines; utilisation of M and E results for evidence based decision making; reviewing targets to reflect dynamic changes in the PFM implementing environment; national ownership; active engagement and participation by all stakeholders; data harmonization; and capacity building in M and E of all relevant focus areas of the PFM Strategy.

7.3 Data follow

The realisation of the results of the 2022-2032 PFM strategy will be achieved in short term, medium term and long term through different programs implemented by various stakeholders at central and decentralised level. The framework is based on the demand to track and report all key results throughout the 10 year implementation of the strategy. The framework understands and takes into consideration of the reporting period of programs that feed into the PFM Strategy. The Framework therefore adopts a reporting cycle that accommodates all the PFM programs.



7.4 Information Dissemination and Dialogue

The M and R results will be disseminated using already existing channels as outlined in Government Communication Strategies. The PFM secretariat will be responsible for disseminating the findings and keep a check and balance system with implementers. Platforms such as Media houses and Government Websites will be used to disseminate approved result.

The Directorate of PFM will hosts the joint reviews on an annual basis for to discuss progress – during which M and E information will be disseminated to all stakeholders. During this review sessions, Government MDAs, Development Partners and educational institutions will also disseminate key data and findings from the previous year, facilitate reflection and dialogue about the findings, and work with respective departments to address the challenges and make improvements in the next implementation years.

The following information products will be disseminated:

- PMF M and E Performance reports
- Annual education profiles and district education profiles
- Research and evaluation reports
- Project progress and completion reports
- Quarterly progress reports
- Policy briefs

7.5 Lead institutions in data management

Monitoring and Evaluation of the strategy will use the already existing institutions within their legal mandate to collect data for measuring the performance and achievement of results.

The PFM Secretariat in the Ministry of Finance will be responsible for coordination of all M and E activities and the lead institutions for all the elements of the PFM Strategy will be responsible providing data at utilizing the data for decisions making. The table below provided the list of PFM focus areas and the responsible institution in provision of data for Monitoring and Evaluation. .

Area of focus	Responsible Institution
Programme Coordination, Monitoring and Evaluating	Director-PFM
Macroeconomic and Fiscal Framework	Director- EAD
Resource Mobilisation	Revenue Director-MoF
Accounting and Financial Management	Accountant General-AGD
PFM Systems, IFMIS and ICT Management	DIRECTOR – PFMS Division
Cash Management	Director – Cash Management Unit
Debt Management	Director – Debt & Aid Management
Personnel and payroll management	PS- DHRMD

Area of focus	Responsible Institution
Pensions Management	Director - Pensions and Financial Services Division
Devolution of systems and functions and financial management	PS- Local Government
Procurement	Director General-PPDA
Contract Management	Chief Director-GCU;
Financial Reporting	Accountant General-AGD
Parastatal financial oversight and reporting	; PFM Director-MoF
External Audit	Auditor General-NAO
Internal Audit	Director - Central Internal Audit Unit
Support systems strengthening and capacity building	Development Partners

7.6 Strategy Evaluation and Reviews

The PFM strategy is a 10 year strategy that will be reviewed on annual basis to identify and address implementation challenges. These annual reviews will also addresses major imminent issues that have a negative impact in achieving the results of the strategy. The strategy shall also benefit from program evaluation and assessment reports including the PEFA Assessment Reports. Evaluation will be done during the mid-term (2027) and at the end of the strategy (2032).

The Mid-Term Review (MTR) will be conducted to review strategies and provide strategic and operational recommendations for adjusting the second half of implementation (2028-2032) to accelerate achievement of long term goals and targets. The MTR will assess the level of performance and implementation of strategies; Identify gaps, challenges and lessons learnt half way through the implementation of the PFM strategy; assess the continuing relevance of the strategies context of the changing development landscape and emerging risks, including COVID 19 or other similar public health pandemics; provide recommendations and identification of best practices that can be scaled up or enhanced during the last 5years of implementation.

Evaluation of the PFM strategy will be done in 2032 focusing on the all the five principles of evaluation; efficiency, effectiveness, sustainability relevance and impact of the strategy in addressing the PFM challenges. The Evaluation will feed into the development of the

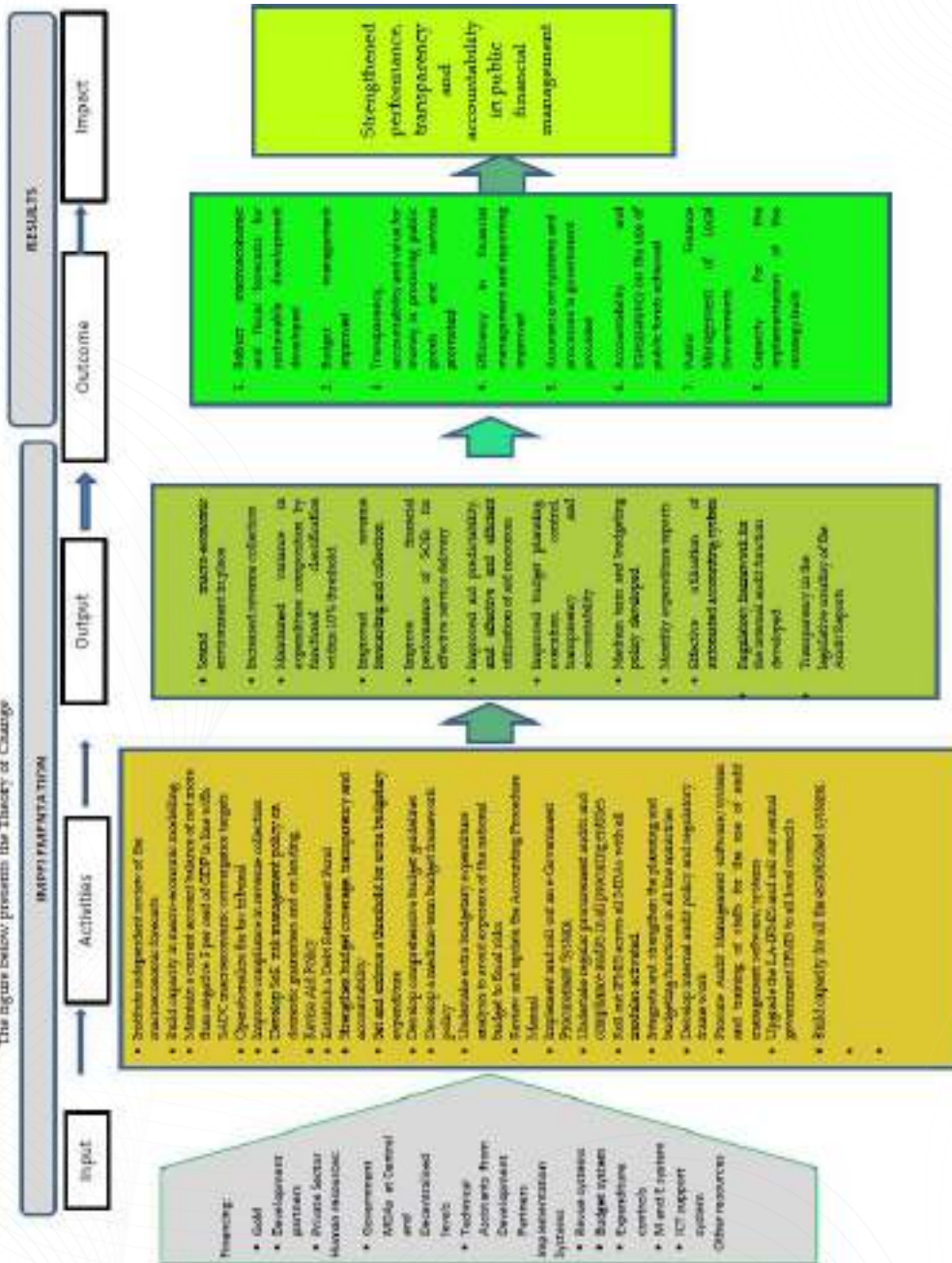
successor strategy highlighting achievements of the PFM 2022-2032 strategy, lessons learnt and provide recommendations for future PFM programs. .

7.7 Theory of Change

This framework has Theory of Change developed from the 8 thematic pillars: Macroeconomic Management; Budget Management; Procurement Management; Financial Management, Accounting and Reporting; Internal Auditing and Risk Management; External Scrutiny and Oversight; Local Government Reforms; and Cross-cutting Issues. The goals, objectives and prioritized interventions under each theme for the period of the Strategy have been set out. The Theory of Change has been translated into the result framework as outlined in Annex A.

- Lessons from PFM (2018-2021) Rolling Plan
- Institutional Coordination of the PFM Strategy

The figure below presents the Theory of Change



ANNEX A: PFM STRATEGY 2023-2028 RESULTS FRAMEWORK

Strategic Result area	Indicator	Baseline	Year 1	Year 2	Year 3 (Midline)	Year 4	Year 5(Endline)	(2027/28)	(2028/29)	2029/30	2030/31	2031/32 (Endline)	Means of Verification	Frequency	Responsibility for data collection/Reporting	Data Source/Comments
Goal 1.1.0 Increase the revenue to GDP ratio by 5% points by 2025/26 financial year	Number of quarterly tax revenue collection with over 3% surplus in a year	4.0%	4.0%	4.0%	4.0%	4.0%	5.0%	5.1%	6.7%	8.3%	10.1%	11.9%	DRMS	Annually	MRA	
Strategic outcome 1.1: Tax base broadened to increase revenue collection	New number of Taxpayers registered, updated annually (Domestic/customs)	12718/8000	8000/8000	5000/8000	5000/8000	5000/8000	5000/8000	6000/9000	6000/9000	6000/9000	6000/9000	6000/9000	DRMS	Annually	MRA	DRMS and projected values
Output 1.1.1 Increased number of registered taxpayers																
Output 1.1.3 Strengthened business intelligence and analysis	Number of business and intelligence reports produced	TBD	4.00	4.00	4.00	4.00	4.00	100%	100%	100%	100%	100%	Reports	Quarterly	MDAs / MoFE A-RPD/AG	DRMS and projects
Output 1.1.3 Strengthened tax legal and regulatory frameworks	Number of tax policies and legislation reviewed.	0	1	1	1	1	1	3	3	3	3	3	Taxation amendments gazetted	Annually	MRA	DRMS and projected values (combines # policies reviewed and # modernised, simplified and translated in the DRMS)
Output 1.1.4 Improved tax compliance to reduce tax arrears	Average number, percentage of taxpayers filing returns on time for LTO and MITO (PAYE, CIT & VAT)	75%	80%	85%	88%	90%	95%	95%	95%	95%	95%	95%	Report	Annually	MRA	DRMS and Maintained at 95% to Endline. There shall allow's be those who don't file on time but cant be allowed to go beyond 5%
Output 1.1.5. Strengthened own source revenue generation capacity of Local Authorities	Percentage of the Local Authorities meeting revenue collection target	TBD	100%	100%	100%	100%	100%						Reports	Annually	NGLC	
Outcome 1.2. Strengthened tax compliance	Average number of taxpayers filing returns on time for LTO and MITO (PAYE, CIT & VAT)	60.0%	70.0%	80.0%	85.0%	90.0%	90.0%						Reports	Annually	MRA	DRMS projections

Strategic Result area	Indicator	Baseline	Year 1	Year 2	Year 3 (Midline)	Year 4	Year 5(Endline)	(2027/28)	(2028/29)	2029/30	2030/31	2031/32 (Endline)	Means of Verification	Frequency	Responsible for data collection/Reporting	Data Source/Comments
Output 1.2.1 Tax laws and rules modernized and simplified	Number of laws and rules that have been modernized and simplified, translated.	0	2	2	1	1	1	2					Taxation amendments gazetted	Annually	MRA	DRMS
Output 1.2.2. Risk-based audit and other verification programs conducted to strengthen revenue enforcement	Number of audits and verification programs conducted	4	4	4	4	4	4	4					Audit reports	Quarterly	MRA	
Output 1.2.3. Taxpayer education improved	Number of tax payer education strategies developed and implemented	0	0	1	1	1	1	1					Reports	Annually	MRA	
Outcome 1.3. Improved perception of tax system	Percentage increase in customer perception of tax system established through opinion polls	NA	10.0%	12.0%	15.0%	20.0%	25.0%						Perception polls and survey reports	Monthly	MRA	M and E Expert proposed indicator. MRA could be conducting perception polls one a year. This could be through online platforms.
Output 1.3.1. Improved tax disputes resolution mechanisms	Percentage of reported disputes resolved on time		70%	80%	85%	90%	90%						Monthly disputes resolutions reports	Monthly		M and E Expert proposed indicator.
Output 1.3.2. Improved transparency (publication of activities, results and plans)	Number of monthly reports published on time	12	12	12	12	12	12	12	12	12	12	12	12	12	MRA	M and E Expert proposed indicator.
Output 1.3.3. Tax refund process improved	Percentage of tax refunds process within the time allowed under the law		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	MRA	M and E Expert proposed indicator.
Outcome 1.4. Institutional capacity of MRA strengthened	Percentage of vacancies filled at MRA	TBD	>90%	>90%	>90%	>90%	>90%						Reports	Annually	MRA	M and E Expert proposed indicator.
Output 1.4.1. More young and talented staff recruited and trained	Percentage of the planned staff to be recruited that has been recruited		100%	100%	100%	100%	100%						Human Resources Reports	Annually	MRA	M and E Expert proposed indicator.

Strategic Result area	Indicator	Baseline	Year 1	Year 2	Year 3 (Midline)	Year 4	Year 5(Endline)	(2027/28)	(2028/29)	2029/30	2030/31	2031/32 (Endline)	Means of Verification	Frequency	Responsible for data collection/Reporting	Data Source/Comments
Output 1.4.2. Improved capacity in revenue policy analysis	Number staff trained in revenue policy analysis and use of data analysis software		8	8	8	8	8						Training report	Annually	MRA	M and E Expert proposed indicator.
Outcome 1.5. Non-Tax Revenue improved	% of other revenue as a share of GDP	0.4%	0.5%	0.6%	0.8%	1.0%	1.0%	1.1%	1.2%	1.3%	1.4%	1.5%	Annual Economic Reports	Annually	MoFE A	Annually economic report for 2021 b(baseline) and projections. Note in 2017/18 other revenue was 1.14 and been declining. The trend will be reversed as the economy picks due to COVID 19 schools and non revenue collecting in enhanced
Output 5.1.1. Treasury Funds accounting and reporting done through IFMIS	Number of Treasury Funds annual reports done through IFMIS	0	0	0	1	1	1						Reports	Annually	ADG	
Output 1.5.2. Improved non tax policy and legal framework (including dividend and surplus policy and PFM act)	Number of non tax policies and legislation reviewed/implemented	2	2	2	2	2	2	2	2	2	2	2	Report	Annually	MoFE A	Assumes the main focus will be the enhancing the implementation of PFM act and the Dividend and Surplus Policy)
Output 1.5.3. ICT promoted in the collection and management of non-tax revenue	% of MDAs that use ICT collection facilities	60%	70%	80%	100%	100%	100%	100%	100%	100%	100%	100%	Reports	Annually	MDAS /MoF EA-RPD/AG	DRMS and projects
Output 1.2.3. Improved MDAs Remittance, monitoring and reporting requirement	% of MDAs adhering to remittance requirements	TBD	NA	NA	80%	90%	100%	100%	100%	100%	100%	100%	Reports	Annually	MDAS / MoFE A-RPD/AG	
Output 1.2.4. Established revenue collection targets in MDAs strategic plans	% of MDA with revenue collection target in their new/revised strategic plans	0.00%	100%	100%	100%	100%	100%	50.00%	60.00%	70.00%	80.00%	90.00%	Reports	Annually	MoFE A	Projections. After mid terms review there is a jump because at this point the current Strategic Plans in most MDA would have expired and new SPs include the targets

Strategic Result area	Indicator	Baseline	Year 1	Year 2	Year 3 (Midline)	Year 4	Year 5(Endline)	(2027/28)	(2028/29)	2029/30	2030/31	2031/32 (Endline)	Means of Verification	Frequency	Responsibility for data collection/Reporting	Data Source/Comments
Goal 2: Improve the Management of Fiscal Risks, Debt and Cash to Maintain Fiscal Discipline																
Outcome 2.1 Improved governance and performance of State-owned Enterprises	% of SOEs adhering to government SOE operating procedures	TBD	100%	100%	100%	100%	100%						Report	Annually	MoFE A	
Output 2.1.1 Annual fiscal stress test conducted	Number of annual fiscal stress test conducted	0	1	1	1	1	1						Report	Annually	MoFE A	
Output 2.1.2 Finance Management in SOEs implemented in accordance with PFM Act, 2022.	SOE regulations developed and implemented	0	0	1	1	1	1	1	1	1	1	1	SOE regulations	Annually	MoFE A-PFMD	It is assumed that the regulation will be developed after ownership policy. However if developed concurrently, timing has to be the same
Output 2.1.3 Annual report on the aggregate fiscal position of SOEs prepared	Number of aggregate fiscal position reports prepared	0	1	1	1	1	1						Report	Annually		
Output 2.1.4. Strengthened monitoring of SOEs so that timely periodic financial and performance reports are submitted to PFMSD to enable better management of fiscal risks	Number of SOEs Quarterly monitoring conducted	0	4	4	4	4	4							Bi-annually		
Output 2.1.5. Risk management guidelines on borrowings by State Owned Enterprises and Statutory Bodies reviewed	Number risk Management Guidelines reviewed	0	1	0	0	0	0	1	1	1	1	1	Borrowing guidelines	Annually	MoFE A-PFMD	
Output 2.1.6. Improved financial reporting of SOEs and public disclosure	Percentage of SOEs publicly disclosing their financial reports		≥70	≥80	≥85	≥90	≥95									
Output 2.1.7 Capacity built to enhance SOE monitoring and reporting	Number of staff trained in SOE Management and performance monitoring	1	1	5	5	5	5	5	5	5	5	5	Training reports	Annually	MoFE A-PFMD	

Strategic Result area	Indicator	Baseline	Year 1	Year 2	Year 3 (Midline)	Year 4	Year 5(Endline)	(2027/28)	(2028/29)	2029/30	2030/31	2031/32 (Endline)	Means of Verification	Frequency	Responsible for data collection/Reporting	Data Source/Comments
Outcome 2.2 Improved Debt and Cash Management	Debt as percentage of GDP	62%	63%	68%	65%	62%	60%						Debt report	Annually	MoFE A-DAD	It is expected that Debt will increase and the start to decrease when the PFM strategy is being implemented. Data sources for base line to Year 2025 is 2022 annual Debt report
Output 2.2.1 Reviewed Debt and Aid legal and policy framework (The regulations for Debt and Aid management and Debt Medium-Term Debt Management Strategy)	Number of Debt and Aid documents reviewed	0	2	1	2	1	1	1	1	1	1	1	Debt Management Strategy	Annually	MoFE A-DAD	DAD to insert the actual targets
Output 2.2.2 Annual Debt Sustainability analysis.	Number of debt sustainability analysis conducted annually	0	1	1	1	1	1						Report	Annually	MoFE A-DAD	
Output 2.2.3 Debt and Aid management regulations reviewed	Number of debt related regulations reviewed												Reports	Annually	MoFE A-DAD	
Output 2.2.4 Debt retirement fund established	Debt Management Fund	0	0	0	1	1	1	1	1	1	1	1	1	Annually	MoFE A-DAD	
Output 2.2.5 Unified debt database for more transparency and proactive debt management developed	Unified Debt database established and utilised	0	0	1	1	1	1	1	1	1	1	1	Reports	Annually	MoFE A-DAD	
Goal 3: Allocate Resources Consistent with the Priorities in the Malawi Implementation Plan 1, 2063 (MIP 1 MW2063)																
Outcome 3.1 Improved the linkages between budgets and government policies and priorities by 2028	National budget linked to national priority areas	0	Budget linked	Budget linked	Budget linked	Budget linked	Budget linked	1	1	1	1	1	Reports	Annually	NPC	NPC to verify the targets
Output 3.1.1 Sector strategies aligned to Malawi Vision 2063 and MP-1	Percentage of MIDAs with there sectors strategies aligned to Malawi Vision 2063 and MP-1		40%	50%	65%	60%	60%						Reports	Annually	NPC	NPC to verify the targets
Output 3.1.2 Medium term budget aligned to Malawi 2063 First Ten Year Implementation Plan	Number of Medium term budget aligned to Malawi 2063 First Ten Year Implementation Plan developed and implemented		1	1	1	1	1						Reports	Annually	NPC	NPC to verify the targets
Output 3.1.3 Allocation to the development budget at an annual	% of development budget allocation	29%	29%	30%	30%	32%	≥32%	≥25%	≥25%	≥25%	≥25%	≥25%	Reports	Annually	MoFE A-EP and D	

Strategic Result area	Indicator	Baseline	Year 1	Year 2	Year 3 (Midline)	Year 4	Year 5(Endline)	(2027/28)	(2028/29)	2029/30	2030/31	2031/32 (Endline)	Means of Verification	Frequency	Responsibility for data collection/Reporting	Data Source/Comments
minimum of 25% of the national budget ringfenced																
Output 3.1.4 Monthly fiscal reports produced and published	Number of fiscal monthly reports published		12	12	12	12	12	12	12	12	12	12				
Output 3.1.5 Revised budget calendar	Number of budget calendar reviews conducted	0	1	0	1	0	1	1	1	1	1	1	Repor ts		MoFE A-BD	
Outcome 3.2 strengthened the management of public investments by 2028	Number of annual Public Investment Management Assessment (PIMA)	0	1	1	1	1	1	1	1	1	1	1	Repor ts	Annually	MoFE A-EA	
Output 3.2.1 Strengthened strategic guidance and budget ceilings for public investments	Percentage of public investments implemented within the budget ceilings	TBD	>80%	>80%	>80%	>80%	>80%								MoFE A-BD	
Output 3.2.2. Improved public project selection, implementation and monitoring	Project planning, monitoring and ex-post evaluation frameworks developed	0	0	1	1	1	1	1	1	1	1	1	Repor ts	Annually	MoFE A-EP and D	
Output 3.2.3 PIM capacity building plan for project managers, supervising officers, operational officers developed	PIM capacity building plan	0	0	1	1	1	1	1	1	1	1	1	Repor ts	Annually	MoFE A-EP and D	
Outcome 3.3 Strengthened the Budget and Performance Management Capacity by 2028	% of MDAs adhering to approved budget	TBD	>90%	>90%	>90%	>90%	>90%						Budget reports	Annually	MoFE A-BD	
Output 3.3.1.Strengthened capacity for budget formulation and preparation within MDAs (e.g. Build capacity in procurement planning, Expenditure planning and cash planning)	Percentage of MDAs oriented in budget formulation	TBD	>80%	>80%	>80%	>80%	>80%						Repor ts	Annually	MoFE A	
Output 3.3.2.Established systems/mechanisms for MDAs to provide expenditure and cash plans on a quarterly basis with plans to eventually move to monthly basis	Number of systems developed and implemented	0	1	1	1	1	1						Repor ts	Annually	MoFE A-AGD	
Output 3.3.3.tools enabling MDAs to develop cash flow forecasts linked to Budget and Procurement Plan	Set of tools for MDAs to develop cash flow forecast linked to Budget and Procurement Plan	0	1	1	1	1	1						Repor ts	Annually	MoFE A-AGD	
Outcome 3.4 Strengthened PFM Capacity of Local Councils by 2028	Number of local government with strengthened PFM Capacity	0	35	35	35	35	35						Repor ts	Annually	MoFE A/Mo LG	
Output 3.4.1. Strategy to attract and retain qualified accounting and internal audit personnel at councils	Number of strategies developed and implemented		1	1	1	1	1						Repor ts	Annually	MoFE A/Mo LG	

Strategic Result area	Indicator	Baseline	Year 1	Year 2	Year 3 (Midline)	Year 4	Year 5(Endline)	(2027/28)	(2028/29)	2029/30	2030/31	2031/32 (Endline)	Means of Verification	Frequency	Responsible for data collection/Reporting	Data Source/Comments
Output 3.4.2. Improved the auditing system of local councils to enable them submit their audited financial statements on time	Number of local councils submitting audited financial statements on time		20	24	30	35	35						Reports	Annually	MoFE A/Mo LG	
Output 3.4.3 local concil PEFA conducted	Number of local councils PEFA assessments conducted	0	1										PEFA reports	Annually	MoFE A/Mo LG	
Output 3.4.5Fiscal decentralization policy and strategy developed	Fiscal decentralization policy and strategy developed and implemented	0	0	1	1	1	1	1	1	1	1	1	Reports	Annually	MoFE A/Mo LG	
Output 3.4.6 Local council audited financial statements published	% of annual local council audit reports published	TBD	100%	100%	100%	100%	100%	35	35	35	35	35	Audit Reports	Annually	Audit or General	
Output 3.3.7. Local Revenue Enhancement Strategic Plans (LRESPs)	Number of local councils with LRESPs	TBD	35	35	35	35	35						LRESP	Annually	MoLG /NILG FC	
Goal 4: Promote the efficient use of public resources and delivery of services through better budget execution																
Outcome 4.1. Improved business processes and strengthen internal controls for service delivery by 2028	Internal controls instituted as a percentage of the planned	0	≥90%	≥90%	≥90%	≥90%	≥90%						Reports	Annually		
Output 4.1.1. TSA operational manual developed	Number of operational manual developed and implemented	0	1	1	1	1	1	1	1	1	1	1	TSA Reports	Annually	MoFE A-DAD	Establishment of TSA is a medium term strategy. It is therefore assumed that it can be achieved during the midterm review
Output 4.1.2 Cleared backlog of reconciliations for 2019/20 and 2020/21	Percentage of backlog of reconciliation cleared	TBD	100%										Reports	Annually		
Output 4.1.3 Recommendations from the 2021 personnel audit implemented	Percentage of audit recommendations implemented reported	TBD	60%	70%	80%	90%	≥90%						Reports	Annually		
Output 4.1.4 Staff in MDAs trained on the use of the cash management module in IFMIS	% of planned staff trained in Cash Management IFMIS Module	0	≥90%	≥90%	≥90%	≥90%	≥90%						Reports	Annually	MoFE A-AG	Guide: how many staff per year

Strategic Result area	Indicator	Baseline	Year 1	Year 2	Year 3 (Midline)	Year 4	Year 5(Endline)	(2027/28)	(2028/29)	2029/30	2030/31	2031/32 (Endline)	Means of Verification	Frequency	Responsible for data collection/Reporting	Data Source/Comments
Output 4.1.5 Public Expenditure Survey (PET) conducted	Number of PETS conducted	0	1	1	1	1	1						PETS report	Annually	MoFE A-AG	Manual will be developed in the first year and others are for implementation of the manual
Output 4.1.6 Revised the Cash Management Manual to incorporate EFT and SAP requirements	Number of revised cash management manual and implemented	0	1	1	1	1	1						Reports	Annually	MoFE A-AG	
Output 4.1.7 Ensured regular reconciliation of all Government bank accounts	Monthly reconciliation of Government bank accounts per year	0	12	12	12	12	12						Reports	Monthly	MoFE A-AG	
Output 4.1.8 Fleet Management Policy reviewed to make civil service transport system cost effective	Reviewed and implemented fleet management policy	0	1	1	1	1	1						Reports	Annually	OPC	
Outcome 4.2 Adopted International Standards of Procurement Practice to facilitate service delivery and achieve value for money by 2028	% of MDAs using International Standards of Procurement Practice	TBD	100%	100%	100%	100%	100%						Reports	Annually	PPDA	
Output 4.2.1 Improved and strengthened the functioning of PDUs and IPDCs in MDAs	% of MDAs with functional PDUs and IPDCs		100%	100%	100%	100%	100%						Reports	Annually	PPDA	
Output 4.2.2 Conduct procurement sensitisations to enhance capacity and awareness	Number of sensitizations campaigns conducted per year	0	1.00	1.00	1.00	1.00	1.00						Reports	Annually	PPDA	
Output 4.2.3 Electronic Government Procurement (e-GP) system developed and rolled out	% of E-GP system rolled out	0	0	50%	75%	100%	100%						Reports	Annually	PPDA	
Outcome 4.3 Modernised internal audit function by 2028	% of MDA using modernised internal audit function	0%	25%	50%	75%	100%	100%						CIAU reports	Annually		
Output 4.3.1 Cluster Audit Committees by sector for all MDAs established	Number of functional audit committees established	5	5	5	5	5	5						AC Reports	Quarterly	CIAU	
Output 4.3.2 Increase coverage of internal audit based on the approved work plan	% of planned audits completed	47%	56%	64%	73%	81%	90%						IA Reports	Annually	CIAU	Targets filled by the CIAU
Output 4.3.3 Internal audit function operationalised in accordance with PFM Act, 2022.	% of MDAs operationalising internal audit in accordance with the PFM Act	0%	34%	52%	72%	92%	100%						QAIP Reports	Annually	CIAU	

Strategic Result area	Indicator	Baseline	Year 1	Year 2	Year 3 (Midline)	Year 4	Year 5(Endline)	(2027/28)	(2028/29)	2029/30	2030/31	2031/32 (Endline)	Means of Verification	Frequency	Responsible for data collection/Reporting	Data Source/Comments
Output 4.3.4 Competency framework developed for the internal audit profession	Competency framework for internal audit profession developed and implemented	0	1	1	1	1	1						Framework	Annually	CIAU	
Output 4.3.5 Internal Audit Manual updated to include procedures relating to risk-based planning and auditing	Internal audit manual updated and implemented	0	1	1	1	1	1						Audit Manual	Annually	CIAU	
Output 4.3.6 Capacity built for internal audit units in terms of numbers and skills across all MDAs to improve efficiency	% of filled establishment of internal audit units in MDAs	68%	72%	77%	81%	86%	90%						Establishment warrant	Annually	CIAU	
Output 4.3.7 Rolled-out continuous audit of IFMIS and HRMIS Payroll transactions in MDAs	% of MDAs using continuous audit of IFMIS and HRMIS	20%	36%	52%	68%	84%	100%						Reports	Annually	CIAU	
Output 4.3.8 Digitize the internal audit function	% of Internal Audit Digitised	0%	25%	50%	75%	100%	100%						Internal Audit Management System	Annually	CIAU	
Outcome 5.1. Raised profile of external auditing practices to international standards in terms of quality, coverage and timeliness so as to provide adequate assurance that the public funds are used efficiently and effectively	% of public institutions with audited financial statements	TBD	100%	100%	100%	100%	100%							Annually	AG	
Output 5.1.1. Vacant post of Auditor General Filled	Filled position of Auditor General	0	1	0	0	0	0								AG	
Output 5.1.2. Improve compliance with PFM laws & regulations, international accounting and auditing standards	Number of external audit legal and policies reviewed and implemented	0	2	2	2	2	2						Reports	Annually	AG	
Output 5.1.3 Enhanced training and professional capacity to conduct more ISSAI-compliant audit	Staff trained as a percentage of staff planned to be trained	TBD	100%	100%	100%	100%	100%									
Output 5.1.4 Strengthened NAO's audit recommendation follow-up mechanism.	% of recommendations followed up	TBD	100%	100%	100%	100%	100%						Reports	Annually	AG	

Strategic Result area	Indicator	Baseline	Year 1	Year 2	Year 3 (Midline)	Year 4	Year 5(Endline)	(2027/28)	(2028/29)	2029/30	2030/31	2031/32 (Endline)	Means of Verification	Frequency	Responsible for data collection/Reporting	Data Source/Comments
Output 5.1.5 Updated Audit Manuals (Performance Audit Manual, Regularity Audit Manual, Compliance Audit Manual, etc.) in line with AFROSAI-E undertaken	Number of manuals updated and implemented	0	3	3	3	3	3	3	3	3	3	3	Reports	Annually	AG	
Outcome 5.2. Strengthening Parliamentary oversight of public expenditure	Quality of oversight function	TBD	high quality Y	high quality Y	high quality Y	high quality Y	high quality Y						Reports	Annually	Parliament	Parliament strategic plan 2021 to 2026
5.2.1 Strengthened Parliamentary Budget Office (PBO) to support the committees to improve their oversight function of scrutinizing the budget, fiscal policies and the Auditor General reports	PBO establishment completed and functional	0	1	1	1	1	1						PRO reports	Annually	Parliament	
Output 5.2.2 Enhanced capacity of finance committees of parliament to carry out their duties in line with the Public Audit-Act (amended) 2018.	Number of MP Cohort trained	1	1	1	1	1	1						Reports	Annually	Parliament	
Output 5.2.3 Business process proceedings recordings automated and MIS and developed for financial oversight committees.	Hansard Transcription System automated and utilised	0	1	1	1	1	1						Reports	Annually	Parliament	
Output 5.2.4 Revise standing orders to include explicit arrangements for public consultation and other necessary improvements in line with PFMA 2022.	Revised standing orders and implemented	0	1	1	1	1	1						Reports	Annually	Parliament	
Goal 6: Enhance the Enabling Environment for Improved PFM Outcomes																
Outcome 6.1 Comprehensive and a clear legal framework by 2028	Number of legal PFM legal instruments reviewed/developed and implemented	TBD	2	3	4	5	6						Reports	Annually	MoFA - PFMD	This is a cumulative indicator
Output 6.1.1 Developed guidelines for debt management based on PFMA, 2022 to introduce clear and binding appropriation rules and a framework for debt management	Number of guidelines for debt management based on PFMA, 2022 developed and implemented	0	1	1	1	1	1						Reports	Annually	MoFA - PFMD	
Output 6.1.2 Reviewed Audit Committee Charter	Number of Audit charters reviewed and implemented	0	1	1	1	1	1						Reports	Annually	MoFA - PFMD	

Strategic Result area	Indicator	Baseline	Year 1	Year 2	Year 3 (Midline)	Year 4	Year 5(Endline)	(2027/28)	(2028/29)	2029/30	2030/31	2031/32 (Endline)	Means of Verification	Frequency	Responsible for data collection/Reporting	Data Source/Comments
Output 6.1.3. Reviewed Desk Instructions: Accounting Manual; and Treasury Instructions reviewed in line with the PFMA 2022.	Number of PFM manuals and instructions reviewed	0	0	0	1	2	3	3	3	3	3	3	Reports	Annually	MoFE A - PFMD	
Output 6.1.4 Establish a legal framework to allow publication of information regarding resource availability to primary service units, for example health, education, etc	Legal framework established and implemented	0	0	1	1	1	1						Reports	Annually	MoFE A - PFMD	
Outcome 6.2 Ensure policies, processes and skills are in place by 2028 to manage and deliver a comprehensive training and capacity development program	Number of policies, strategies, and guides reviewed and implemented	0	2	5	6	6	6						Reports	Annually	PFM	
Output 6.2.1 PFM skills strategy including a needs assessment, and prepare an action plan in consultation with relevant stakeholders	Number of PFM skills strategy action plan prepared and implemented	0	0	1	1	1	1						Reports	Annually		
Output 6.2.2 Developed and implements strategy to anchor PFM trainings in the Malawi School of Government to enhance efficiency, effective and sustainability.	Number of PFM Strategies developed and implemented	0	0	1	1	1	1						Reports	Annually		
Output 6.2.3 Revised the AGD Training Centre	Number of AGD Training Centres revived and utilised	0	1	1	1	1	1						Reports	Annually	MoFE A- AGD	
Output 6.2.4 Built for Malawi School of Government to include change management, leadership change and broader PFM) issue included in school broader PFM issues in its curricula	Number of PFM related (change management, leadership change and broader PFM) issue included in school of Government curricula and implemented		1	2	3	3	3						Reports	Annually	MoFE A- PFMD	
Outcome 6.3 Established a secure, reliable, efficient, effective, and fully integrated public financial management system	% of MDAs using IFMIS	TBD	100%	100%	100%	100%	100%						Reports			
Output 6.3.1 Functionalities of all modules in (IFMIS) SAP activated	% of functionalities of all modules in (IFMIS) SAP activated	0	100%										Reports	Annually	AG	
Output 6.3.2 SAP rolled out to all local councils	Number of councils using SAP	0	9	8	8	5	5						Reports	Annually	AG	
Output 6.3.3 IFMIS (SAP) integrated with other systems (RBM, HRMIS, MRA, DADAMPS, Pensions, etc.) for completeness	Number of systems integrated with IFMIS	0	1	2	2								Reports	Annually	AG	
Output 6.3.4 Train super users and end users to manage SAP	Number of staff trained	0											Reports	Annually	AG	

Strategic Result area	Indicator	Baseline	Year 1	Year 2	Year 3 (Midline)	Year 4	Year 5(Endline)	(2027/28)	(2028/29)	2029/30	2030/31	2031/32 (Endline)	Means of Verification	Frequency	Responsible for data collection/Reporting	Data Source/Comments
Output 6.3.5 Produce and reconcile quarterly financial statements on month after the end of the quarter.	Number of quarterly report conciled on time		4	4	4	4	4						Reports	Annually		
Outcome 6.4 Developed Organizational Change Agility to Enhance Implementation of PFM Strategy	Percentage of public institutions implementing PFM strategies	TBD	80%	90%	90%	95%	95%						Reports	Annually	MoFE A-PFMD	
Output 6.4.1 Developed a change management plan	Number of change management plans developed and implemented	0	1	1	1	1	1						Reports	Annually	MoFE A-PFMD	
Output 6.4.1 Prepare and conduct awareness workshops on Change Management for senior public officers (Controlling Officers, Directors, Deputy Directors, etc)	Number of awareness workshops conducted	0	1	1	1	1	1						Awariness reports	Annually	MoFE A-PFMD	
Goal 7: Enhance public sector performance																
Outcome 7.1 Improved public sector performance	Number of a nnuual public sector performance assesment conducted	0	1	1	1	1	1								MoFE A (PFM SD)	
7.1.1 Roll out results-based financial management in all MDAs and local councils	Number of local councils using result based financing management	0	35	35	35	35	35						Reports	Annually	PFM SD/N LGF C/MLG	
7.1.2 Conduct Economic Governance Sector Review	Number of annual Economic Governance Sector Reviews conducted	0	1	1	1	1	1						Reports	Annually	MoF EA (EAD)	
7.1.4 Develop a joint sector Economic Governance strategy with M&E framework and implementation plan	Number of Joint Sector Economic Governance Strategies developed and implemented	0	1	1	1	1	1						Reports	Annually	MoF EA (EAD)	

ANNEX B: PFM ROLLING PLAN (2023-2028)

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)				Total Cost(MK'000)		LeadOffice
				Year1	Year2	Year3	Year4	Year5		
1.0 Enhance efficient mobilization of resources	1.1. To enhance Tax Revenues to create fiscal Space by 2027	1.1.1. To augment Revenues through Comprehensive Tax Modernization	1.1.1.1. Build tax compliance culture	50,000	50,000	50,000	50,000	50,000	250,000	MRA, MoFEA(RPD), EAD
			1.1.1.2. Strengthen revenue enforcement	30,000	30,000	30,000	30,000	30,000	150,000	MRA,MoFEA(RPD)
			1.1.1.3. Improve taxpayer services and experience	20,000	20,000	20,000	20,000	20,000	100,000	MRA,MoFEA(RPD)
			1.1.1.4. Strengthen audit capacity	50,000	30,000	-	-	-	80,000	MRA,MoFEA(RPD)
			1.1.1.5. Protect the revenue base by using targeted compliance improvement programs	10,000	10,000	10,000	10,000	10,000	50,000	MRA,MoFEA(RPD)
			1.1.1.6. Improve the management of debt collection (tax arrears)	10,000	10,000	10,000	10,000	10,000	50,000	MRA,MoFEA(RPD)
			1.1.1.7. Enhance trade facilitation	20,000	20,000	20,000	20,000	20,000	100,000	MRA,MoFEA(RPD)
			1.1.1.8. Develop and implement brand strategy for MRA	20,000	-	-	-	-	20,000	MRA,MoFEA(RPD)
			1.1.1.9. Strengthen legal and regulatory framework	15,000	10,000	10,000	10,000	10,000	55,000	MRA,MoFEA(RPD)
			1.1.1.10. Integrate ICT systems	20,000	-	-	-	-	20,000	MRA,MoFEA(RPD)
			1.1.1.11. Improve internal controls and governance	15,000	15,000	15,000	-	-	45,000	MRA,MoFEA(RPD)

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)					Total CostMK'000			LeadOffice
				Year1	Year2	Year3	Year4	Year5	Year3	Year4	Year5	
			1.1.1.12. Enhance data management and business intelligence	20,000	20,000	-	-	-	-	-	40,000	MRA,MoFEA(RPD)
			1.1.1.13. Enhance risk management	-	-	-	-	-	-	-	-	MRA,MoFEA(RPD)
			1.1.1.14. Strengthen integrity	-	-	-	-	-	-	-	-	MRA,MoFEA(RPD)
			1.1.1.15. Develop resource-oriented culture	-	-	-	-	-	-	-	-	MRA,MoFEA(RPD)
			1.1.1.16. Review of Double Taxation Agreements	30,000	30,000	30,000	-	-	-	90,000	MRA,MoFEA(RPD)	
	1.2. To enhance Non-Tax Revenues to create Fiscal space by 2027	1.1.2. To augment Non-Revenues by year five	1.2.1.1 Implement Dividend and Surplus Policy	41,250	41,250	41,250	41,250	41,250	41,250	206,250	MoFEA (PFMSD)	
			1.2.1.2. Improve non-tax legislation	5,000	5,000	5,000	5,000	5,000	5,000	25,000	MRA/MoFEA (RPD)	
			1.2.1.3. Improve remittance, monitoring and reporting requirements	5,000	5,000	5,000	5,000	5,000	5,000	25,000	MoFEA (RPD)/AGD/PFMSD	
			1.2.1.4. Undertake cost reduction initiatives to augment revenue	-	-	-	-	-	-	-	-	MRA/MoFEA (RPD)
			1.2.1.5. Improve debtor management/administration (including dues recovery)	-	-	-	-	-	-	-	-	MRA/MoFEA (RPD)
			1.2.1.6. Improve banking arrangements of revenue	60,000	60,000	60,000	60,000	60,000	60,000	300,000	MoFEA (RPD),AGD	

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)					Total CostMK'000			LeadOffice
				Year1	Year2	Year3	Year4	Year5	Year4	Year5	Year5	
			1.2.1.7. Digitize and secure revenue collection systems, enforce PFMA 2022, and establish non-traditional innovative long-term development financing models (including PPPs) and Development Financing Assessment (DFA) within the integrated National Financing Frameworks	500,000	500,000	500,000	500,000	500,000	2,500,000			MoFEA (RPD),AGD
			1.2.1.8. Require MIDAs in collaboration with the Ministry of Finance to establish collection targets in their strategic plans	-	-	-	-	-	-	-	-	MoFEA
			1.2.1.9. Institute governance arrangements to oversee implementation of non- tax revenue policy	-	-	-	-	-	-	-	-	MoFEA
			1.2.1.10. Train appropriate staff in assessment of revenue	20,000	20,000	20,000	20,000	20,000	100,000			MoFEA
				941,250	876,250	826,250	781,250	781,250	4,206,250			
Sub-Total												
2.0. Maintain aggregate fiscal discipline compatible with macro-economic	2.1: To improve the management of fiscal risks, debt and cash to maintain fiscal discipline by 2027	2.1.1. To improve Governance and Performance of State-Owned Enterprises by 2027	2.1.1.1. Prepare regulations based on PFM Act of 2022 including Treasury Instructions, Desk Instructions and relevant manuals (Accounting, Budget, Cash).	40,000	40,000				80,000			MoFEA-(PFMSD)

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)				Total CostMK'000			LeadOffice		
				Year1	Year2	Year3	Year4	Year5	Year4	Year5			
stability and inclusive growth													
				2.1.1.2. Formulate a SOE ownership policy	30,000						30,000	MoFEA-(PFMSD)	
				2.1.1.3. Mitigate fiscal risks from Statutory Bodies and SOEs (due diligence)	-	-	-	-	-	-	-	MoFEA-(PFMSD)	
				2.1.1.4. Review risk management guidelines on borrowings by Statutory Bodies.	20,000						20,000	MoFEA-(PFMSD)	
				2.1.1.5. Strengthen monitoring of SOEs so that timely periodic financial and performance reports are submitted to PFMSD to enable better management of fiscal risks.	40,000	40,000	40,000	40,000	40,000	40,000	200,000	MoFEA-(PFMSD)	
				2.1.1.6. Ensure the SOE budget-setting is in alignment with financial performance and fiscal risks so that the government budget function is better informed on SOEs.	10,000	10,000	10,000	10,000	10,000	10,000	50,000	MoFEA-(PFMSD)	
				2.1.1.7. Mandate public disclosure of SOE audited financial statements before Parliament for scrutiny	60,000	60,000	60,000	60,000	60,000	60,000	300,000	MoFEA-(PFMSD)	
				2.1.2.1. Prepare a Medium-Term Debt Management Strategy (MTDS)	50,000	-	-	50,000	-	-	100,000	MoFEA-(DAD)	
			2.1.2. To improve Debt and Cash Management										

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)					Total CostMK'000		LeadOffice
				Year1	Year2	Year3	Year4	Year5			
			2.1.2.2. Conduct annual debt sustainability analysis	30,000	30,000	30,000	30,000	30,000	150,000		MoFEA-(DAD)
			2.1.2.3. Enhance Debt and Aid data quality, timeliness and reliability.	20,000	20,000	20,000	20,000	20,000	100,000		MoFEA-(DAD)
			2.1.2.4. Review and update the regulations for Debt and Aid management	50,000	-	10,000	-	10,000	70,000		MoFEA-(DAD)
			2.1.2.5. Enhance and sustain the technical capacity of DAD	30,000	30,000	30,000	30,000	30,000	150,000		MoFEA-(DAD)
			2.1.2.6. Improve the preparation of annual plan for borrowing to make it consistent with MTDS	20,000	20,000	20,000	20,000	20,000	100,000		MoFEA-(DAD)
			2.1.2.7. Establish a Debt Retirement Fund	30,000	-	-	-	-	30,000		MoFEA-(DAD)
			2.1.2.8. Activate a high-level multi-stakeholder Debt Policy Committee that provides oversight on public debt management	10,000	10,000	10,000	10,000	10,000	50,000		MoFEA-(DAD)
			2.1.2.9. Establish TSA covering all government cash holding including bank accounts for donor funded projects	30,000	-	-	-	-	30,000		MoFEA-(DAD)
			2.1.2.10. Upgrade the debt recording and management system and develop a unified debt database for more transparency and proactive debt management	70,000	-	-	-	-	70,000		MoFEA-(DAD)

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)				Total CostMK'000			LeadOffice
				Year1	Year2	Year3	Year4	Year5			
	2.2: To provide strategic guidance on development planning, economic and financial sector development to ensure stable macroeconomic environment that supports sustainable socio-economic growth and development.	2.2.1: To improve macro-economic stability	2.2.1.1. Implement prudent fiscal policies and reduce inflation	16,000	17,600	19,360	21,296	42,592	116,848	MoFEA (EAD)	
			2.2.1.2. Enhance macro-economic modelling skills	43,000	47,300	52,030	57,233	62,956	262,519	MoFEA (EAD)	
			2.2.1.3. Improve macro-economic policy formulation and management.	59,545	71,453	78,598	86,457	95,102	391,155	MoFEA (EAD)	
			2.2.1.4. Implement Country's macroeconomic program successfully	27,000	27,300	30,000	33,000	36,000	153,300	MoFEA (EAD)	
			2.2.1.5. Reduce domestic debt to manageable levels	19,000	19,190	21,000	23,000	25,300	107,490	MoFEA (EAD)	

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)					Total Cost(MK'000)		LeadOffice
				Year1	Year2	Year3	Year4	Year5	Year4	Year5	
			2.2.1.6. Reduce and maintain low fiscal deficit and primary balance	19,000	20,900	22,990	25,289	27,817	115,996	MoFEA (EAD)	
Sub-Total				723,545	463,743	453,978	516,275	519,767	2,677,308		
3.0. Allocate resources consistent with the priorities in the Malawi 2063 First Ten Year Implementation Plan	3.1. To improve the link between budgets and government policies and priorities by 2027	3.1.1. To improve credibility of the annual budget	3.1.1.1 Improve the link between policy and the budget	80,000	-	40,000	-	-	120,000	BD	
			3.1.1.2. Prepare medium term budget aligned to Malawi 2063 First Ten Year Implementation Plan	60,000	34,000	30,000	26,000	26,000	176,000	BD	
			3.1.1.3. Improve budget control	40,000	80,000	14,000	25,000	18,000	177,000	BD	
			3.1.1.4. Improve coordination and interface with Budget Committee of Parliament	100,000	105,000	111,000	145,000	125,000	586,000	BD	
			3.1.1.5. Ringfence allocation to the development budget at an annual minimum of 25% of the national budget.	30,000	34,000	36,000	28,000	32,000	160,000	EPD, BD	
			3.1.1.6. Develop a medium-term budget framework policy (MTEF)	40,000	30,000	35,000	27,000	20,000	152,000	BD	

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)					Total CostMK'000			LeadOffice
				Year1	Year2	Year3	Year4	Year5	Year3	Year4	Year5	
			3.1.1.7. Improve aggregate expenditure budget outlook	30,000	30,000	15,000	12,000	12,000	99,000			BD
			3.1.1.8. Produce and publish monthly and quarterly fiscal reports	90,000	99,000	108,900	119,790	131,769	549,459			BD
			3.1.1.9. Production of the Treasury Minute	30,000	33,000	36,300	39,930	43,923	183,153			BD
			3.1.1.10. Review the Budget Calendar in collaboration with other Stakeholders	40,000	-	35,000	-	45,000	120,000			BD
			3.1.1.11 Capacity Building Programme	70,000	60,000	45,000	50,000	40,000	265,000			BD
	3.2. To strengthen the management of public investments by 2027		3.2.1. 1 Strengthen strategic guidance and budget ceilings for public investments		-	-	-	-	-			EPD, BD
			3.2.1.2. Improve the capacity of institutions through training to carry out project appraisal, selection and management		-	-	-	-	-			EPD, BD
			3.2.1.3. Improve commitment control and cash management		-	-	-	-	-			BD, AGD
			3.2.1.4. Undertake Public Investment Management Assessment (PIMA) on an annual basis		40,000	40,000	40,000	40,000	160,000			EPD, BD
			3.2.1.4. Strengthen strategic guidance and budget ceilings for public investment through:		-	-	-	-	-			BD

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)					Total CostMK'000		LeadOffice
				Year1	Year2	Year3	Year4	Year5	Year5		
			3.2.1.4a) Revise the budget calendar to prepare and to circulate the Fiscal Strategy Statement earlier to enable it drive the budget process, set priorities for the public investment and let these be the basis for approved total ceilings.	20,000	20,000	20,000	20,000	20,000	20,000	100,000	EPD, BD
			Approve realistic aggregate expenditure ceilings (for recurrent and public investment) at the start of the budget process.	-	-	-	-	-	-	-	EPD, BD
			3.2.1.4b) Establish a ceiling for the PSIP budget at the start of the budget process based on a binding resource envelope and include PSIP ceilings in the budget circular.								EPD, BD
			3.2.1.5 Strengthen the project appraisal process by developing a standard methodology for project appraisal, publishing this methodology and verifying that it is consistently applied by the line ministries.								EPD, BD

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)			Total CostMK'000			LeadOffice
				Year1	Year2	Year3	Year4	Year5	Year5	
			3.2.1.5(a) Improve the project selection process for the budget by developing better targeted selection and prioritization criteria and processes. This includes developing a project pipeline to improve the medium-term focus of project identification, appraisal, selection and approval.	-	-	-	-	-	-	EPD,BD
			3.2.1.5 (b) Strengthen the project management and monitoring framework and ensure implementation in all MIDAs and SOEs.	-	-	-	-	-	-	EPD,BD
			3.2.1.5 (c) Develop a framework for ex-post evaluations and ensure that lessons learned from past projects are incorporated in revised guidelines and practices.	-	-	-	-	-	-	EPD,BD
			3.2.1.6. Improve central oversight of SOEs and PPPs through	-	-	-	-	-	-	PFMSD
			3.2.1.6a) Enhance the oversight of public investment undertaken by non-budgetary institutions, including SOEs, PPPs, and contractor-based financing.	-	-	-	-	-	-	PFMSD
			3.2.1.6b) Maintain in a database the number and value of	20,000	-	20,000	-	-	40,000	PFMSD

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)					Total CostMK'000			LeadOffice		
				Year1	Year2	Year3	Year4	Year5	Year3	Year4	Year5			
			public investments undertaken by SOEs.											
			3.2.1.6c) Publish a list of guarantees and contractor financed projects in the budget.	-	-	-	-	-	-	-	-	-	-	MoFEA
			3.2.1.7 Develop and implement a PIM capacity building plan for project managers, supervising officers, operational officers, and MoF.	50,000	60,000	60,000	60,000	60,000	60,000	290,000				
	3.3: To strengthen the budget and performance management capacity by 2027	3.3.1.To enhance PFM Skills Capacity in MDAs	3.3.1.1. Ensure that all MDAs prepare and align their medium term strategic plans to Malawi 2063 First Ten Year Implementation Plan	30,000	-	-	-	-	-	30,000				MoFEA
			3.3.1.2. Ensure that the medium term strategic plans are costed	15,000	-	-	-	-	-	15,000				
			3.3.1.3. Work out a plan for institutional strengthening of MDAs to improve in financial management functions	45,000	-	26,500	-	-	-	71,500				
			3.3.1.4. Enhance the skills of PFM staff in MDAs to tackle new and emerging risks	-	148,376	67,188	67,188	67,188	67,188	349,940				

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)					Total CostMK'000		LeadOffice
				Year1	Year2	Year3	Year4	Year5	Year4	Year5	
			3.3.1.5. Develop a framework for defining a clear set of principles and criteria for targeting delivery of training activities to specific PFM stakeholders	-	45,000	-	-	-	-	45,000	
			3.3.1.6. Develop written job descriptions including a specification of expected outputs commensurate with each grade/position for the PFM staff	-	-	10,000	-	-	-	10,000	
			3.3.1.7. Develop a comprehensive capacity building/technical assistance programme focusing on core PFM functions	187,125	-	-	67,250	-	-	254,375	
	3.4: To strengthen PFM capacity of local councils by 2027	3.4.1. To enhance Public Financial Management of Local Government	3.4.1.1. Conduct PEFA Assessment to assess the local government PFM systems and identify the areas of reforms	50,000	100,000	-	-	-	-	150,000	MoFEA
			3.4.1.2. Based on the local government PEFA report, produce a strategy paper on priorities and recommendations to fill the underscored gaps	-	30,000	-	-	-	-	30,000	MoFEA, NLGFC, MoLGo vt.
			3.4.1.3. Undertake business process reviews for LA-IFMIS, define technical specifications and upgrade the LA-IFMIS	200,000	-	-	-	-	-	200,000	MoFEA, NLGFC, MoLGo vt.

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)					Total Cost(MK'000)			LeadOffice
				Year1	Year2	Year3	Year4	Year5	Year3	Year4	Year5	
			3.4.1.4. Build capacity of local councils in all components of Public Finance Management	445,128	370,128	247,985	247,985	247,985	1,559,212			MoFEA, NLGFC, MoLGo vt.
			3.4.1.5. Review framework for resource sharing allocation criteria (IGTF) for local councils	177,125	-	-	-	-	177,125			MoFEA, NLGFC, MoLGo vt.
			3.4.1.6. Digitize local revenue collection systems for councils	200,000	200,000	100,000	100,000	100,000	700,000			MoFEA, NLGFC, MoLGo vt.
			3.4.1.7. Develop fiscal decentralization policy and strategy	127,500	56,250	37,500	-	-	221,250			MoFEA, NLGFC, MoLGo vt.
			3.4.1.8. Enforce local councils to publish audited financial statements	-	66,482	45,479	13,750	13,750	139,461			MoFEA, NLGFC, MoLGo vt.
			3.4.1.9 Develop Local Revenue Enhancement Strategic Plans (LRESPs)	138,320	-	-	-	-	138,320			MoFEA, NLGFC, MoLGo vt.
Sub-total				2,315,198	1,641,235	1,180,853	1,088,893	1,042,615	7,268,794			
4.0: Promote the efficient use of public resources and delivery of services through better budget execution	4.1: To improve business processes and strengthen internal controls for service delivery by 2027	4.1.1. To improve business processes and treasury management practices	4.1.1.1 Design and implement a fully functioning TSA system for all bank accounts including donor funded projects	200,000	200,000	200,000	150,000	150,000	900,000			MoFEA
			4.1.1.1a. Appoint a multi-sectoral task force on TSA	-	-	-	-	-	-			

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)				Total CostMK'000			LeadOffice
				Year1	Year2	Year3	Year4	Year5			
			4.1.1.1.b . Task force to review and validate current literature	120,000	120,000	120,000	120,000	120,000	600,000		
			4.1.1.1.c. Learning exchange to two African countries with an effective TSA structure	100,000	-	-	-	-	100,000		
			4.1.1.1.d . Design the TSA structure based on recommendations	80,000	-	-	-	-	80,000		
			4.1.1.1.e . Awareness (Change management)	20,000	20,000	20,000	20,000	20,000	100,000		
			4.1.1.1.f . Implementation of agreed structure	50,000	50,000	50,000	50,000	50,000	250,000		
			4.1.1.1.g. Revise the Cash Management Manual to incorporate current processes in TSA environment	90,000	-	-	-	-	90,000		
			4.1.1.1.h. Develop technical measures including account structure and institutional arrangements for TSA	60,000	-	-	-	-	60,000		
			4.1.1.2. Review Fleet Management Policy to make civil service transport system cost effective	50,000	-	-	-	-	50,000		OPC
			4.1.1.3. Enforce Public Expenditure Tracking Survey	20,000	20,000	20,000	20,000	20,000	100,000		EPD
			4.1.1.4. Implement a commitment control system by activating commitment control feature of SAP to include all payments	-	-	-	-	-	-	-	AGD
			4.1.1.5. Prepare timely cash forecasts and verification reports	-	-	-	-	-	-	-	AGD

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)				Total CostMK'000			LeadOffice
				Year1	Year2	Year3	Year4	Year5			
			4.1.1.6. Undertake quarterly assessments of MDA performance against their respective cash plans	-	-	-	-	-	-	-	AGD
			4.1.1.7. Enhance cash management module in IFMIS	-	-	-	-	-	-	-	AGD
			4.1.1.8. Train staff in MDAs on the use of the cash management module in IFMIS	40,000	40,000	30,000	20,000	20,000	150,000		AGD
			4.1.1.9. Ensure regular reconciliation of all Government bank accounts	-	-	-	-	-	-	-	AGD
			4.1.1.10. Expedite the harmonization of the coding and referencing of payment transactions between AGD and RBM	-	-	-	-	-	-	-	AGD
			4.1.1.11. Train and retain staff for PFM functions in MDAs	50,000	30,000				80,000		AGD
			4.1.1.12. Improve reporting on cash flows and MDA-controlled bank accounts	-	-	-	-	-	-	-	AGD
			4.1.1.13. Enhance/implement Public Asset Management (PEFA PI-12)	-	-	-	-	-	-	-	AGD
			4.1.1.14. Strengthen the accounting supervisory function to ensure compliance of payment processes/procedures	20,000	20,000				40,000		AGD

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)					Total CostMK'000		LeadOffice
				Year1	Year2	Year3	Year4	Year5	Year4	Year5	
	4.2: To adopt International Standards of Procurement Practice to facilitate service delivery and achieve value for money by 2027.	4.2.1. To roll-out Improved Public Procurement Practices	4.2.1.1. Improve the functioning of Internal Procurement Units in MDAs (through committee activities)	-	198,400	228,160	262,384	301,742	990,686	PPDAA, MDAs	
			4.2.1.1a Establishment of Audit Committee Secretariat.	115,000					115,000		
			4.2.1.1b Training of Audit Committee Members		76,400				76,400		
			4.2.1.1c Review of Audit Charter	83,300					83,300		
			4.2.1.1d Development of Audit Committees Handbook and Operational Manual	28,240					28,240		
			4.2.1.1e Development of Performance Reporting Framework and Tools for the Audit Committee	27,490					27,490		
			4.2.1.2.Strengthen post procurement audits	200,000	400,000	600,000	800,000	800,000	2,800,000	PPDAA	
			4.2.1.3. Finalize the development of the Electronic Government Procurement e-GP system and rollout	240,000	200,000	150,000	200,000	200,000	990,000	PPDAA	
			4.2.1.4. Implement procurement reforms to improve the efficiency and integrity of public procurement	30,000	35,000	40,000	45,000	50,000	200,000	PPDAA	

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)					Total CostMK'000			LeadOffice
				Year1	Year2	Year3	Year4	Year5	Year4	Year5	Year5	
			4.2.1.5. Improve public access to procurement information by introducing the practice of making available procurement plans for all entities, data on the resolution of procurement complaints and annual procurement statistics	15,000	16,500	8,250	9,075	9,983	58,808			PPDAA
			4.2.1.6. Provide capacity building to MSMEs on public procurement laws and procedures	30,000	33,000	36,300	40,000	50,000	189,300			PPDAA
			4.2.1.7. Align regulations, desk instructions and standard bidding documents to the PPDA Act.	60,000	66,000	72,600	79,860	87,846	366,306			PPDAA
	4.3: To modernize the Internal Audit function by 2027	4.3.1. To strengthen the internal audit function	4.3.1.1. Strengthen the internal audit capacity to perform systems audit and apply the standardized methodologies and toolkits	40,000	150,000	40,000	55,000	40,000	325,000			MoFEA(CIAU)
			4.3.1.2. Establish functional Audit Committees in all MDAs	100,000	100,000	30,000	30,000	30,000	290,000			MoFEA(CIAU)
			4.3.1.3. Increase coverage of internal audit based on the approved work plan	249,780	249,780	249,780	249,780	249,780	1,248,900			MoFEA(CIAU)
			4.3.1.4. Enforce use of standardized methodologies and toolkits regarding audit documentation, reporting and follow-up activities.	139,740	115,970	127,567	140,324	154,356	677,957			MoFEA(CIAU)

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)					Total CostMK'000			LeadOffice
				Year1	Year2	Year3	Year4	Year5	Year3	Year4	Year5	
			4.3.1.5. Operationalize the internal audit function in accordance with PFM Act, 2022.	68,550	35,000	41,000	40,000	15,000	199,550			MoFEA(CIAU)
			4.3.1.6. Undertake regular quality assessment reviews across MIDAs and periodic assessment against International Standards of best practice.	72,000	105,800	127,830	111,581	127,301	544,512			MoFEA(CIAU)
			4.3.1.7. Develop and implement a tracking system for internal audit recommendations.	50,000	27,600	31,740	36,501	41,976	187,817			MoFEA(CIAU)
			4.3.1.8. Develop a competency framework for the internal audit profession	55,000					55,000			MoFEA(CIAU)
			4.3.1.9. Update Internal Audit Manual to include procedures relating to risk-based planning and auditing	-	-	58,000	-	-	58,000			MoFEA(CIAU)
			4.3.1.10 Train internal audit staff on the updated internal audit manual				120,000	120,000	240,000			MoFEA(CIAU)
			4.3.1.11. Build capacity of internal audit units in terms of numbers and skills across all MIDAs	390,000	345,000	445,000	345,000	378,000	1,903,000			MoFEA(CIAU)
			4.3.1.12. Roll-out continuous audit of IFMIS transactions in MIDAs	248,800	117,800	65,800	144,800	65,800	643,000			MoFEA(CIAU)
			4.3.1.13. Digitize the internal audit function	60,500	214,800	225,050	16,450	10,500	527,300			MoFEA(CIAU)
Sub-Total				3,203,400	2,987,050	3,017,077	3,105,754	3,112,284	15,425,565			

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr) & Cost(MK'000)					Total Cost(MK'000)		Lead Office
				Year1	Year2	Year3	Year4	Year5	Year5	Year5	
5.0: Promote Account ability through External Scrutiny and Budget Transpa rency	5.1: To raise the profile of external auditing practices to interna tional standards in terms of quality, coverage and timeliness so as to provide adequate assurance that the public funds are used efficiently and effectively	5.1.1. To ensure adequate external audit and an informed opinion on the financial statements	5.1.1.1 Fill the vacant post of the Auditor General	38,380	-	-	-	-	-	38,380	NAO
			5.1.1.2 Improve timeliness and public availability of audited financial statements	123,750	20,000	20,000	20,000	20,000	20,000	203,750	NAO
			5.1.1.3. Enhance training and professional capacity to conduct more ISSAI-compliant audit	75,000	75,000	75,000	75,000	75,000	75,000	300,000	NAO
			5.1.1.4. Strengthen capacity of National Audit Office to improve coverage of audit and timely reporting	75,000	75,000	75,000	75,000	75,000	75,000	300,000	NAO
			5.1.1.5. Strengthen risk-based auditing							-	NAO
			5.1.1.6. Review the legal and regulatory framework for the external audit function.	64,204						64,204	NAO
			5.1.1.7. Strengthen capacity for NAO to support PAC	25,000					25,000	50,000	NAO

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)					Total CostMK'000		LeadOffice
				Year1	Year2	Year3	Year4	Year5	Year4	Year5	
			5.1.1.8. Upgrade and sustain IT infrastructure of NAO and audit management and monitoring system (AMMS)	50,000	10,000	10,000	10,000	10,000	10,000	90,000	NAO
			5.1.1.9. Improve responsiveness of the Controlling Officers/Heads of Public Institutions on audit and PAC recommendations	17,850	17,850	10,000	10,000	10,000	10,000	55,700	NAO
			5.1.1.10. Strengthen the functions of quality assurance (QA)		10,000	30,000	30,000			70,000	NAO
			5.1.1.11. Modernize and digitize the external audit function.	100,000	100,000					200,000	NAO
			5.1.1.12. Undertake regular updates of Audit Manuals (Performance Audit Manual, Regularity Audit Manual, Compliance Audit Manual, etc.) in line with AFROSA-E	15,000	15,000	15,000	15,000		15,000	60,000	NAO
			5.1.1.13. Strengthen NAO's audit recommendation follow-up mechanism.	5,000	5,000	5,000	5,000		5,000	25,000	NAO
			5.2.1.1. Strengthen capacity of staff and technical support to committees	100,000	100,000	100,000	100,000		100,000	500,000	National Assembly/MoFEA
	5.2: To enhance the capacity and commitment of the relevant financial committees of Parliament and their	5.2.1. To strengthen Parliamentary oversight of public expenditure									

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)					Total Cost(MK'000)		LeadOffice	
				Year1	Year2	Year3	Year4	Year5	Year4	Year5		
	respective secretariats											
			5.2.1.2. Adopt a mechanism to ensure systematic follow-up of audit recommendations and sanctions by the PAC	30,000	30,000	30,000	30,000	30,000	150,000			National Assembly/MoFEA
			5.2.1.3. Provide content-based training to the relevant committee secretariat staff to work out the agenda for the committee meetings in order to enable them have sufficient exposure on topical issues.	40,000	40,000	40,000	40,000	40,000	200,000			National Assembly/MoFEA
			5.2.1.4. Enhance capacity of finance committees of parliament to carry out their duties in line with the Public Audit Act (amended) 2018.	60,000	60,000	60,000	60,000	60,000	300,000			National Assembly/MoFEA
			5.2.1.5. Modernize business process, proceedings and automated record management and development of MIS for financial oversight committees.	120,000	80,000	60,000	40,000	20,000	320,000			National Assembly/MoFEA
			5.2.1.6. Revisit the standing orders to include explicit arrangements for public consultation and other necessary improvements.	60,000	-	-	-	-	60,000			National Assembly/MoFEA

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)					Total CostMK'000			LeadOffice
				Year1	Year2	Year3	Year4	Year5	Year3	Year4	Year5	
			5.2.1.7. Submit audit reports to Parliament for scrutiny for entities using public funds including Statutory Bodies and Subvented Organizations.	140,000	140,000	140,000	140,000	140,000	700,000			NAO
			5.2.1.8. Undertake regular review of the terms of reference for PAC so that they are comprehensive and up to date.	20,000	-	20,000	-	20,000	60,000			National Assembly/MoFEA
			5.2.1.9. Embrace non-state actors to track the audit follow-ups and engage the public on progress	80,000	80,000	80,000	80,000	80,000	400,000			National Assembly/MoFEA
			5.2.1.10. Extend strong research support to the committees	100,000	100,000	100,000	100,000	100,000	500,000			National Assembly/MoFEA
Sub-Total				1,339,184	957,850	895,000	830,000	625,000	4,647,034			
6.0: Enhance the enabling environment for improved PFM Outcomes	6.1: To ensure comprehensive and clear legal framework is in place by 2027	6.1.1. To ensure legal framework and rules clarify roles and responsibilities, incentives and behaviours is consistent with sound PFM practices.	6.1.1.1. Develop guidelines for debt management based on PFMA, 2022 to introduce clear and binding appropriation rules and a framework for debt management	20,000	-	-	-	-	20,000			MoFEA
			6.1.1.2. Establish the Treasury with its associated functions and powers	15,000	-	-	-	-	15,000			MoFEA
			6.1.1.5. Review Audit Committee Charter	10,000	-	-	-	-	10,000			MoFEA
			6.1.1.8. Develop regulations to operationalize PFM Act, 2022.	40,000	-	-	-	-	40,000			MoFEA

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)					Total CostMK'000	LeadOffice
				Year1	Year2	Year3	Year4	Year5		
			6.1.1.9. Review Desk Instructions; Accounting Manual; and Treasury Instructions in line with the PFMA 2022	40,000	-	-	-	-	40,000	MoFEA
			6.1.1.10. Align the Local Authority Accounting Manual to the PFMA 2022	30,000	-	-	-	-	30,000	MoFEA
	6.2: To ensure policies, processes and skills are in place by 2027 to manage and deliver a comprehensive training and capacity development program	6.2.1 To embrace change management and capacity development	6.2.1.1. PFM skills strategy, including a needs assessment, and prepare an action plan in consultation with relevant stakeholders	50,000	50,000				100,000	PFMSD
			6.2.1.2. Commit funds for professionalization of PFM skills	400,000	400,000	400,000	400,000	400,000	2,000,000	PFMSD/IBD
			6.2.1.3 Develop a comprehensive capacity building/technical assistance programme on PFM reforms	50,000	-	-	-	-	50,000	PFMSD
			6.2.1.4. Strengthen institutions related to PFM capacity development and change management	200,000	200,000	200,000	200,000	200,000	1,000,000	PFMSD
			6.2.1.5. Build capacity of SDI and MIM to include change management, leadership change and broader PFM issues in its curricula	500,000	500,000	500,000	500,000	500,000	2,500,000	PFMSD

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)				Total CostMK'000		LeadOffice
				Year1	Year2	Year3	Year4	Year5		
	6.3: To establish a secure, reliable, efficient, effective, and fully integrated public financial management system	6.3.1. To roll out new Integrated Financial Management Information System in all MDAs by 2027	6.3.1.1. Activate the functionalities of all modules in (IFMIS) SAP	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	9,000,000	AGD
			6.3.1.2. Finalize full implementation of IFMIS (SAP) across all government MDAs	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	12,500,000	AGD
			6.3.1.3. Integrate IFMIS (SAP) with other systems (RBM, HRMIS, MRA, DADAMPS, etc.) for completeness	400,000	400,000	400,000	-	-	1,200,000	AGD
			6.3.1.4. Address the implementation issues of SAP covering change management, communication and other measures necessary for sustainable implementation.	100,000	100,000	75,000	50,000	25,000	350,000	AGD
			6.3.1.5. Build capacity for super users to manage SAP	500,000	500,000	100,000	100,000	100,000	1,300,000	AGD
			6.3.1.6. Maintain Data Recovery Centre	50,000	50,000	20,000	20,000	20,000	160,000	AGD
			6.3.1.7. Procure end user equipment for smooth implementation of IFMIS	300,000	-	-	350,000	-	650,000	AGD
			6.3.1.8. Rollout SAP to all local councils/Upgrade current IFMIS in local councils	-	-	-	-	1,000,000	1,000,000	AGD

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)					Total Cost(MK'000)			LeadOffice
				Year1	Year2	Year3	Year4	Year5	Year3	Year4	Year5	
			6.3.1.9. Undertake valuation and recording of all public assets in IFMIS	100,000	100,000	1,000,000	1,500,000	1,000,000	3,700,000	AGD		
	6.4: To develop Organizational Change Agility to enhance implementation of PFM Strategy		6.4.1.1. Develop a change management plan	15,000					15,000	PFMSD		
			6.4.1.2. Prepare and conduct Awareness workshops on Change Leadership for Controlling Officers	7,000	6,500	6,000	5,500	5,000	30,000	PFMSD		
			6.4.1.3. Prepare and conduct Awareness workshops on Change Management for senior public officers (Directors, Deputy Directors, etc)	6,500	6,000	5,500	5,000	4,500	27,500	PFMSD		
			6.4.1.4. Conduct Immersion Workshops on Change Leadership for those who will be leading changes under PFM	5,000	4,500	4,500	4,500	4,500	23,000	PFMSD		
			6.4.1.5. Conduct Immersion Workshops on Change Management for those who will be implementing changes under PFM	6,000	5,500	5,000	4,500	4,000	25,000	PFMSD		
			6.4.1.6. Incorporate Change Leadership and Change Management activities during the	5,000	5,000	5,000	5,000	5,000	25,000	PFMSD		

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)					Total CostMK'000		LeadOffice
				Year1	Year2	Year3	Year4	Year5			
			planning stages of any change								
			6.4.1.7. Integrate Change Leadership and Change Management activities with the specific project plans for implementing the changes	10,000	10,000	10,000	10,000	10,000	50,000	PFMSD	
			6.4.1.8. Enhance PFM Professionalism across Government	7,000	7,000	7,000	7,000	7,000	35,000	PFMSD	
			6.4.1.9. Undertake continuous professional development including peer learning, training on the job, etc.	20,000	20,000	20,000	20,000	20,000	100,000	PFMSD	
Sub-Total				7,186,500	6,664,500	7,058,000	7,481,500	7,605,000	35,995,500		
7.0: Institute effective governance systems and institutions	7.1: To enhance public sector performance										
			7.1.1.1. Build the institutional, technical and human resource capacity in PFM institutions.	20,000	20,000	20,000	20,000	20,000	100,000	PFMSD	
			7.1.1.2. Enforce PFMA 2022 for performance-based resource allocation to MDAs	15,000	15,000	15,000	15,000	15,000	75,000	PFMSD	
			7.1.1.3. Roll out results-based financial management in all MIDAs and local councils	10,000	10,000	10,000	10,000	10,000	50,000	PFMSD/NL/GFC/MLG	
			7.1.1.4. Conduct Economic	18,000	19,800	21,780	24,156	27,047	110,783	MoFEA (EAD)	

Goals	Main Objectives	Specific Objectives	Activity	Timeframe(Yr)&Cost(MK'000)					Total Cost(MK'000)	LeadOffice
				Year1	Year2	Year3	Year4	Year5		
			Governance Sector Review							
			7.1.1.5. Conduct Economic Governance Performance Monitoring	16,000	17,600	19,360	21,472	26,242	100,674	MoFEA (EAD)
			7.1.1.6. Develop a joint sector Economic Governance strategy with M & E framework and implementation plan	22,000	24,200	26,620	29,282	32,210	134,312	MoFEA (EAD)
			7.1.1.7. Coordinate the implementation of the Ministry of Finance strategic plan	15,000	15,000	15,000	15,000	15,000	75,000	MoFEA (EAD)
			7.1.1.8. Develop the Ministry of Finance strategic plan	36,500	-	-	-	-	36,500	MoFEA (EAD)
Sub-Total				152,500	121,600	127,760	134,910	145,498	682,268	
GRAND TOTAL				15,861,577	13,712,228	13,558,918	13,938,583	13,831,415	70,902,720	

