

Table 1. Malawi: Summary Assessment

Phase / Institution		Institutional Strength	Effectiveness	Rec.	
A. Planning	1	Fiscal targets and rules	Medium: Fiscal policy is guided by fiscal principles in the PFMA, a MTFF updated every year and there is a limit on central government domestic debt	Medium: The fiscal principles in the PFMA are too broad. But fiscal policy is de facto constrained through the fiscal rules/targets defined in the ECF program	
	2	National and sectoral planning	Medium: National and sector strategies include measurable targets and cost estimates for major projects but are not financially-constrained	Low: Investment decisions on government-funded projects are cash-constrained, but cost estimates are unreliable	
	3	Coordination between entities	Medium: Capital spending by districts is coordinated with central government, and a rule-based system for capital transfers is used	Medium: Contingent liabilities on domestically-financed capital projects developed outside the PSIP and PPP frameworks, are not comprehensively assessed	
	4	Project appraisal	Low: Project appraisals are conducted using different methodologies. They do not always systematically assess risks	Low: In most cases, analysis is absent or weak, but varies depending on sector and source of funding, thus affecting decision-making	1,2,3
	5	Alternative infrastructure provision	Medium: There is competition in most economic infrastructure sectors, including for PPPs, but oversight of SOEs' investment plans and financial performance is not adequate	Medium: Some SOEs provide data on financial performance in their annual financial statements. Regulatory agencies do not enjoy full independence	4
B. Allocation	6	Multi-year budgeting	Medium: Medium-term spending projections of development spending are provided for the budget year and two outer years, and ceilings are allocated to MDAs	Low: Spending ceilings are indicative, vary widely, and are provided too late in the budget process; data on total project cost and their annual breakdown are not provided	
	7	Budget comprehensiveness and unity	Medium: Development and recurrent budgets are prepared, disclosed and approved together under a program classification, with information also on parastatals' and off-budget spending	Medium: While SOEs contribute to national investment, and PPPs are expected to increase, no information on SOEs' capital investment, nor on PPPs is disclosed in the budget documentation	6,7
	8	Budgeting for investment	Medium: Outlays are appropriated for the annual budget but multi-year commitments are not disclosed. Ongoing projects are prioritized, and capital spending is protected from virements	Low : New projects are often included in the budget at the expense of ongoing projects, which can be underfunded, causing large arrears. No reports on in-year changes in capital allocations are published	7
	9	Maintenance funding	Medium: Maintenance expenditure is identified in the budget, but is not estimated using a standard methodology except for the roads sector	Low: Maintenance funding is inadequate, prone to fluctuations and vulnerable to in-year cuts in face of funding pressures	8
	10	Project selection	Medium: Most major projects are not subject to detailed central review, but all projects are subject to basic appraisal through the PSIP process	Medium: The PSIP Unit makes the final decision on project selection, but decisions are subject to administrative/political review	5
C. Implementation	11	Procurement	Low: Only 25 percent of tenders go through an open and competitive process, and there is no procurement database	Low: Limited procurement data on tenders and contract awards are published, and the complaint review process is neither transparent nor effective	9
	12	Availability of funding	Low: Cash flow plans are neither reliable nor updated, and prudent project planning is also undermined by cash rationing	Low: Cash forecasting practices are basic. Unannounced budget cuts and funding constraints result in many MDAs receiving less their allocated budget	10
	13	Portfolio management & oversight	Medium: Central oversight of implementation is weak. Funds can be reallocated between projects, but not using systematic monitoring and transparent procedures	Low: MDAs do not regularly update the PSIP database with information of physical and financial progress of projects. Ex-post reviews are not conducted systematically	11
	14	Project management	Low: Most projects have dedicated project managers and units, but implementation plans are prepared too late	Low: There are no standardized rules and procedures for project adjustments. Ex-post audit reports are not publicly available	11
	15	Monitoring of public assets	Medium: MDAs are required to prepare and maintain asset registers, which would supplement the government's cash-based accounts	Low: Few MDAs maintain asset registers, and NAO has frequently reported weak asset management practices	12