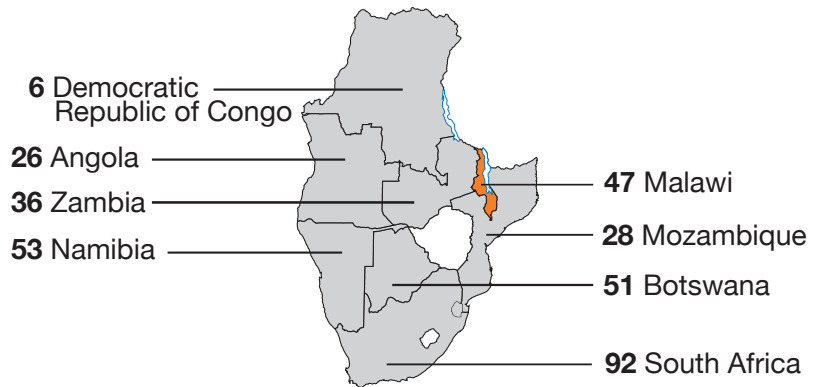
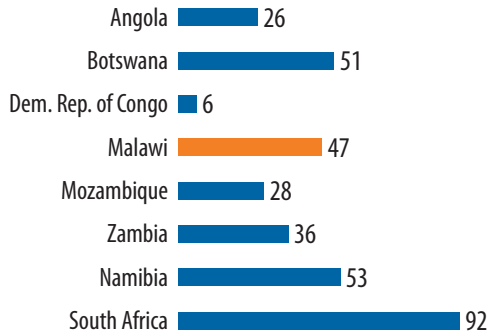


Overall score: 47 (Out of 100) Provides some information to the public in its budget documents during the year.

How Does Malawi Compare to Its Neighbors?

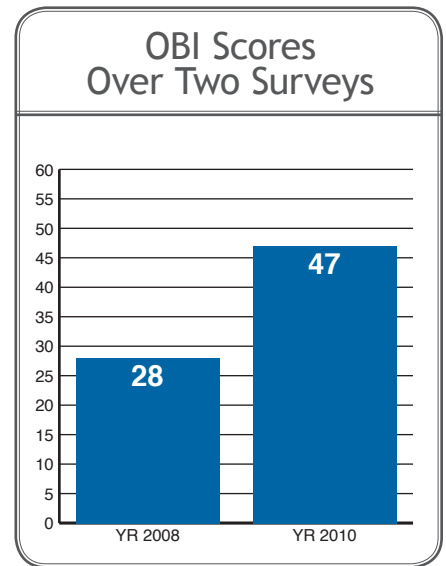


Key Findings

The scores for 92 questions from the Open Budget Survey (see text box) are used to compile objective scores and rankings of the relative transparency of each country's budget process. These scores constitute the Open Budget Index (OBI).

Malawi's OBI 2010 score is 47 out of 100, which is above the average score of 42 for the countries surveyed worldwide. Still, Malawi's score shows that the government provides the public with only some information on the central government's budget and financial activities during the course of the budget year. This makes it challenging for citizens to hold the government accountable for its management of the public's money.

Malawi's score increased significantly from 2008 to 2010. Malawi improved the comprehensiveness of the Executive's Budget Proposal. The government started to publish In-Year Reports and the Year-End Report that they previously produced for internal purposes. Malawi also started to produce and publish a Citizens Budget.



Adequacy & Availability of Eight Key Budget Documents

Document	Level of Information Grade*	Publication Status
Pre-Budget Statement	E	Not Produced
Executive's Budget Proposal	C	Published
Enacted Budget	E	Produced, Not Published
Citizens Budget	B	Published
In-Year Reports	B	Published
Mid-Year Review	E	Produced, Not Published
Year-End Report	C	Published
Audit Report	E	Produced, Not Published

* Grades for the comprehensiveness and accessibility of the information provided in each document are calculated from the average scores received on a subset of questions from the Open Budget Survey. An average score between 0-20 (scant information) is graded as E; 21-40 (minimal) is graded as D; 41-60 (some) is graded as C; 61-80 (significant) is graded as B; and 81-100 (extensive) is graded as A.

An **Executive's Budget Proposal** is the government's most important policy instrument. It presents how the government plans to raise revenues and where these funds are allocated, thus transforming policy goals into action. In Malawi, the budget proposal is not sufficiently comprehensive. Major gaps in information in the budget proposal are found in the following areas:

- It lacks information that can help explain the relationship between the government's revenue and expenditure plans and its policy and macroeconomic goals.
- It lacks information on certain fiscal activities that can have a major impact on the government's ability to meet its fiscal and policy goals, including information on financial and other assets held by the government and information on tax expenditures. In addition, the budget has insufficient information on transfers to public corporations, quasi-fiscal activities, expenditure arrears, and contingent and future liabilities. Without this information, the public does not know the government's true fiscal position.
- It lacks information on outputs and outcomes.

A **Pre-Budget Statement** sets forth the broad parameters that will define the government's forthcoming budget. Malawi does not produce a Pre-Budget Statement.

An **Enacted Budget** becomes a country's law and provides the baseline information for all budget analyses conducted during the budget year. In general terms, the Enacted Budget should provide data the public can use to assess the government's stated policy priorities and hold it to account. Malawi produces an Enacted Budget but does not make it available to the public.

A **Citizens Budget** is a nontechnical presentation of a government's budget that is intended to enable the public — including those who are not familiar with public finance — to understand a government's plans. Malawi publishes a Citizens Budget with fairly comprehensive information.

OPEN BUDGET SURVEY 2010

Malawi

The International Budget Partnership's Open Budget Survey assesses the availability in each country assessed of eight key budget documents, as well as the comprehensiveness of the data contained in these documents. The Survey also examines the extent of effective oversight provided by legislatures and supreme audit institutions (SAI), as well as the opportunities available to the public to participate in national budget decision-making processes.

Research to complete this country's Open Budget Survey was undertaken by:

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In-Year Reports provide a snapshot of the budget's effects during the budget year. They allow for comparisons with the enacted budget figures and thus facilitate adjustments. Malawi publishes fairly comprehensive In-Year Reports.

A **Mid-Year Review** provides a comprehensive overview of the budget's effects at the midpoint of a budget year and discusses any changes in economic assumptions that affect approved budget policies. Information in this report allows the government, legislature, and the public to identify whether or not adjustments related to revenues, expenditures, or borrowing should be made for the remainder of the budget year. Malawi prepares a Mid-Year Review but does not make it available to the public.

A **Year-End Report** compares the actual budget execution to the Enacted Budget. The Year-End Report can inform policymakers on tax policies, debt requirements, and major expenditure priorities, thus facilitating modifications for upcoming budget years. Malawi publishes a Year-End Report that is not sufficiently comprehensive. It does not, for example, audit data on actual outcomes.

An **Audit Report** is an evaluation of the government's accounts by the country's supreme audit institution (SAI). It reports whether the government has raised revenues and spent national revenue in line with the authorized budget, whether the government's bookkeeping is balanced and accurate, and whether there were problems in the management of public funds. Malawi produces an Audit Report but does not make it available to the public.

Public Participation and Institutions of Accountability

Beyond improving the availability and comprehensiveness of key budget documents, there are other ways in which Malawi's budget process could be made more open. These include ensuring the existence of a strong legislature and SAI that provide effective budget oversight, as well as providing greater opportunities for the public to participate in the budget process.

Are oversight bodies effective in their budget role?

Oversight Institution	Strength**
Legislature	Weak
SAI	Weak

** Legislature and SAI strengths are calculated from the average scores received for a subset of questions from the Open Budget Survey. An average score between 0-33 is graded as weak, 34-66 as moderate, and 67-100 as strong.

According to the Open Budget Survey 2010, budget oversight provided by Malawi's legislature is weak because it does not:

1. have full powers to change the Executive's Budget Proposal at the start of the year;
2. have sufficient time to discuss and approve a budget; and
3. hold open budget discussions at which the public can testify or allow the public to be present during legislative hearings at which the executive testifies on its proposed budget.

According to the Open Budget Survey, budget oversight provided by Malawi's SAI is weak because it does not:

1. have sufficient independence from the executive, and the executive can remove the head of the SAI at will;
2. have sufficient resources to meaningfully exercise its mandate;
3. issue timely Audit Reports on the final expenditures of national departments;
4. have proper channels of communication with the public; and
5. issue reports on the follow-up steps taken by the executive to address audit recommendations.

Recommendations

Malawi should:

- publish the Enacted Budget, the Mid-Year Review, and the Audit Report;
- produce and publish a Pre-Budget Statement;
- increase the comprehensiveness of the Executive's Budget Proposal and the Year-End Report;
- provide opportunities for the public to testify at legislative hearings on the budget; and
- increase the powers of the legislature and the SAI to provide budget oversight.