

REPORT
OF
THE BUDGET AND FINANCE COMMITTEE
TO
THE NATIONAL ASSEMBLY
PRE-BUDGET REPORT
JUNE 2002

SARPN would like to acknowledge permission from Mr Louis Chimango, chairperson of the Budget and Finance Committee, to post this document on our web.

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1. INTRODUCTION

1.1 Budget and Finance Committee Members and Terms of Reference

1.1.1 The Budget and Finance Committee is appointed by the House pursuant to Section 56 (7) of the Constitution to consider matters relating to the national budget and Government taxation policies. Political parties represented in the House appoint members of the Committee who are later confirmed by the National Assembly Committee.

1.1.2 The Committee currently consists of 12 Members, as follows:

- Honourable Louis Joseph Chimango, MP, Chairman
- Honourable Ali Sikelo, MP, Vice- Chairman
- Honourable Felix Leo Chome, MP
- Honourable Nelson Chuthi, MP
- Honourable Ramsey Kadango, MP
- Honourable H.M. Kapenda, MP
- Honourable Henry Midiani, MP
- Honourable Thomas J.M. Mnesa, MP
- Honourable Khwauli Msiska, MP
- Honourable S.J. Situsi Nkhoma
- Honourable Yakub Osman, MP
- Honourable Godfrey Zulu, MP

1.1.3 The committee was supported by a Secretariat consisting:

- Mr. Lawson Chitesko Senior Clerk Assistant
- Mr. Henry Chingaibe, Researcher

1.2 Report Purpose and Scope

1.2.1 This report is designed to inform Parliament of the activities the Committee has conducted during the 2001/02 financial year. The Committee made some headway in monitoring pro-poor expenditures. It organised itself into the following Task Forces: Poverty, Statutory Corporations, Finance and Audit Act, and Parliament's own Budget.

1.3 Task Force on Poverty

1.3.1 Task Force on Poverty: Responsible for overseeing budgetary operations with special emphasis on Priority Poverty Expenditures (PPEs). Given that there are 12 priority expenditures, the Task Force agreed to prioritise and concentrate on the following:

- Ministry of Agriculture: Extension Services; and Targeted Input Programme (TIP).
- Ministry of Education: Teaching & Learning Materials; Teachers' Training; and Teachers' Salaries
- Ministry of Health: Drugs; Training of Front-Line Health Workers; and Salaries for Front-Line Health Workers
- Security: community policing.

1.3.2 This Task Force is responsible for monitoring HIPC (Highly Indebted Poor Countries) resources as well as the PRSP (Poverty Reduction Strategy Paper) process. Hon. Felix Chome chairs the Task Force and members include Hons. Ramsey Kadango, H.M.Kapenda and Yakub Osman.

1.3.3 The Task Force collaborated with civil society organisations that carried out surveys in several sample districts. The organisations are outlined in Section 1.4 below. Their objective was to investigate whether goods and services in Health, Education and Agriculture that get to the recipients, correspond with the allocations from the Ministry of Finance and from their respective line ministries. The composition of these groups, the methodology used and the preliminary results of the surveys are reported below.

1.4 Task Force on Statutory Corporations

1.4.1 Task Force on Statutory Corporations: Responsible for overseeing operations of statutory bodies. Monitoring parastatals became part of the Committee's portfolio during the reorganization of all committees late last year. The Committee's mandate is to monitor the operations of the commercially oriented statutory bodies and the subvented institutions. The work carried out to date concentrates on ten major parastatals because of their importance in the economy. The findings and recommendations of the Task Force are contained in this report.

1.4.2 Hon. Mapesi Gondwe chaired the Task Force until he was transferred to another parliamentary committee. Other members of the Task Force include Hons.

Thomas Mnesa, Nelson F. Chuti, and Ramsey Kadango. Honourable Mwetseni Yetala was a member of this Task Force before his ministerial appointment.

1.5 Task Force on Finance and Audit Act

1.5.1 Task Force on Finance and Audit Act: Responsible for the review of the draft finance and audit acts, which is underway. The existing law, dating back to the 1970s, is to be separated into two acts called (i) Public Finance Management Act, and (ii) Public Audit Act. The Task Force commented on the draft bills and made recommendations to the Ministry of Finance and Economic Planning (see page 11).

1.5.2 Honourable S.J. Situsi Nkhoma chairs the Task Force and members are Hons. Henry Midiani, Ramsey Kadango, and Godfrey Zulu.

1.6 Task Force on Parliament's own Budget

1.6.1 Task Force on Parliament's own Budget: Responsible for a review of Parliament's own budget and its budget processes. Honourable L.J. Chimango, who is also chairperson of the main Committee, chairs this Task Force of two members. The other Member of the Committee is Honourable Ali Sikelo, Vice Chair of the Committee. Findings and recommendations of the Task Force are contained in this report (see page 43) .

1.7 Acknowledgements

1.7.1 The Committee would like to thank officials from the following ministries and Government Departments for providing information and for making themselves available whenever requested to do so: Ministry of Finance and Economic Planning including the Public Enterprise Reform and Monitoring Unit (PERMU), Ministry of Health and Population, Ministry of Education, Science, and Technology, Ministry of Agriculture and Irrigation, Ministry of Local Government, and the Department of Statutory Corporations. The consultations with these ministries were beneficial to the Committee in completing its tasks.

1.7.2 The Committee welcomes the appointment of the new Minister of Finance and Economic Planning, Honourable Friday Jumbe, and is confident that he will help move the country toward increased development and financial stability. The Committee wishes to express its appreciation to the Minister and his Ministry for organising a meeting with the Budget and Finance Committee as part of his pre-budget consultations. The Committee welcomes his open-door policy and encourages him to facilitate close collaboration with both his Ministry and the Cabinet Committee on the Economy. There is a renewed commitment with the common understanding that we are all working toward the same goal of poverty reduction through the promotion of more transparency and accountability in the usage of public moneys.

1.7.3 The Committee thanks the U.K. Department for International Development (DIFD), the U.S. Agency for International Development (USAID), and the Royal Danish Embassy who funded Committee meetings and consultants through the National Democratic Institute (NDI).

1.7.4 The Committee also consulted civil society organisations that are involved in the monitoring of pro-poor spending and in the drafting of the PRSP. We acknowledge the Malawi Economic Justice Network (MEJN), the Civil Society Agriculture Network (CISANET), Civil Society Coalition for Quality Basic Education and the Malawi Health Equity Network (MHEN). The Committee notes the comments made by the IMF and the World Bank that, "Ultimately, civil society will be the best judge of the effectiveness of the poverty-reducing strategy" The Committee therefore encourages more organisations and individuals to become involved in the monitoring of PPEs.

1.7.5 The Budget and Finance Committee organised a public meeting at the Lilongwe Hotel on 6th and 7th May. The Committee wishes to thank all the people and organisations that attended that meeting. The Committee invited the Chairpersons and Vice-Chairpersons of Parliamentary Committees of Education, Health and Agriculture. Officials from the three Ministries also made submissions. Special appreciation goes to the Malawi Confederation of Chamber of Commerce and Industry (MCCCI), Society of Accountants (SOCAM), Canadian International Development Agency (CIDA) and the Private Schools Association of Malawi (PRISAM) for making presentations and participating in the meetings.

1.7.6 Other donors are coming forward to assist in capacity building for Parliament and to assist in tracking poverty expenditures. The Committee encourages them to expedite their interventions because the demand is enormous. The World Bank funded project Financial Management, Transparency, and Accountability Project (FIMAP), The African Capacity Building Foundation (ACBF) project within the National Economic Council, and CIDA's project for Malawi called "Capacity Development for Participatory Democracy", are all initiatives that the Committee applauds and welcomes.