



CONDUCT A BUDGET ANALYSIS OF THE 2021/2022 NATIONAL BUDGET PROPOSALS WITH A FOCUS ON PUBLIC FINANCE MANAGEMENT

1.0 Background

A consortium of Oxfam in Malawi, the Economics Association of Malawi (ECAMA) and the Lilongwe University of Agriculture and Natural Resources (LUANAR) are implementing a project titled; “**Enhanced evidence-based research to inform policy decision making in Public Finance Management (PFM)**”. This project falls under the “*Chuma cha Dziko Programme*” and is co-funded by the European Union and Oxfam.

2.0 About the project

The project seeks to *contribute towards improved use and management of public resources through a PFM system that promotes transparency, accountability, fiscal discipline, efficiency and effectiveness*. In the third Malawi Growth and Development Strategy (MGDS III), government recognizes that robust scrutiny and a commitment to transparency will improve public sector performance and reduce corruption; as such strengthening accountability for the stewardship of resources would lead to more efficient use of resources, better decision-making, better service delivery, and ultimately, better outcomes. The consortium believes that to effectively influence policy decision making on PFM, robust evidence-based research and sharing of best practice models are key.

3.0 Context

In Malawi, weaknesses in PFM have tended to transmit recurring shocks into poor fiscal discipline. There have been recurring instances of fiscal slippages, where realized deficits significantly exceeded those planned at the beginning of the fiscal year, and the central bank financed most of the gap. These slippages often result from both a shortfall in resources and unplanned expenditures undertaken during the year. Coupled with volatility in donor support emanating from corruption scandals, fiscal deficits have tended to put pressure on the government to meet its fiscal obligations. This resulted into a surge in public debt in recent years, which is estimated at MK4.76 trillion or 54 percent of the rebased Gross Domestic Product (GDP¹). The poor performance of the public finance management system has been characterized by the weak enforcement of policies and regulations and a focus on how they look rather than how they will function.

The consortium believes that fiscal policy is the primary tool for government to promote strong and sustainable growth and reduce poverty and inequality. Well-designed and effectively implemented fiscal rules hold a lot of promise.² They may help contain a deficit bias, reduce the time inconsistency of budgetary policies, strengthen the credibility of a government’s

¹ GDP was rebased in 2017.

² The International Handbook of Public Financial Management, 2013, ISBN: 978-1-349-33598-5 Ana Corbacho, Teresa Ter-Minassian



commitment to fiscal sustainability and facilitate countercyclical fiscal management. By increasing the predictability of fiscal policy, fiscal rules can also lower output volatility and boost long-term growth.

4.0 Objective of the Consultancy

The consortium of Oxfam, ECAMA and LUANAR seeks the services of a highly qualified consultant to conduct an analysis of the draft 2021/22 national budget with a focus on PFM. The analysis will be used as a tool to collect and analyze data which will be essential to support advocacy efforts and guide the development of new, timely, and relevant policies proposals on PFM. Specifically, the consultant will be required to:

- a). analyze the alignment of the Budget priorities against the Malawi 2063 vision
- b). analyze the proposed new tax measures, tax revenue performance and recommend measures to strengthen efficiency and effectiveness in tax revenue collection.
- c). analyze proposed sector allocations (Health, Agriculture, Education) in view of the national development priorities.
- d). assess the debt management situation levels within the 2021/22FY.
- e). assess the current surplus/deficit and how it can be financed.
- f). assess the internal and external risks facing the 2021/22 FY budget
- g). analyze the overall fiscal sustainability of the proposed budget based on detailed analysis of revenue base and macro-economic developments
- h). assess the internal and external risks facing the proposed budget in view of the COVID-19 pandemic.
- i). make specific policy recommendations to promote efficiency and effectiveness in resource generation, allocation and expenditure of public resources.
- j). present budget analysis findings report to MPs.

5.0 Deliverables and Timeframe

There are five specific deliverables corresponding to one or more objectives as outlined above. These deliverables and the timeframe are presented in the table below.

- **Deliverable 1:** A work-plan and an inception Report.
- **Deliverable 2:** Summarized talking points on the overview of the Budget statement presented by the Minister of Finance
- **Deliverable 3:** Draft Analytical report and PowerPoint presentation to be presented to the MPs by the consultant.
- **Deliverable 4:** Finalized Analytical report – a PFM focused one.
- **Deliverable 5:** Policy Brief

All deliverables will be reviewed and commented upon by consortium members, and it is expected that these comments will be incorporated in the final products by the consultant. All deliverables, correspondence and communication are to be submitted in English. The editing/proof-reading of the final products, including the final report is the responsibility of the consultant.



6.0 Methodology

The national budget analysis methodology will consist of literature review and secondary data analysis through multiple sources available. The consultant is also expected to conduct meetings and consultations with key national stakeholders where necessary. The consultant will work closely with the ECAMA project officer and ECAMA Executive Director. The review must use several methods of data gathering in order to have the complete information for drawing credible quantitative and qualitative findings and mapping the situation of 2021/22FY budget allocations and public expenditure proposals in Malawi.

7.0 Minimum Qualifications Required

Advanced university degree in Social Sciences, Economics, Public Finance Management, Development studies, Social or Public Policy and other related field.

8.0 Skills and Experience

- At least 10 years of professional experience in development work.
- Demonstrable proficiency in technical expertise and proven record of conducting social budget analysis, fiscal space analysis for social protection, quantitative data analysis, benefit incidence analysis and/or PFM experience is an asset.
- Strong knowledge of child rights and human rights.
- Excellent communication and advocacy skills.
- Strong analytical and writing skills.
- Fluency in English.
- Experience in working with multiple partners and agencies and governments is considered an asset.

9.0 Duration of Contract

The total contract period for the consultant will be 11-man days over the period. Interested consultants should submit their applications to secretariat@ecamamw.com.

The applications which must include cover letter indicating interest and required competencies, a summary of experience related to the required competencies and skills above, a proposal indicating understanding of the assignment, methodology and budget, should be received by close of business on Thursday, 27th May, 2021.