1. Fiscal space to increase education budgets remains very limited, but there is potential for doing more with available resources by improving efficiency and effectiveness of expenditures.

   **Recommendation:** The Ministry of Education should improve efficiency in procurements of items such as school furniture and learning materials, and further strengthen performance monitoring, address issues of staff motivation and revisit the budget allocation mix within each level of education.

2. By allocating about MK600 million, which is equivalent to 0.26% of the total education budget, the government has demonstrated commitment to Early Childhood Development (ECD), but the amount is not sufficient to meet increased financial needs on the ground.

   **Recommendation:** In financial year 2018/19, the government is called upon to at least double the ECD budget to MK1.2 billion from the current MK600 million, considering the cost of the basic ECD package and demand for ECD services.

3. The very low rate of transition to secondary school (35%), which is partly a result of low public investment in secondary education has serious macro-economic consequences for Malawi.

   **Recommendation:** The government is encouraged to commit to constructing a specified number of secondary schools every financial year, considering that there are only 1513 secondary schools compared to 5864 primary schools. Infrastructure development should also be accompanied by corresponding increase in ORT budgets, especially to District Councils.

4. The School Improvement Grant (SIG) has significantly improved learning in many schools, but it has remained stagnant for some time with reports of delayed transfers as well as weak reporting and accountability by Schools and District Councils.

   **Recommendation:** The government should strengthen measures to improve the efficiency of SIG expenditures and increase the budget per school to at least MK1 million from the current MK600 thousand in line with changes in the cost of goods and services over the past few years.

5. In recent years, the government has allocated limited resources for in-service training as part of continuous professional development, which is required to improve quality of learning, particularly considering recent changes in curriculum.

   **Recommendation:** The government should set aside resources for in-service training every financial year and also dedicate sufficient resources to purchase textbooks for the new curriculum to assist the poorest schools in financial year 2018/19.
PART 1 INTRODUCTION

This budget brief explores the extent to which the 2017/18 national budget addresses the education needs of all children in Malawi. The brief analyzes the size and composition of education budget allocations for financial year 2017/18. It also offers recommendations on efficiency, effectiveness, equity and adequacy of budgets in order to improve access and quality of pre-primary, basic and secondary education in Malawi. The budget brief makes a case for the government to ensure every child has equitable access to early childhood education (ECD), basic and secondary education.

PART 2 EDUCATION SECTOR OVERVIEW

Education and skills development is one of the five priority areas of the government, outlined in the Third Malawi Growth and Development Strategy (MGDS III). Through the MGDS III, the government has committed itself to improving access, equity, quality and relevance of ECD services as well as basic, secondary and tertiary education. Education is key for socio-economic development of Malawi.

The number of children enrolled for ECD has significantly increased, although issues of equity and quality of services are causes for concern. Enrolment in ECD has increased by 11 percentage points from 34% in 2010 to 45% in 2016, which surpass rates for most African countries.¹

In 2017, about 1.6 million children were enrolled for ECD compared to 1 million registered in 2012. Nevertheless, over half of all eligible children are currently not accessing ECD services in Malawi. The provision of ECD services is guided by a revised National Early Childhood Development (ECD) Policy, which was approved in 2017. Most ECD services are funded by citizens and communities, with modest contributions from the government.


Figure 1: Trends in ECD Enrolment

Figure 2: Trends In Primary and Secondary School Enrolment

Source: UNICEF Based on Estimates from Education Authorities
Source: UNICEF, Based on EMIS (2015/16)
A majority of children of primary school going age are in school. Data from the 2015/16 Education Management Information System (EMIS) shows that the net enrollment rate for primary school is currently at 98% (97 for boys, 99 for girls), one of the highest rates in the region. This is partly because of increased public awareness of the role of education, increased public investments in basic education (including by development partners) as well as targeted social protection programs such as school meals, cash transfers and other forms of educational assistance helping poor families in Malawi. The pupil-qualified teacher ratio of 79.5 has improved from 92 in 2010. The government target for the pupil-qualified teacher ratio is 60. However, if this goal is to be achieved, the government needs to recruit more than 20,000 additional primary school teachers.

Unfortunately, many children who enrol in primary school do not transition to secondary school. Only 35% of children transition from primary to secondary school (33.5% for boys and 36.4% for girls), and of those, only 8% move on to tertiary education. Net enrolment rate for secondary school is very low, estimated at 15% in 2016 for both boys and girls (EMIS, 2015/16). Total enrolment in secondary school was 351,651 (against total primary school enrolment of 4,901,009), in 2016, down from 358,033 in 2014. The national average for pupil qualified teacher ratio in secondary school stands at 1:44. One of the biggest challenges to enrolment is the limited number of secondary schools. In the entire country, there are 1,513 secondary schools compared to 5,864 primary schools.

**Box 1: Key Education Statistics**

<table>
<thead>
<tr>
<th>Attendance in Early Childhood Education</th>
<th>45% (Ministry of Gender, Annual ECD Report)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net enrolment rate for primary school</td>
<td>98% (EMIS, 2015/16)</td>
</tr>
<tr>
<td>Net enrolment for primary school, male</td>
<td>97% (EMIS, 2015/16)</td>
</tr>
<tr>
<td>Net enrolment for primary school, female</td>
<td>99% (EMIS, 2015/16)</td>
</tr>
<tr>
<td>Net enrolment for secondary school, male</td>
<td>15% (EMIS, 2015/16)</td>
</tr>
<tr>
<td>Net enrolment for secondary school, female</td>
<td>15% (EMIS, 2015/16)</td>
</tr>
<tr>
<td>Pupil-qualified teacher ratio, primary</td>
<td>80 (EMIS, 2015/16)</td>
</tr>
<tr>
<td>Pupil-qualified teacher ratio, secondary</td>
<td>44 (EMIS, 2015/16)</td>
</tr>
<tr>
<td>No of primary schools</td>
<td>5,864 (EMIS, 2015/16)</td>
</tr>
<tr>
<td>No of secondary schools</td>
<td>1,513 (EMIS, 2015/16)</td>
</tr>
<tr>
<td>Pupil permanent classroom ratio-Primary</td>
<td>116 (EMIS, 2015/16)</td>
</tr>
<tr>
<td>Pupil permanent classroom ratio-Secondary</td>
<td>63.2 (EMIS, 2015/16)</td>
</tr>
</tbody>
</table>
There are many more reasons why girls and boys in Malawi drop out of secondary school. These include child marriage, inability to pay fees or transport costs, pregnancy, family responsibilities, long distance to schools and lack of teachers. Additional levies and fees, required as part of cost recovery mechanisms, are beyond the reach of many poor families living below the poverty line. Malawi has one of the highest rates of child marriages in the world. By age 18, about one in every two girls are married. Early pregnancies are also rife. About one in three girls will have borne a child by age 18.² Unless reversed, low secondary school enrolment has significant impacts on the social, human capital and economic development of Malawi.

² Child marriage 47%; child bearing 29%. 2016 Malawi Demographic Health Survey.

Education is a top priority of the government, although budget allocations are insufficient to meet the growing demand for education services. In financial year 2017/18, the education sector received the highest share of the total government budget at 18%, equivalent to 6% of Gross Domestic Product (GDP). Agriculture received the second highest share (15.5%), followed by debt repayment costs (14%) and health (9.9%). The entire sector was allocated MK232 billion up from MK210 billion in 2016/17, which is approximately a 10% increase in nominal terms and 6% decline in real terms. If compared to 2016/17, the total education sector budget, in nominal terms, increased at a lower rate than the general government budget, which went up by 16.34% in nominal terms and 1.6% in real terms. In local currency, the per capita education budget almost doubled from MK5,499 in 2012/13 to MK10,763 in 2017/18, but declined slightly in US dollars for the same period.
The education share of the total government budget has remained relatively constant, averaging 18% of the total budget between 2012/13 and 2017/18. This means that Malawi has for the past 6 financial years fallen short by about 2 percentage points to meet the commitment by African Union Member States to allocate 20% of their budgets to education.

As percentage of GDP, Malawi spends more money on education than many countries in sub-Saharan Africa. Whilst the sub-Saharan African average was 3.8%, Malawi spent nearly 5% of its GDP on education in 2014. Malawi could however learn from other developing countries such as Ethiopia on how to increase the share of public expenditures on education. Ethiopia is one of the few African countries that spends, on average, slightly over a quarter of its total budget on education.

**Figure 4: Per Capita Allocations**

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Key Takeaways

• The government should progressively increase its share of the total budget allocated to education to at least 20% in line with the African Union Commitment to improve quality of education in Africa and to achieve MGDSIII, guided by MGDSIII estimates.

**PART 4 COMPOSITION OF EDUCATION SPENDING**

The Ministry of Education, Science and Technology (MoEST) is the main actor in the education sector, followed by universities. In financial year 2017/18, the MoEST was allocated MK74 billion. This amount excludes MK96 billion to be channeled via district councils to cover personnel emoluments for basic education. The allocation to the ministry constitutes 30% of the education sector budget. If the money to be transferred to district councils is added to this, then the budget for the ministry would have been MK170 billion, taking up 71% of the education budget. The combined budget constitutes a 13% nominal increase and 4% decline in real terms from the revised 2016/17 budget of MK150 billion. Subvented organizations, mainly universities and colleges, take up 21% of the education budget. District councils received 44% of education sector resources, 42% of which being budget for PE and 4% for other recurrent transactions (ORT).

The majority of education sector resources are allocated to basic education, with early childhood development (ECD) getting a very small fraction. ECD received 0.26% of the education budget, basic education 55.12%, secondary education 13.97% and higher education 25.56%. The share of the total budget that went to basic education increased by approximately 7 percentage points whilst that of secondary education decreased by about ten percentage points from 2016/17, although the absolute amounts remained relatively similar. The tertiary education share of the sector budget increased slightly by 1 percentage point from constituting 22.28% of the education sector budget in 2016/17 to 25.56% in 2017/18. The share of the budget for cross cutting line items, which benefit all the levels, remained relatively the same at 5%. Allocations to each of these four levels of education are discussed in more detail in the paragraphs that follow.

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3 The total budget reported under basic education is the sum total of allocations to the Ministry of Education, Science and Technology (MoEST) for basic education plus transfers to district councils for ORT and PE.

4 Budgets for higher education includes allocation to MoEST, universities and other subvented organizations as well as technical colleges under the Ministry of Labor, Youth, Sports and Manpower Development.

5 These are: National UNESCO Commission, National Library Services, Malawi National Examinations Board, Malawi Institute of Education and Management and Administration under MoEST.
enrolled for ECD, partly because of inadequate facilities. Thus, it will not be possible for the MoGCDSW to increase the supply and coverage of ECD services beyond encouraging enrolment in existing centers. When not in use, the government should encourage schools to avail classrooms for ECD pupils. Lastly, there remains a clear and unaddressed issue in the quality of ECD services.

The total budget for basic education increased by 27.54% in nominal terms and 7.88% in real terms. A total of MK126 billion will go to basic education up from MK99 billion in 2016/17. This includes MK96 billion and MK9 billion to be transferred to district councils for Personal Emoluments and ORT respectively. This means that basic education is still top on the spending priorities of the government. Approximately 76% of resources for basic education are for personnel emoluments, with the remaining 24% earmarked for other recurrent transactions (ORT), of which 3.5% will be transferred to district councils. In 2017/18 only MK3 billion was allocated for construction of primary schools and MK9 billion for construction of primary
The tertiary education budget, totalling MK58 billion, has increased in real terms and as a share of the total education budget. In 2017/18 higher education received MK58 billion up from MK45 billion in 2016/17. This amount to a 28% increase in nominal terms and 8% in real terms, compared to the 2016/17 budget. This increase seems to suggest that tertiary education is increasingly becoming a priority of government. The University of Malawi received the highest share of resources allocated to institutions of higher learning. Specifically, it received MK23 billion which is equivalent to 41% of resources allocated to subvented organizations and nearly 10% of all education sector resources. The TEVET authority received the second largest share at 14% of education sector resources (MK7.9 billion), followed by Lilongwe University of Agriculture at 12% (6.7 billion).

The allocation of MK2.5 billion for desks for primary and community day secondary schools is a welcome development. In 2016/17 virtually nothing was allocated to this. The 2015/16 EMIS report estimated that slightly over 1.2 million pupils’ desks and slightly over 700,000 chairs will be required to improve the learning environment for basic education.

Secondary education suffered the greatest decline in real terms, out of the four levels of education. The total budget for secondary education declined by 33% in nominal terms from MK48 billion in 2016/17 to MK32 billion in 2017/18 mainly as a result of reduction in ORT and development budget by donors. The PE share of the secondary education budget (60%) is 16 percentage points lower than that of basic education. Analysis of capital investments by both government and development partners show glaring disparities between primary and secondary education. There are nearly 4 times more primary schools than secondary schools. Effectively, this means secondary schools are very limited in number and widely spread, effectively discouraging many to continue with secondary school.

6 According to the 2015/16 EMIS report there are 40,535 permanent classroom, 5,854 temporary classrooms and 11,948 classrooms under rehabilitation.

Basic education is still top on the spending priorities of the government.
Recurrent costs consume the largest part of the education budget, especially for MoEST. Between 2013/14 and 2017/18, on average, recurrent costs took up 85% of the MoEST’s budget, with only 15% being left for development costs, including construction of school blocks for both basic and secondary education. The share of the capital budget has however been increasing gradually from financial year 2015/16. This trend should be maintained considering that the pupil permanent classroom ratio (116 for primary school) is still very high. Additionally, most Community Day Secondary Schools do not have libraries and laboratories despite roll out of the new curriculum which demands such.

Teacher education has received almost the same attention in the 2017/18 budget as the previous year. The allocation to primary teacher training in the 2017/18 budget (MK3.8 billion) has marginally changed from what was allocated last year (MK3.9 billion). Considering the high pupil-qualified teacher ratio, the government should plan for the training and recruitment of teachers, and also their continuous professional development.
The ORT budgets for education supplies and services have remained constant in nominal terms, but declined in real terms. In particular, ORT budgets to district councils have not changed from the MK9 billion allocated in the previous year. It is from this ORT budget that resources for the School Improvement Grant are drawn. This means that the actual value of the School Improvement Grant has declined by approximately 18% in real terms. The budget for grants and subventions and for education supplies and services for both basic and secondary education also remained the same at MK1.1 billion and 3.2 billion respectively if compared to the previous year.

The actual value of the School Improvement Grant has declined by approximately 18% in real terms.

Key Takeaways

- The government should revisit the allocation mix within the education sector, to ensure various levels of education (ECD, primary, secondary and tertiary) get an equitable share of available resources. Although ECD is one of the highest impact areas, it received just 0.26 percent of the education sector budget in 2017-18. An increase in allocations to other levels should not be at the expense of others.
- Given very low transition rates to secondary education, the government and development partners should focus on increasing investments in secondary education.
- Government should increase the ORT budget for basic and secondary education in line with changes in government expenditure and in line with inflation to avoid regression in learning outcomes.
Financial statements from 2014/15 show that the MoEST spends all, and sometimes even more, resources than it is allocated, especially recurrent budgets. Budget overruns are often followed by mid-year upward revisions of budgets. For example, in 2016/17, the mid-year revised budget for Vote 250 went up to MK150 billion from MK146 billion. In the first six months of 2017/18, the MoEST spent K10.1 billion against a target of K9.9 billion for PE. The continued over expenditure, especially of PE and ORT, may point to budget credibility problems. Additionally, such fiscal slippages, if combined with other votes, impose further fiscal strain on already limited government resources, resulting in increased borrowing.

The education sector has also suffered from budget execution problems, some of which have increased inefficiencies in education service delivery. To illustrate this point, in financial year 2016/17, a public expenditure tracking survey (PETS) undertaken by the Civil Society Education Coalition (CSEC) on the School Improvement Grant (SIG) showed that several districts and schools did not receive funds on time and as per cash flow requests sent to Treasury via the National Local Government Finance Committee. In some instances, delays in disbursements went as far as three to five months, with some schools not receiving the grant at all. The PETS also showed that some schools and districts did not have readily available expenditure reports on utilization of the SIG. In financial year 2016/17, the ECD allocation was not transferred from Treasury to MoGCDSW until as late as the second half of the financial year.

Key Takeaways

- The government should strengthen financial reporting and accountability mechanisms for the SIG to ensure value for money.
- The government is encouraged to consider undertaking a Public Expenditure and Financial Accountability (PEFA) study to better understand budget credibility problems in education and other sectors, and find ways of addressing them.
- The government is further encouraged to improve intergovernmental transfer system to ensure resources are availed to district councils and schools on time and are properly accounted for.
The GoM has decided to devolve wages and salaries for education and a few other sectors. In the current year, MK96 billion will be devolved to District Councils for PE for basic education. Questions have however been asked regarding their readiness to handle devolved funds. Issues have been raised pertaining to transparency and accountability, robustness of financial and human resources systems at sub-national level, cash management capacities and credibility of local government budgets.

The education sector ORT budget to District Councils has remained constant at MK9 billion but declined by almost 15% in real terms. This stagnation will negatively affect the delivery of quality education services. Without adequate education supplies and services, it is difficult for the government to deliver quality basic education for all. The education sector in Malawi lacks adequate supply across multiple indicators, including qualified teachers, teaching and learning materials and there is low teacher morale, altogether exacerbating inefficiencies in education expenditures.

The ORT education budget to Local Councils is implemented through a complex combination of grants and allowances, mostly to cover operations costs and small scale rehabilitation of school assets. The largest share of the ORT budget to District Councils is for the Primary School Improvement Program (PSIP). In 2017/18, due to the reduced education sector allocations to District Councils, the budget for the SIG also slightly went down. In 2016/17, Councils were allocated MK4.2 billion, down from MK4.9 billion in 2015/16 for the SIG.

9 The PSIP comprises the following elements: School Improvement Grant (SIG), Zone Improvement Grants (ZIG), Zonal Training Funds (ZTF), and District Training Funds (DTF). The criteria governing the allocation of the SIG include enrolment, number of teachers, availability of electricity and water, pupil-teacher ratio as well as pupil-classroom ratio.

Key Takeaways

- The government is encouraged to carry out a national audit of the utilization and impact of the SIG to better understand good practices and challenges.
- The government is requested to increase the ORT budget for the education sector to district councils in line with general changes in government budget.
PART 7 EQUITY OF EDUCATION SPENDING

Inequities persist with regards to budget allocations to different levels of education. For several years, basic and higher education have received a larger share of the education budget than secondary education and ECD. ECD has been the least prioritized level, mainly left in the hands of communities and citizens. In financial year 2017/18 only 0.26% of the education budget was allocated to ECD, as noted above.

There are disparities in the distribution of qualified teachers. Rural schools have been disadvantaged the most. The learning environment for most Community Day Secondary Schools, with no libraries and laboratories despite the roll out of the New Curriculum which demand them, is not conducive for quality learning. The fact that there are classes with as many as 130 pupils, especially in rural areas, which creates overcrowding, forcing teachers to deliver classes under trees. Deployment of teachers to rural areas is still problematic and rural allowances have not been effective. The Pupil Classroom Ratio is highest in rural areas. The highest permanent classroom-pupil ratio at primary school level were reported in Machinga (165); Lilongwe Rural East (160); Mulanje (142) and Lilongwe Rural West (149).  

Key Takeaways

- The government continue to promote equity between rural and urban areas in the deployment of qualified teachers for both primary and secondary schools.
- In 2018/19 budget, the government is requested to increase budget for textbooks, laboratories and libraries for Community Day Secondary Schools given the new curriculum. The Constituency Development Fund can also be used to support this cause.

<table>
<thead>
<tr>
<th>Districts of Malawi</th>
<th>Pupil Qualified Teacher Ratio (%)</th>
</tr>
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<tbody>
<tr>
<td>0</td>
<td>20</td>
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<td>10</td>
<td>30</td>
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<tr>
<td>90</td>
<td>110</td>
</tr>
<tr>
<td>100</td>
<td>120</td>
</tr>
</tbody>
</table>

Figure 13: Per Capita Budget by Level of Education

Figure 14: Pupil Qualified Teacher Ratio (2015/16), Primary School

10 2015/16 EMIS report
The education sector budget, especially the recurrent part, is largely financed from domestic resources. Between financial year 2015/16 and 2017/18, over 90% of education sector resources were mobilized from within the country, with the remainder coming from donors. In 2017/18, the contribution of international donors accounted for 7.5% of the total education budget. The contribution from donors in the current year is 6 percentage points lower than the previous year (13.5%). The proportion of education sector resources from donors is consistent with the African average (6%).

However, donors contribute substantial resources towards the development budget (Part I), although increasingly through off-budget means. In financial year 2017/18 donors committed 47% of the MK38 billion capital budget for the education sector. This was a huge decline, if compared to the previous year when donors contributed 88% of the development budget. Fiscal space for education remains very limited hence continued dependence on donors for non-wage budget expenditure.

Approximately 10% of education sector resources are in the form of appropriation in aid.\textsuperscript{11} This is particularly the case with universities and subvented organizations. In the current year, education related organizations were allocated nearly MK22 billion appropriation in aid.

11 These are resources that are collected by the respective institution in the form of user fees and other payments, which oftentimes do not go through the Treasury, but are still appropriated for use by the institution in question.

\begin{itemize}
\item Given reduction in budget support by donors, the government should increase its contribution to the capital budget.
\item In the face of limited fiscal space the government can generate additional resources from efficiency gains, including by tackling wastages and combating corruption.
\end{itemize}

Current budget is silent about teacher incentives, especially those in hardest to reach places. Some of the incentives implemented in the past were not particularly effective. A few years ago, the government introduced two incentive programs which aim to improve the distribution of teachers, notably: rural teachers’ allowances and construction of houses for teachers in remote areas. A program to construct housing for teachers in hard to reach areas became defunct due to the declining development budget. There is virtually no budget for construction of teachers’ houses in the 2017/18 program based budget. Currently, over 85% of the teaching force receive the rural teachers’ allowance. It seems the allowance is now being used as an income supplement for teachers rather than a tool to attract teachers to the most remote schools, most of which have very high pupil-teacher ratios. The government policy which requires new teacher graduates to first serve at least two years in rural schools and hard to reach schools, is also key in addressing equity issues.

The School Improvement Program has proved to be relevant, but allocations are insufficient and budget execution challenges persist. School Improvement Grants (SIG)\textsuperscript{12} are provided to all public schools to help them improve the quality of the education learning environment, including through day to day repairs and maintenance of basic infrastructure and purchase of additional education supplies. As indicated earlier, Public Expenditure Tracking Surveys undertaken by NGOs\textsuperscript{13} have revealed significant delays in the disbursement of the SIGs, which in turn affect effective utilization of resources. There are also reports of weak accountability for resources received. In financial year 2018/19, the government should increase its focus on improving efficiency and effectiveness.

12 The SIG is needs-based and each school’s allocation is based on its enrolment and needs. The base rate per school is MK600, 000.00 for an enrolment threshold of 1,000 pupils. For every extra child above the threshold, a school receives MK300. This amount, which has not changed for the past few years, has been eroded by inflation.

Support services to children with disabilities are under-budgeted. Despite having a target to improve enrollment of persons with disabilities at various levels of education, there is no dedicated budget line item to support learners with disabilities, despite launch of the National Inclusive Education Strategy in 2016, which was also costed. In the 2017/18 PBB, the MoEST rightly acknowledged that very few children with disabilities are enrolled in secondary and higher education institutions since the majority of institutions lack specialized resources, including qualified teachers, to cater for the needs of people with disabilities.

Despite a high teacher-pupil ratio, challenges exist with regards to training and recruitment of teachers. In recent years, the rate of teacher graduation exceeded the ability of the government to hire, mainly because of fiscal constraints. The government also introduced a policy on double shifting to address the above challenge. Implementation of this policy has the potential to address both the high pupil to teacher ratio and pupil to classroom ratio. In-service training and continuous professional development has also not been prioritized in the 2017/18 budget.

Key Takeaways

- The government should bring to a closure ongoing discussions on reform of teacher incentives.
- The government should improve its recruitment planning and equitable deployment of teachers, especially to rural areas, to progressively address the problem of high-pupil qualified teacher ratio.
- The government should dedicate resources towards the implementation of the National Inclusive Education Strategy.
- Government should revise the base allocation per school for the SIG from the current MK600,000 to at least MK1 million, given demand of services by schools.

Key Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>Approved Budget Estimates</td>
<td>The budget as approved by Parliament.</td>
</tr>
<tr>
<td>Budget Outturn</td>
<td>Actual expenditures by an MDA over a given period.</td>
</tr>
<tr>
<td>Development (Part I)</td>
<td>Share of the budget for long term public investments contributed by donors.</td>
</tr>
<tr>
<td>Development (Part II)</td>
<td>Share of the budget for long term public investments from domestic resources.</td>
</tr>
<tr>
<td>Economic Classifications</td>
<td>Budget classification based on economic inputs.</td>
</tr>
<tr>
<td>Gross Domestic Product</td>
<td>Total value of goods and services produced by a country in a given year.</td>
</tr>
<tr>
<td>Nominal change</td>
<td>Changes in budget allocations which do not factor in inflation.</td>
</tr>
<tr>
<td>Other Recurrent Transactions (ORT)</td>
<td>Budget for day to day items such as office supplies, fuel, utilities, routine maintenance and other operations.</td>
</tr>
<tr>
<td>Personnel Emoluments (PE)</td>
<td>Salaries, wages, allowances and other staff entitlements.</td>
</tr>
<tr>
<td>Public Expenditure Tracking Survey</td>
<td>A research methodology for assessing the flow of resources from treasury to where they are used, at facility level, to see if resources are used for intended purposes and in the right way.</td>
</tr>
<tr>
<td>Real change</td>
<td>Changes in budget after adjusting for inflation.</td>
</tr>
</tbody>
</table>
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