



MONITORING ALLOCATIONS AND DISBURSEMENTS OF MALAWI'S NATIONAL FAMILY PLANNING BUDGET



Malawi's population is growing rapidly—hindering the country's progress toward achieving its development goals and restricting its ability to meet the population's health, education, agriculture, and economic needs. Increased funding for family planning can help Malawians meet their reproductive intentions, which will slow population growth. With the right policies in place, this can lead to economic growth, improved food security, better health services, and greater access to social services. Allocating funding is only the first step in strengthening domestic investment in family planning programs and services. Disbursements and expenditures must also be tracked to ensure that budget allocations are being used as intended. Demonstrating that previously allocated funds have been disbursed as planned will help stakeholders to make a case for future allocations.

This document is intended to help Malawi's Reproductive Health Directorate (RHD) within the Ministry of Health (MOH), Members of Parliament (MPs), civil society organizations, and other relevant stakeholders to track national domestic funding for family planning. It outlines key steps in the budget cycle, which includes parallel processes of allocation for the coming year and disbursement for the current year. As part of disbursement, this document highlights the commodity procurement process for the national family planning program. It also includes tips to help stakeholders mobilize domestic resources to ensure that contraceptives are available to all Malawians who want them.

Currently, Malawi's national budget does not include a line item for family planning programming—only for contraceptive commodities. In the future, advocates may wish to push for creation of a separate line item for family planning program costs, such as demand generation; service delivery and access; and supervision, monitoring, and coordination. This would enable easier tracking of allocations and expenditures and better align available funds to estimated costs of the national family planning program, such as those itemized in the *Malawi Costed Implementation Plan for Family Planning, 2016–2020*.

Tips for Advocates

When requesting increases in expenditure, it is important to offer suggestions about how to boost revenue and/or gain efficiencies to cover the increases.

Be conversant with the budget guidelines and understand how to read the budget document. The budget code for family planning commodities is 221101613. This code will help you find the amount allocated to family planning in the national budget.

Once Parliament has approved the budget (usually by the end of June), interested parties can receive an electronic copy of the approved budget from the Treasury at <https://www.finance.gov.mw/index.php/blog/budget>.

Budget Allocation

Figure 1 shows Malawi's yearly budget cycle as it pertains to funding allocation. Stakeholders seeking to mobilize domestic resources for family planning must understand this process to engage in effective advocacy.

Step 1: Treasury Develops Budget Guidelines (October–December)

Malawi's yearly budget cycle begins in October, when the Treasury begins developing budget guidelines for the coming year.

Advocacy Action: Step 1

At this point in the budget cycle, advocates can engage the Treasury to ensure that the budget guidelines include minimum amounts for family planning that reflect anticipated need.

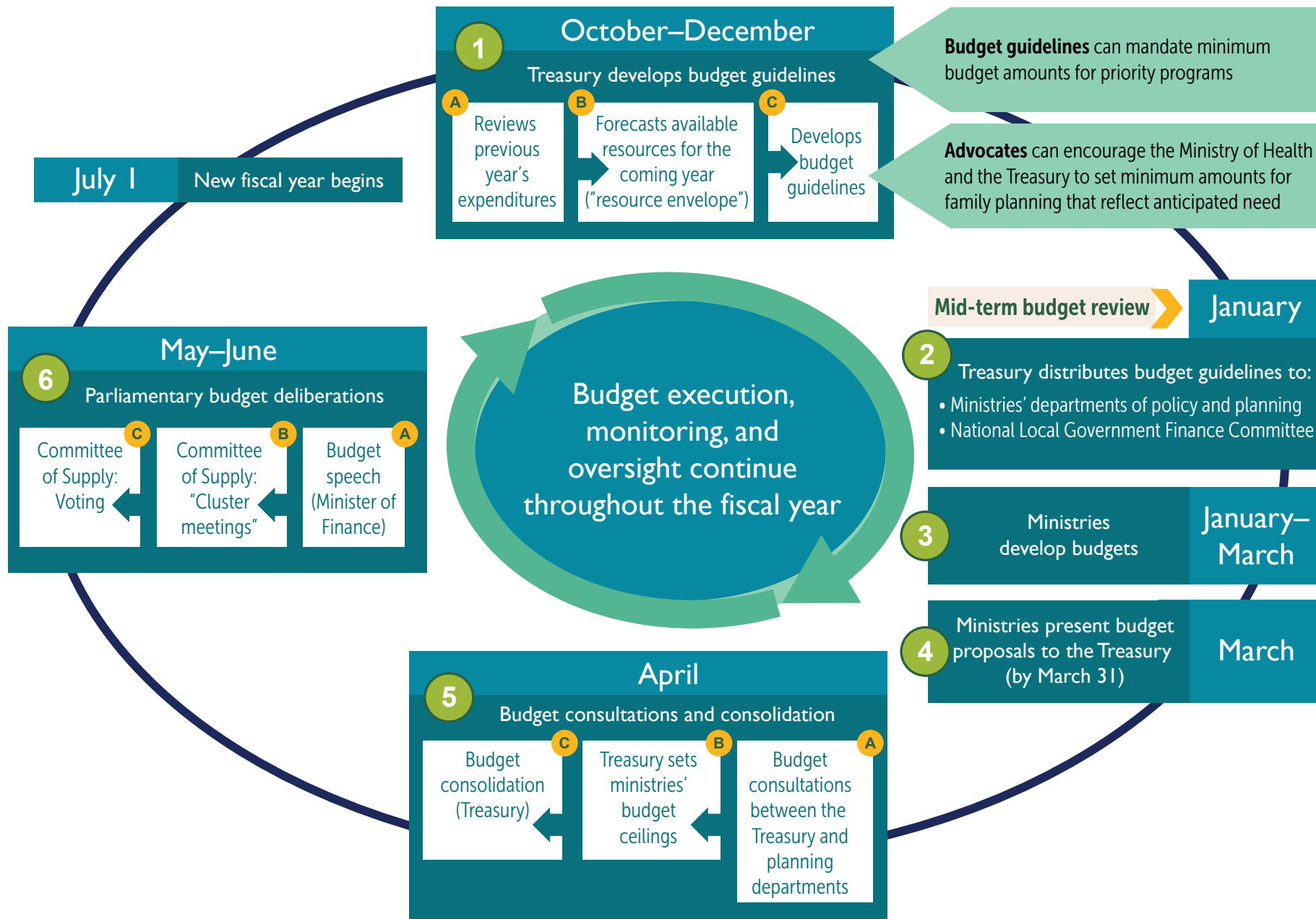
Step 2: Treasury Distributes Budget Guidelines (January)

The Treasury distributes budget guidelines to ministries' departments of policy and planning and to the National Local Government Finance Committee, which oversees district council budgets.

Step 3: Ministries Develop Budgets (January–March)

Ministries develop budgets based on the guidelines provided by the Treasury. This is a key

Figure 1. Malawi's Budget Cycle: Allocation of Funding



point in the budget cycle when advocates can influence family planning budget allocations by making the case for prioritization of family planning in the MOH's budget proposal.

Advocacy Action: Step 3

To ensure that family planning is prioritized in the MOH budget, the RHD should engage the Department of Policy and Planning (DPP) to ensure that family planning priorities and funding needs for the coming year—and why these are important—are clearly understood. The RHD should have evidence on hand to help make the case for funding family planning priorities.

Advocates can support the RHD by providing data and case studies to illustrate how family planning makes a difference and is a smart investment.

The RHD estimates family planning commodity needs and presents funding requirements to the DPP (February–March)

Once the Treasury has shared the budget guidelines with the MOH, the RHD estimates family planning commodity needs for the coming fiscal year. The Directorate of Health Technical Support Services produces a quantification report, which includes:

- What products need to be procured, including quantities and costs
- Who will be procuring each product, in what amounts, and when
- Funds from sources outside of the government
- Gap in funding (based on need and committed resources from elsewhere)

The RHD uses this report to calculate family planning commodity needs and make the case for budget allocations to procure these commodities, and shares the draft report with the DPP and donors to begin discussions about commodity needs for the upcoming year(s). Donors identify what contributions they can make and for which methods, allowing the RHD to target domestic resources accordingly.

The RHD then presents the family planning funding requirements to the DPP. As no budget line for family planning programming currently exists, the funding requirements presented cover only family planning commodities and RHD running costs. Salaries and other family planning program costs usually come from District Council or Central Hospital budgets; other family planning program activities (e.g., health promotion) are often funded by nongovernmental organizations/ international donors.

Step 4: Ministries Present Budget Proposals to the Treasury (by March 31)

Taking departments' funding requirements into account, the MOH develops its budget and presents it to the Treasury by March 31.

Step 5: Budget Consultations and Consolidation (April)

After line ministries present their budgets to the Treasury, consultations with the Treasury continue, culminating in the establishment of budget ceilings. Each ministry is responsible for budgeting funds within its ceiling. The Treasury then consolidates the ministerial budgets into a single, national budget.

Advocacy Action: Steps 4 and 5

Advocates can support the MOH by providing information and/or supporting materials to help the ministry make the case for including family planning funding in the budget proposal.

Step 6: Parliamentary Budget Deliberations (May–June)

6a. Budget speech

The budget session, usually held in June, begins when the Minister of Finance presents the budget to Parliament (known as the "budget speech"). MPs then have a two-week window to review and comment on each budget vote. This period is known as the "Committee of Supply."

6b. Committee of Supply: "Cluster meetings"

To speed up budget deliberations, Parliament holds "cluster meetings" just after the budget speech. During these meetings, Parliamentary committees meet with line ministries to discuss



their budget proposals. While the Ministry of Finance is usually represented at these meetings and civil society organizations can request to be present, parliamentarians and line ministries are in charge of the process. The health cluster involves select members from the Parliamentary Health Committee and the Parliamentary HIV and AIDS and Nutrition Committee, as well as the MOH. Civil society organizations and partners working in the health sphere can attend if they are invited by the committee or the MOH to present on a specific issue.

Advocacy Action:

The Committee of Supply, particularly cluster meetings, is a crucial time for advocates to engage MPs to continue making the case for family planning. Cluster meetings are parliamentarians' greatest opportunity to influence the budget.

Advocates, as well as the MOH, should use this opportunity to engage the Treasury and make the case for increased funding for family planning. To do so successfully, they will need to present a compelling justification for why the additional resources are needed. Given the many competing budget priorities, advocates need to show why increasing budget resources for family planning is a smarter investment than spending these funds elsewhere, i.e., what benefits will accrue? The HP+ messaging guide [Investing in Malawi's Future: A Guide for Family Planning Budget Advocacy](#) offers tips for advocates.

6c. Committee of Supply: Voting

After the cluster meetings, parliamentarians come together in plenary to vote on the budget, item by item. The budget is final and approved once Parliament has voted on and approved all the individual items (known as "votes").



Priority Actions for Advocates: Budget Allocation

1. Conduct efforts year-round to increase awareness of the cost-benefit of investing in family planning for multiple sectors. Advocate for increased allocation to the national budget line item for family planning commodities in line with projected needs.
2. Use the mid-term budget review as an opportunity to increase allocations for family planning commodities. Advocates will need to show evidence that allocated funds have been spent and that additional funds are needed.

Budget Disbursement and Procurement

Continued advocacy throughout budget disbursement and the procurement and distribution of commodities is critical to ensure that allocated resources for family planning are used as intended. Figure 2 shows key steps in disbursement, procurement, and distribution of funds.

Step 1: RHD Develops a Procurement Plan Based on Funds Allocated to the Family Planning Line Item in the Approved Budget

Once the budget has been approved by Parliament (usually by the end of June), the MOH receives funds from the Treasury on a monthly basis. However, for family planning commodity procurement, the MOH and supporting advocates should work with the

Treasury to obtain disbursements in fewer, larger tranches (ideally, in one disbursement). Fewer, larger disbursements will lower procurement costs (commodity prices tend to be lower when procurements are larger) by avoiding piecemeal procurements, which can also lead to inconsistent availability of family planning commodities.

To access allocated funds, the MOH provides a procurement plan to the Treasury and the Public Procurement and Disposal of Assets Authority (PPDA), which includes a procurement plan for family planning commodities. The RHD and advocates need to follow-up to make sure that the correct procurement plan has been provided to the Treasury and PPDA.

Step 2: MOH and Treasury Agree on a Cash Flow Plan

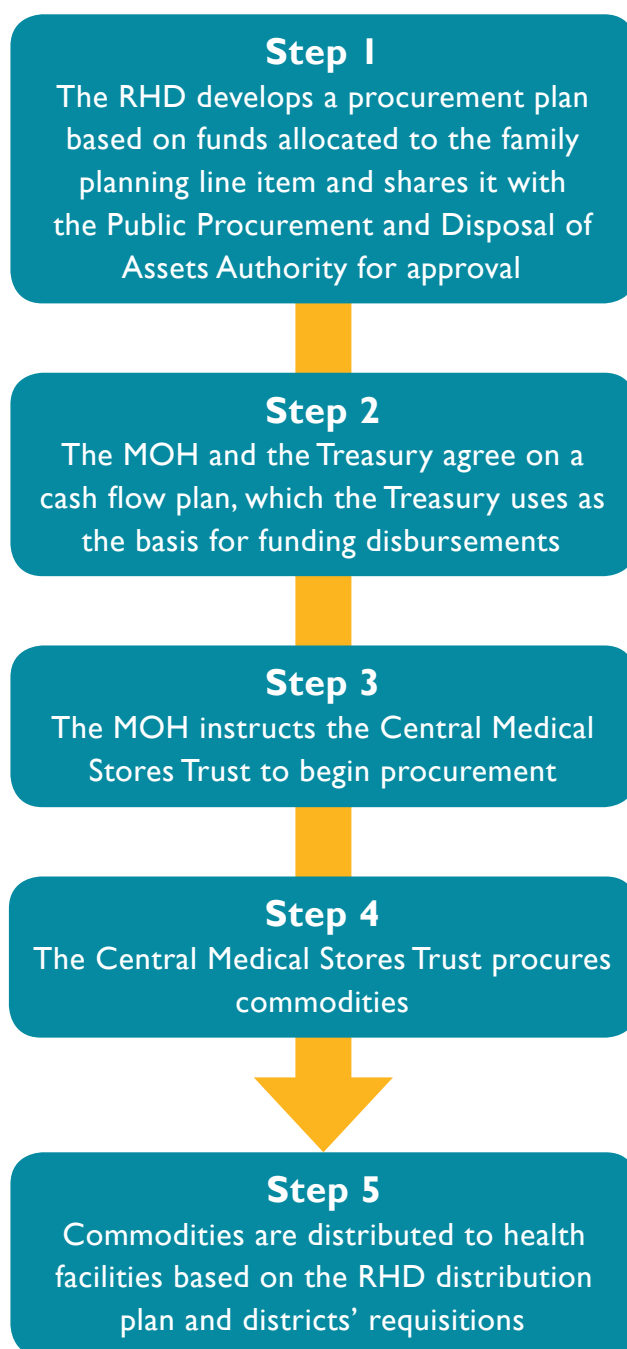
Before funds can be disbursed, the MOH and the Treasury agree on a cash flow plan, which the Treasury will use as the basis for funding disbursements. The cash flow plan consists of a breakdown of monthly cash flow requirements based on the procurement plan and other anticipated costs. The RHD should check with the MOH’s planning department to ensure that a correct cash flow plan corresponding to the correct procurement plan has been submitted to the Treasury.

The amount of Treasury disbursements to the MOH may fluctuate, depending on various factors. Therefore, MPs need to exercise their oversight role with the MOH. Specifically, the Parliamentary Health Committee needs to continue following up with the MOH to ensure that funding disbursements are being received and are being used for family planning and not diverted to other health needs.

Step 3: MOH Instructs the Central Medical Stores Trust (CMST) to Start Procurement

Based on available funding, the RHD itemizes the commodities needed and sends this request to the MOH to approve; the request then goes to the Central Medical Stores Trust (CMST)

Figure 2. Malawi’s Budget Cycle: Disbursement, Procurement, and Distribution



for procurement.¹ If funds for family planning commodities are disbursed in more than one tranche, this process is repeated multiple times. Disbursing funds in a single tranche is desirable, as it would avoid the need to process multiple orders, resulting in lower procurement costs.

¹ The CMST is a not-for-profit autonomous organization wholly owned by the Government of Malawi. The CMST is Malawi’s central procurement agency, providing the majority of medicines and medical supplies for public health facilities and those run by the private sector’s Christian Health Association of Malawi. It is responsible for ordering medical supplies and commodities and distributing them to regional warehouses and central hospitals; distribution to district hospitals and health centers is handled by third-party logistics vendors.

Step 4: CMST Procures Commodities

The CMST identifies suppliers and, while waiting for funding from the MOH, makes a 50 percent payment using its available funds. If the CMST lacks the necessary funds, it advises the MOH/RHD to make a payment. If the MOH is not able to do so, a request is issued to the Treasury to pay the supplier or issue a letter of commitment that outlines the amount that the MOH agrees to pay the supplier. When commodities arrive, the CMST issues an invoice to the MOH/RHD for payment that includes a 19 percent handling fee. Regardless of who procures the commodities, both the RHD and districts pay handling fees to the CMST—the RHD pays for procurement and storage, while districts pay for transportation. Donors do not pay handling fees.

Step 5: Commodities are Distributed to Health Facilities

The CMST can distribute family planning commodities to facilities in two ways. One way is according to a distribution plan developed by the RHD, especially when stockouts have occurred (“push”). The other is when district health officers procure commodities from the CMST and facilities requisition commodities from the District Health Office’s commodities supply (“pull”). District procurement costs include both commodity costs and CMST handling fees.

Priority Actions for Advocates: Disbursement and Procurement

Disbursement of Funds

1. The MOH/RHD should ensure that the cash flow plan for the family planning budget line is consistent with the procurement plan for family planning commodities and is agreed upon by the Treasury. Advocates may support the RHD in generating this cash flow plan, usually in June or July.
2. To avoid challenges in procurement, the MOH/RHD should work with the Treasury to ensure that funds allocated to the family planning commodities line item can be made available in one tranche. This will help to ensure that disbursements are large enough to cover procurement requirements.
3. The MOH/RHD, parliamentarians, and advocates should ensure that the Treasury disburses funds allocated to the family planning commodities line item. If the Treasury disburses these funds in more than one tranche, the RHD and the Parliamentary Health Committee will need to follow-up to ensure that allocated funds have been disbursed and that the disbursements are sufficient for procurement. If funds have not been disbursed, the MOH/RHD should check with the Treasury about the availability of funds.

Procurement of Family Planning Commodities

1. Advocates and parliamentarians should ensure that the MOH uses funds disbursed by the Treasury to procure family planning commodities. Budget revisions are made halfway through the year. If advocates can show that previously allocated and disbursed funds have been spent, they will be in a better position to make the case for additional funding. If funds have not been spent due to budget execution issues, it is important for advocates to document and raise these issues.
2. The RHD should have a procurement plan in place with ample lead time and solid projections to ensure that orders and delivery timelines do not lead to commodity stockouts.
3. Advocates and parliamentarians can follow-up to ensure that the MOH/RHD has instructed the CMST to begin the procurement process.

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