



REPUBLIC OF MALAWI

**ACCELERATING THE CHANGE MALAWIANS FOUGHT FOR**  
STATE OF THE NATION ADDRESS

by

**HIS EXCELLENCY**  
**DR. LAZARUS McCARTHY CHAKWERA**  
**PRESIDENT OF THE REPUBLIC OF MALAWI**

On the occasion of

THE STATE OPENING OF THE 3<sup>RD</sup> MEETING IN THE  
49<sup>TH</sup> SESSION OF PARLIAMENT AND THE  
2021/2022 BUDGET MEETING

LILONGWE

Wednesday, 12<sup>th</sup> May, 2021

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- **YOUR EXCELLENCY MADAME MONICA CHAKWERA,  
FIRST LADY OF THE REPUBLIC OF MALAWI;**
- **RIGHT HONOURABLE DR. SAULOS KLAUS CHILIMA,  
VICE PRESIDENT OF THE REPUBLIC OF MALAWI;**
- **RIGHT HONOURABLE CATHERINE GOTANI HARA,  
M.P., SPEAKER OF THE NATIONAL ASSEMBLY;**
- **YOUR LORDSHIP HONOURABLE ANDREW NYIRENDA,  
SC, CHIEF JUSTICE;**
- **HONOURABLE DEPUTY SPEAKERS;**
- **HONOURABLE LEADER OF THE HOUSE;**
- **HONOURABLE CABINET MINISTERS AND DEPUTY  
MINISTERS;**
- **HONOURABLE JUSTICES OF APPEAL AND JUDGES  
OF THE HIGH COURT;**
- **HONOURABLE LEADER OF THE OPPOSITION;**
- **LEADERS OF POLITICAL PARTIES REPRESENTED IN  
PARLIAMENT;**
- **HONOURABLE MEMBERS OF PARLIAMENT;**
- **HIS EXCELLENCY JORGE DAVIDE GUNE, DEAN OF  
THE DIPLOMATIC CORPS AND HEADS OF  
DIPLOMATIC MISSIONS;**

- **MR. ZANGA-ZANGA CHIKHOSI, SECRETARY TO THE PRESIDENT AND CABINET;**
- **SENIOR GOVERNMENT OFFICIALS;**
- **DISTINGUISHED INVITED GUESTS;**
- **LADIES AND GENTLEMEN.**

**Madam Speaker,**

As you will recall, I stood before you and this Assembly 250 days ago to present my assessment of the state of our nation. On that auspicious occasion, I stated in no uncertain terms my twin convictions that ours is not a poor country, but an impoverished one, and that since the poverty of our people is man-made, it can and must be unmade.

Today, as my Administration is in the penultimate month of its first year in office, not only do I stand by these convictions, but I count myself blessed to stand before you and all Malawians with a report on the progress made thus far in our quest to better the lives of our people and lift the face of our nation. Additionally, this report also includes an update on the actions my Administration will be taking to further that progress going forward.

**Madam Speaker,** when I speak of national progress, it is important to understand my meaning, for without a consensus on what we are collectively trying to accomplish, we will inevitably become a nation of competing priorities, not a nation of completed priorities. In this regard, it must be remembered that at this point in our nation's history, we have come out of three decades of economic, social, and political mismanagement and have four decades to change course by accomplishing the vision spelled out in the *Malawi 2063* agenda. As such, it is important to have clear and measurable targets of what we are setting out to accomplish towards that vision in the next four years.

Through the facilitation of the National Planning Commission, we as a nation have stated that the Malawi we want by the year 2063 is “an inclusively wealthy and self-reliant industrialized upper-middle-income country”. However, I want to focus on where we are now and where we must be next year to know that we are on track to reach our 2063 destiny. In other words, although we have a vision of what we want to be as a nation by the time we celebrate a century of independence, we must sharpen that vision further by stating clearly what we want to be as a nation in four years, and by extension, what we need to do as a nation in this coming year.

For avoidance of any doubt, to move us ten percent closer to the vision spelled out in *Malawi 2063*, my Administration’s chosen outcomes for the next four years are three-fold. Firstly, we aim to achieve permanent food security for all Malawians so that hunger is forever a thing of the past. Secondly, we aim to create jobs for Malawi’s youth so that they are self-reliant, active, and productive contributors to Malawi’s development. Thirdly, we aim to create wealth for Malawians so that they are the primary beneficiaries of any economic activity we foster. Put simply, the three-pronged yardstick by which we will measure either the urgency or agency of any government policy, or program, or project we will be presenting before this House is whether it puts meals on the tables of Malawians, money in the pockets of Malawians, and work in the hands of Malawians.

This is not to say that other outcomes envisioned by the *Malawi 2063* agenda are not important, but as I stated in my address on the eve of the New Year, we must have priorities that spearhead our progress. As such, in this inaugural year for

pursuing that national agenda, the creation of wealth, jobs, and food security are the three outcomes my Administration will focus on as foundational to the equally important priorities we must pursue later.

In practice, **Madam Speaker**, this means that the Government Ministries, Departments, and Agencies (MDAs) that are most integral to the realization of these outcomes will be given a lion's share of my administrative attention going forward. It also means that these strategic MDAs will be uniquely targeted for Public Sector Reforms so that we make them fit for use in our pursuit of these priorities. In view of the instrumentality of Government MDAs to the delivery of wealth, jobs, and food security to our people, my Administration will henceforth treat any cause of slowness or stagnation within any MDA to our pursuit of these outcomes as an enemy of the change Malawians fought for.

**Madam Speaker**, I say this as a lamentation. I must report that over the past ten months I have felt the palpable and justifiable frustration that many Malawians are feeling towards certain MDAs over their slowness to effect the change Malawians fought for. As one who shares this frustration, I think it matters not whether an MDA's slowness in effecting the administrative, legislative, regulatory, personnel, policy, or operational changes I was elected to implement is caused by professional incompetence, or political sabotage, or contractual entanglements, or personal laziness, or entrenched corruption. What matters, and I think I speak for all Malawians here, is to see those either mandated by law or appointed by me to effect these changes doing so with the expedition and efficiency

Malawians deserve. I refuse to believe that we must choose between operational standards and delivery speed. My understanding is that the change Malawians fought for through tears, blood, and sweat to put us here demands that we make good on our promise to do both.

It is for this reason, **Madam Speaker**, that my chosen title for my Address today is “**Accelerating the Change Malawians Fought For**”.

In essence, Malawians feel that in this first year, we have turned the country around and started leading it in the right direction, the direction of a people-centered change, but going into year two, they want to see us engage a higher gear to increase the pace of change. In response to this, going forward, there are three delivery accelerators that my Administration will invest time, resources, and energy in to speed up the realization of our agenda to create jobs, create wealth, and create food security. These accelerators are infrastructure, especially in the areas of transport and energy; human capital, especially in the areas of health and education; and governance reform and digitization. To use a metaphor, the creation of jobs, wealth, and food security is the promised land at the end of our journey; the strategic MDAs instrumental to achieving these ends are the vehicle that must be driven skillfully to that destination and no other; and investment in better human capital, better infrastructure, and better governance are the road we must pave to accelerate the movement of this vehicle.



Allow me, therefore, **Madam Speaker**, to now report on the kind of movement our MDAs have registered as a vehicle for delivering the change Malawians fought for, as well as the deliberate measures my Administration is putting in place to accelerate the pace thereof.

## **I. The state of change for the Legislature**

**Madam Speaker**, the Legislature is the epitome of representative democracy. During the period under review, Parliament made a recommendation to me to act on its finding that two Electoral Commissioners were incompetent, but the action I took is now the subject of a court injunction. I therefore feel justified and reaffirmed in my longstanding resolve to propose legislative amendments that will enhance Parliament's autonomy from the Executive branch and reduce presidential powers. I am therefore happy to report that the Bills for establishing the autonomy of Parliament have been drafted and submitted to the Ministry of Justice in readiness for tabling during this budget meeting.

Notwithstanding, considering that significant ways in which this Assembly's lack of financial and political autonomy hampers its effectiveness, I wish to note as key successes its passage and review of the 2020/2021 national budget; the tabling and passage of 8 Bills into law and the gazetting of over 100 subsidiary pieces of legislation; the carrying out of its oversight role through as many as 91 Committee Meetings to scrutinize Government policies, projects and expenditures; and the digitization of its operations to enable members to convene virtually. Similarly, I am happy that pursuant to the Access to Information Act, Malawians are now able to follow proceedings of this House through Parliament Television.

Even so, I must bring it to the people's attention that the pace of automating the Chamber Voting System and the Hansard Transcription System is not moving at the pace that Malawians deserve, nor is Treasury's identification of funds to construct office space for parliamentarians both here and in their constituencies. I therefore say to the institutions responsible for implementing this that the time for accelerating the change Malawians fought for is now.

**Madam Speaker**, allow me now to turn to the Judiciary.

## **II. The state of change in the Judiciary**

**Madam Speaker**, my Administration is well known for its efforts to promote human rights, rule of law, transparency and accountability. Let me highlight a few achievements the Ministry of Justice under my Administration has registered during the year in review:

- We have prosecuted over 1,170 cases in various courts across the country. Out of these cases, 114 were cases of crimes against persons with albinism of which 68 cases have been completed;
- We have strengthened the Asset Forfeiture Unit under the Directorate of Public Prosecutions to confiscate all assets accrued from criminal activities;
- We have vetted 363 disciplinary charges involving civil servants from various Government Ministries, Departments and Agencies, including those interdicted for various offences;

- We contested over 1,546 civil cases in various courts and thereby saved MK3.9 billion in settlement claims on the closed files;
- We have commenced the implementation of the Deceased Estate Management System to ensure beneficiaries can access their benefits timely, and the system has already served over 700 beneficiaries;
- We are operationalizing a Human Rights Section within the Ministry of Justice to implement the National Human Rights Action Plan and state party reporting;
- We have secured the United Nations General Assembly's vote to put Malawi on the Human Rights Council for the next three years;
- We will be recruiting additional lawyers to speed up the process of legislative drafting, civil litigation, administration of deceased estates, registration of companies, patents and intellectual property rights, prosecution of criminal cases and the provision of legal advice; and
- We have lined up fifteen laws for passage during the 2021/2022 Financial Year.

These successes notwithstanding, I must restate categorically that my Administration considers it unacceptable that the entire Judiciary gets allocated less than one percent of the National Budget, and so I call on this House to correct this imbalance.

I also urge this House to consider seriously my Administration's upcoming proposal to institutionalize through legislation the minimum percentage to be allocated to the Judiciary, as well as my proposal to amend Parliament's Standing Orders to have the Judiciary vote defended by the Chief Justice.

Meanwhile, I appeal to the Judiciary to expedite the creation of special courts to efficiently dispose of cases of corruption and theft of public funds. Recent actions by my Administration exposing the status of systemic corruption demand haste on this matter, as does the feeling among Malawians that the time for accelerating this change they fought for is now.

**Madam Speaker,** since we are on the critical subject of corruption, let me address the status of change in the Executive branch, because that is where my actions against graft are already bearing fruit.

### **III. The state of change for the Executive**

The fight against corruption is integral to the creation of wealth, jobs, and food security for our people. If a tax funded loan programme like the one my Administration has launched through the National Economic Empowerment Fund (NEEF) is corrupted by greed and partisanship, then its intended purpose of stimulating economic activity, inspiring agrobusiness, and lifting young entrepreneurs out of poverty is defeated. If a donor-funded program like the compact we have with the Millennium Challenge Corporation (MCC) is corrupted by misappropriation and wastefulness, then its intended effect of bringing electricity to rural communities for economic benefits is thwarted. In other

words, it must be our collective resolve to wage war against the cancer of corruption, because it is singularly robbing our country of capital that should otherwise be leveraged for economic and developmental gains.

My Administration's first weapon against any form of corruption is stronger internal controls and consequential regulatory systems within all Government MDAs. When I summoned the controlling officers of MDAs to account for the use of Covid-19 funds from last year, it was apparent that one of the main factors contributing to the theft of public funds in this country is controlling officers who are either too weak or too negligent or too compromised to hold public servants accountable for their use of public funds. My Administration will therefore focus a significant portion of its fight against corruption on strengthening internal controls in all MDAs. So far, we have already successfully shut government coffers tight to members of governing political parties who wish to continue the previous regime's corrupt practice of using public funds to finance political party functions.

However, **Madam Speaker**, we recognize that this is not nearly enough. Our next step is to strengthen internal controls to also stop the siphoning of public funds by unscrupulous civil servants through dubious allowances and expenses, just as we must also have controls to stop greedy private sector players from stealing public funds through procurement monopolies and inflated prices. I am therefore hopeful and confident that this House will insist that this priority of strengthening internal controls within MDAs be reflected in its budgetary considerations.

For my part, I have already stated recently that I have no interest in having in my Cabinet individuals who either neglect or weaken or exploit the internal controls designed to stop corruption dead in its tracks within their institutions. Regardless of which party in the Tonse Alliance a member of the Executive belongs to, if I am not satisfied with their stewardship of the interests of Malawians, I will replace them because by the end of the day they all answer to me. Additionally, **Madam Speaker**, I will soon be receiving recommendations from the Taskforce I delegated the Vice-President to lead in proposing a new structure for the Civil Service with stronger internal controls for service contracts, procurement procedures, and allowances. As such, you can expect those proposals to form part of my legislative agenda and guide my expectations of Ministers in the coming year.

**Madam Speaker**, our second weapon against corruption is public accountability through governance institutions that are well-equipped and well-led to probe the integrity of transactions in both the public and private sector. Without strong and brave leaders at the helm of oversight and law enforcement bodies like the Malawi Police Service (MPS), the Anti-Corruption Bureau (ACB), the Malawi Revenue Authority (MRA), the Financial Intelligence Authority (FIA), the Public Procurement and Disposal of Assets (PPDA), the Directorate of Public Prosecution (DPP), the National Audit Office (NAO), and the Ombudsman, our declaration of war against corruption will remain cosmetic at best.

In this regard, I must register my dismay and disappointment with the Public Appointments Committee of this House for its

recent decision to reject my appointee for the post of Director General for ACB. Not only does this decision deny Malawians the services of a strong warrior, but it also delays our plan to empower the ACB to recruit additional prosecutors and implement the National Anti-Corruption Strategy II (2019-2024). I therefore call on this House to put political and personal interests aside and do its part in accelerating the change Malawians fought for.

## **Homeland Security**

**Madam Speaker,** fighting crimes like corruption can only succeed as a collaborative effort between different stakeholders. One indispensable stakeholder is the Ministry of Homeland Security under whose watch Malawians are kept safe through the work of such institutions as the Malawi Police Service and the Department of Immigration. It is therefore critical for us to continue strengthening this Ministry, and toward that end, my Administration will take the following measures in the 2021/2022 financial year:

- We will continue the infrastructure development projects for the staff of our security agencies;
- We will continue rebuilding the public image of and restoring public trust in the Police;
- We will recruit 3,000 police constables and 2,500 police officers and train 200 general detectives, 250 drug detectives and 150 prosecutors;

- We will enhance the capacity of border security to deal with transnational crimes such as smuggling of our subsidized fertilizers, human trafficking, money laundering and killing of persons with albinism; and
- We will improve the national registration system by opening more national registration centres across the country to reduce congestion at registration centres and the waiting period for the National Identification Card.

## **Local Government**

**Madam Speaker,** despite my Administration's emphasis on the rule of law being upheld by law enforcement agencies in the Executive arm of Government, our first line of defense against lawlessness and disorder is the proper running of district councils, which are integral to a decentralized approach to governance. To this end, we are on course to expedite the institutionalization of a performance-based contract and financing system for the councils, which will in turn make it easier to identify and clear the rubble of non-performers therein. To demonstrate our resolve, my Administration will be coordinating and implementing a USD100 million Governance to Enable Service Delivery (GESD) Project in all 28 district councils aimed at enhancing their performance.

**Madam Speaker,** while on the subject of a decentralized governance approach, I am mindful that in my maiden State of the Nation Address last year, I had already committed my government to fast track the decentralization of Transport and



Public Works, Lands, Mines, Tourism and Culture and Energy. Although this process has suffered delays, we are determined to accelerate it in order to complete it within the timeframe I stated at that time.

Meanwhile, the Development Budget to the Local Councils, worth MK12.2 billion, has already been devolved, as has the payment of honoraria for chiefs to eliminate payment delays and fraud. Another key decentralization-related commitment of my Administration is the creation of secondary cities in line with Malawi 2063's concept of rural growth centres that act as bridges between urban and rural development. Toward this end, my Administration's vision to develop lakeshore cities in Karonga, Nkhatabay, Salima and Mangochi is a must, as is our longterm plan of turning Liwonde, Kasungu, Bangula and Luchenza into secondary cities. Knowing that Government cannot achieve this alone, I invite our Development Partners and the Private Sector to engage my Administration on partnering up in this area. These investments in governance decentralization, reform and digitization are designed to accelerate the delivery of our promise to create jobs, wealth, and food security.

#### **IV. The state of change for the Citizenry**

**Madam Speaker**, this august House is aware that in 2015, the UN Member States including Malawi adopted a shared blueprint for **PEACE** and **PROSPERITY** for the people and the planet; the Sustainable Development Goals (SDGs). Since then, Malawians have faced numerous challenges that threaten their attainment of SDGs. More recently, the report by UNDP entitled "Leaving No

One Behind: Impact of COVID-19 on the SDGs” indicates that the long term social and economic impact of the Pandemic is increasing inequality and significantly affecting the realisation of the SDGs and the *2030 Agenda*. The poverty gap is therefore set to rise, with 80 percent set to be pushed into extreme poverty if there is no intervention.

However, there is potential to exceed the development trajectory with an ambitious but feasible set of targeted investments in governance, green economy, and digitization among others. The combination of bold policy choices and investments made domestically and supported by the international community would help us achieve human development sooner and reach the SDG targets.

**Madam Speaker**, with this recognition, our intervention in this environment has saved lives and livelihoods. In line with the policy of not leaving anyone behind (SDG 1) and End Hunger, achieve food security (SDG 2), we remain committed to addressing all forms of poverty in the country. The National Social Support Policy aimed at providing a coordinated and multidimensional approach towards implementation of social protection programmes is under review.

In this context, **Madam Speaker**, you will recall that I had mentioned at the outset that another accelerator we will be investing in to speed up the delivery of jobs, wealth, and food security is the development of human capital to maintain a healthy, skilled, educated, informed, environmentally safe, and unified citizenry. Please allow me to touch on the facets of this second delivery accelerator in assessing the physical, social, and mental capacity of our citizens to run towards the promised land of jobs, wealth, and food security.

As the biblical story of the Israelites teaches us, it is no use to bring a people to the gates of the promised land if they do not have the capacity to fight for it and possess it. We must understand that even though God instituted Government to create the conditions for reaching the promised land, no citizen's portion of that land is given on a silver platter. We must accelerate our citizens' possession of it by building their capacity to possess it. For my Administration, developing the capacity of our citizens will focus on specific priorities in line with Malawi 2063 in the areas of health, education, information, land, social welfare and protection, and environmental protection.

### ***Priorities in Health***

**Madam Speaker,** in my first State of the Nation Address, I committed my Administration to the goal of ensuring that there is a health service every 5 km radius. For this to happen, we intend to pursue the ambition I set last year to construct 900 Health Posts and staff accommodation in hard-to-reach areas by the year 2022. In the meantime, at community level, we will continue promoting and strengthening the use of digital health through an integrated Community Health Information System that promises to transform community health care delivery and harmonize all community health data.

**Madam Speaker,** through circumstances beyond our control, we have had to make the war on Covid-19 pandemic a top priority for the protection of Malawians. The second wave of the pandemic, which started at the end of December, 2020 up to April, 2021, was particularly devastating and claimed more than 1,150 lives. As a result, I declared a state of national disaster

on 12th January 2021 to facilitate optimal multi-stakeholder response and reverse the trend in both cases and deaths. To respond to the pandemic, Government developed and implemented the National Coronavirus Disease (COVID-19) Preparedness and Response Plan, which outlines operational procedures for preparedness and response to the pandemic based on identified risks. To capacitate our response systems, I ordered the Treasury to release MK17.5 billion for the mitigation of the pandemic. This was in addition to the MK7.5 billion and MK6.2 billion allocations made previously. As this august House is aware, I personally ordered an audit of the MK6.2 billion Covid-19 funds following a report by the Ombudsman about indications that some of the funds had been abused. Once the independent audit report was out, my Administration was then able to take actions based on evidence presented to me, including dozens of arrests. In my public announcement of those actions, I also announced that other public funds would be audited as well so that the evidence can be used to identify and clear more rubble from the state machinery.

As part of our fight against Covid-19 pandemic, my Administration successfully rolled out a nationwide Covid-19 vaccination program in March this year. As of yesterday, about 325,797 people had been vaccinated across the country. More avenues for securing additional vaccines are being explored, for I have categorically refused to let our citizens be inoculated with expired vaccines. If it's not good enough for use in the northern hemisphere, then it's not good enough for use in the southern hemisphere.

## ***Priorities in Education***

**Madam Speaker,** in my maiden State of the Nation Address, I committed my Administration to the implementation of our manifesto pledge to make primary education compulsory to ensure that no child is left behind. This pledge aligns with *Malawi 2063's* concept of 12 years of compulsory basic schooling for all children. This is a pledge we are committed to honor, just as we have honored our pledge to unbundle the University of Malawi by gazetting the 4th May 2021 as the commencement date of the stand-alone universities. We have also successfully increased the enrolment into the university from 36,000 students in the 2019/2020 academic year to 45,809, which is no mean achievement in a year of Covid restrictions. Our target is to hit an enrollment of 48,000 in the 2021/2022 fiscal year. Meanwhile, our quest for funding for the construction of Mbelwa University for the study of animal sciences is underway.

Additionally, in the 2021/2022 financial year, we will accelerate the completion of school infrastructure projects, including Chikwawa, Mchinji and Rumphi Teacher Training Colleges, and the expansion of Domasi College of Education with support from JICA. Just two days ago, I presided over the commencement of the construction of 200 rural secondary schools under Secondary Education Expansion Development (SEED) Project in partnership with the US Government, which will especially be a game changer in affording the girl child a door of escape from the horrors of early marriage, early pregnancy, sexual violence, and HIV infection.

## ***Priorities in Lands, Housing and Urban Development***

**Madam Speaker,** you may recall that I directed a halt to the implementation of the 2016 Land Act and ordered a review of the same. The review was done and the newly reviewed land laws will go into force in the 2021/2022 financial year.

**Madam Speaker,** you may also wish to know that my Administration is committed to the provision of decent housing to public servants. As such, we have started the construction of 10,000 houses for security institutions as follows: 4,000 for Malawi Defence Force, 4,000 for Malawi Police Service, 1,000 for Malawi Immigration Services and 1,000 for Malawi Prison Service. Going forward, my Administration will also do the following:

- We will designate 5,000 hectares of land to Malawi Investment and Trade Centre (MITC) in the next five (5) years for allocation to investors;
- We will finish developing the Land Information System which will record 52,000 hard copy files from all regional land offices for better land management; and
- We will recapitalize the Public Service Housing Scheme and Review the Public Service Housing Scheme Treasury Fund Order so that public servants can access mortgage loans to build their own houses.

## ***Priorities in Youth, Gender and Social Welfare***

**Madam Speaker,** the development of the capacity of our nation's youth and women is an indispensable accelerator of our delivery of the priority outcome of creating jobs, wealth, and food security. Toward that end, my Administration has done the following:

- We implemented an Out of School Youth Functional Literacy Program at 174 learning centers to provide alternative learning opportunities to the youth in Nsanje, Chikwawa, Thyolo, Machinga, Nkhota-kota, Nkhatabay, Salima, Dedza and Mangochi, with an enrollment of 5,200 learners;
- We commenced the construction of skills centres under the Jobs for Youth (J4Y) Project in 4 training institutions namely Gara Community Technical College (CTC) in Karonga, Mbandira CTC in Nkhota-kota, Naminjiwa CTC in Phalombe and Neno Integrated Youth Development Centre; and
- We commenced the construction of the Griffin Saenda Indoor Sports Complex at Area 48 in Lilongwe city, scheduled for completion by August, 2021.

**Madam Speaker,** going into the 2021/2022 financial year, my Administration will begin implementing the National Youth Service I promised Malawians during the campaign. Its purpose



will be to foster civic engagement, national identity, skilling and job creation for the youth, and recovery and rehabilitation. I must also mention that in the context of the roll out of the National Youth Service, we will continue existing initiatives for the skilling of our youth. These initiatives will include expansion of seven national Technical Colleges namely Soche, Nasawa, Lilongwe, Salima, Namitete, Mzuzu and Livingstonia. We will also work with the European Union to enable Community Technical Colleges to equip more youth with technical, entrepreneurial and vocational skills, as well as to unlock employment opportunities for them through our Job Centers.

### ***Social Protection***

**Madam Speaker,** Government continues to reach out to the poorest and most vulnerable Malawians in rural areas through the Social Cash Transfer Programme, with a registered total of 293,000 households and Enhanced Public Works Programme of 10,000 registered households. As a result of our intervention in this manner, our most vulnerable citizens are still able to put food on their tables.

Additionally, my Administration implemented a Covid 19 Urban Cash Intervention targeting the four cities of Blantyre, Lilongwe, Zomba and Mzuzu. Approximately 160,000 households in the four cities have received cash transfers of K35,000 each for 3 months between January and April 2021, which has cushioned those who depend on a daily wage or petty trading to survive.

Even so, for the sake of sustainability, we are complementing these social protection measures with graduation type



interventions. The idea is for us to pursue the reform of shock-sensitive social protection system so that, over time, the need for year-on-year emergency response is reduced. At the same time, we are scaling up the electronic payment system used for social protection programmes to ease transactions and cut out fraud. Parallel to this, we will continue to roll out the Unified Beneficiary Registry System with the aim of consolidating and harmonizing the targeting and enrolling of beneficiaries into different Social Protection programmes so that no ward that needs this intervention is missed.

### ***Priorities in Information & Civic Education***

**Madam Speaker,** to prepare our citizens for the work of harvesting the fruits of the seeds we are sowing today, we must harness an informed citizenry. This is why my Administration has taken the bold step of operationalizing the Access to Information Act to make Government accountable to the public in the spirit of servant leadership.

Under the Ministry of Civic Education and National Unity, we have launched the National Civic Education Policy and disseminated educative information regarding COVID-19 response and preventative measures. Going forward, we will continue reintroducing Civic Education in our schools to raise a generation of patriotic citizens.

### ***Priorities in Climate Change & the Environment***

**Madam Speaker,** *Malawi 2063* places emphasis on the need to look after the environment as a key to sustainable development. In pursuit of this, my Administration has led the way in

promoting sustainable waste management practices in the country and instilling a culture of cleanliness and positive behavioral change. I personally designated the second Friday of every month as a National Clean-Up Day, and I thank all Malawians for their enthusiasm to be a part of it.

However, one environmental challenge of great concern to me is the depletion of our forests and loss of our biodiversity through the wanton cutting of trees and burning of charcoal. I have no kind words for this state of things, for if we continue destroying our own environment, we are courting trouble for ourselves and even more for our children. To counter this, my Administration has overseen the implementation of activities on the phase-out of Ozone Depleting Substances, the integration of environmental considerations into programmes, the planting of over 55 million trees, and the patrolling of our forests and reserves, all of which we intend to scale up going forward. We also plan to facilitate the establishment and operationalization of the Malawi Environmental Protection Authority (MEPA), finalize Atomic Energy regulations, protect 88 forest reserves and 20 state owned industrial plantations and complete the review of the Forest Act.

**Madam Speaker,** of necessity in the management of our environment and natural resources during the fiscal year ending was a focus on water resources management and development through, among others:

- The construction of the North Rukuru River flood protection structure in Karonga soon to be completed; and

- Increased coverage of the population with safe drinking water in urban and town centers serviced by the Water Boards from 3.4 million to 3.6 million.

Going into the 2021/2022 financial year, Government initiatives for the management of water resources will include the following:

- Rehabilitating and extending Mangochi Water Supply Scheme and upgrade Liwonde - Balaka Water Supply Scheme under Southern Region Water Board;
- Implementing the Lilongwe Water Supply and Sanitation Project and the raising of Kamuzu Dam 1 to increase water supply and coverage within Lilongwe; and
- Commencing the construction of a new water source to augment the existing water sources for Blantyre City.

## **V. The state of change in the Economy**

**Madam Speaker,** let me now turn to the state of the economy. I will give an account of how the economy has performed in the ten months of my Administration in the broader context of *Malawi 2063* and the narrower context of creating jobs, wealth, and food security.

The aspirations outlined in *Malawi 2063* are anchored on the three pillars of Agriculture Productivity and Commercialization; Industrialization; and Urbanization. Currently the first ten-year implementation plan is being developed. It is around these three pillars that my Administration's future economic policies, strategies and action will centre to ensure that Malawi attains middle income status by 2030.

**Madam Speaker,** at this point let me restate the obvious that a significant number of economic activities in this country occur in the informal sector outside the regulated and recorded economy. In addition, the structure of the economy has been changing overtime. To take these realities into account, in 2020 the Government rebased its Gross Domestic Product (GDP) from using 2010 as the base year to using 2017 as the base year. Consequent to this development, the economy's GDP rose from MK6.05 trillion (i.e. US\$8.3 billion) to MK8.1 trillion (i.e. US\$10.9 billion), representing a 34 percent jump in the size of the economy. Before rebasing, Malawi's debt stock of MK3.7 trillion was equivalent to 62.1 percent of GDP. After rebasing, the same debt stock was equivalent to 45.7 percent which, of necessity, improved Malawi's measure of debt sustainability.

Another development of economic significance that took place during the year relates to the decision of Government in December 2020 to change the fiscal year from starting on 1st July of each year to 1st April of each year. This change will take effect from 1st April 2022 and will ease Government's ability to fund public institutions involved in the agriculture production cycle. This follows the realisation that budgets appropriated in

June and implemented from July are late for timely provision of resources for importation of agricultural inputs. Besides the new fiscal year will facilitate early funding of ADMARC and National Food Reserve Agency (NFRA) to compete favourably in purchasing smallholder agricultural produce.

### ***Economic Performance***

**Madam Speaker,** during my maiden State of the Nation Address, I informed this august House that in 2020, the economy would grow in real terms by 1.9 percent as measured by Growth Domestic Product, down from an initial estimate of 5.5 percent, following the onset of the first wave of Covid-19. This growth rate was however revised downwards again to 1.5 percent in August and 0.9 percent in October 2020 due to the second wave of the Covid-19 pandemic.

**Madam Speaker,** the spread of Covid-19 pandemic and its attendant containment measures including partial lockdown and decongesting of workplaces had significant impact on the economic performance of the different sectors of the economy including tourism and accommodation; transportation and storage services; wholesale and retail trade; and the manufacturing sector. By contrast, the agriculture sector demonstrated remarkable resilience under the same pandemic conditions, and registered a positive, though modest, growth rate of 0.9 percent in 2020.

Going forward, the 2021 economic growth rate is projected at 3.8 percent, down from 6.1 percent on account of the resurgence and persistence of Covid-19 for most of the year. This lower revised growth rate originates from estimated lower growth rates

of most sectors of the economy, particularly the manufacturing sector, the construction sector, the wholesale and retail trade sector, and transportation. However, Agriculture remains the main driver of the projected growth in 2021 on account of the rolling out of the Affordable Inputs Programme (AIP). Crop production which grew by only 3.4 percent in 2020 is expected to accelerate to 7.1 percent growth in 2021, reflecting the level of success brought about by the AIP, a success which every well-meaning Malawian ought to applaud.

### ***Monetary Policy***

**Madam Speaker,** the Government's monetary policy in 2020/2021 was aimed at maintaining single-digit inflation, ensuring a stable exchange rate and providing space for supporting economic recovery. As such, the policy rate was reduced from 13.5 percent to 12 percent during the financial year as one way of mitigating the impact of the Covid-19 pandemic on the economy. Government's ultimate goal was to stabilize inflation at 5 percent, but continued pressure on the exchange rate as a result of the pandemic affected performance of merchandise trade negatively. Consequently, the Kwacha depreciated by 2 percent in the first quarter of 2021, which was exacerbated by an average domestic increase in fuel pump price of 11.25 percent, and electricity tariff increase of 10 percent. These three factors exerted pressure on inflation rate which rose to an average of 8.5 percent during the year.

**Madam Speaker,** during the year, inflation remained contained within single digits. The headline inflation rate, i.e. year on year inflation for March 2021 stood at 9.4 percent compared to 9.8 percent registered in March, 2020. Much of the price movements

are driven by food prices as reflected in food inflation of 11.7 percent and non-food Inflation rates of 6.9 percent in the same month. Although movements in global petroleum prices and the weakening of the Kwacha relative to foreign currencies put pressure on prices, the country has been experiencing a decline in inflation due to, among other things, availability of food. Although international oil prices are projected to continue rising and the Kwacha to continue depreciating in line with the projected trade deficit, the anticipated bumper yield will abate pressures on food inflation. As a result, annual average inflation projection for 2021/2022 is pegged at 8.4 percent.

**Madam Speaker,** our domestic foreign exchange reserves accumulation has also been affected by the Covid-19 pandemic and the gross official foreign exchange reserves remain below pre-pandemic levels. The Gross official foreign exchange fell to US\$410.16 million, equivalent to 1.96 months of imports, as of end-March 2021 from US\$574.26 million, which is equivalent to 2.75 months of imports recorded at the end of the fourth quarter of 2020. However, the foreign exchange situation is expected to improve owing to the onset of the agricultural marketing season including the ongoing tobacco marketing, and proceeds from the structured gold market which the Reserve Bank of Malawi has set up in conjunction with the Export Development Fund (EDF).

### ***Fiscal Policy***

**Madam Speaker,** during the past three years, fiscal deficits have been widening, from 4.6 percent of GDP during the 2018/19 fiscal year to 8.8 percent of GDP during the 2020/21 fiscal year,



resulting in the rise of the public debt stock. The widening fiscal deficit is largely attributed to growth in expenditure that is beyond available resources, which has forced Government to turn to domestic borrowing, with consequences for the real sector in the form of crowding out effects and higher interest rates. To address the fiscal gap, Government, through a new Domestic Revenue Mobilisation Strategy, will focus on enhancing tax compliance and enforcing and expanding the tax net through formalisation of the informal sector.

**Madam Speaker,** during the 2020/2021 fiscal year, my Administration expanded the tax-free band from MK45,000 to MK100,000. In addition, my Administration increased the minimum wage from MK35,000 per month to MK50,000 per month for workers other than domestic workers whose minimum wage was raised to MK38,000 per month because they already get other benefits from their employers such as food and sometimes accommodation. These income-enhancing measures are a fulfilment of my campaign promise to build a new Malawi in which working Malawians have more money in their pockets and prosper together.

### ***Public Finance Management***

**Madam Speaker,** I would like to inform the august House that Government is determined to promote transparency, accountability, fiscal discipline, efficiency and effectiveness in the use and management of public resources. I will therefore not abide the abuse of public resources by those charged with the responsibility of managing them. Consequently, to safeguard



and protect public resources from abuse, I am directing the Minister of Finance to finalize the review of the Public Finance Management Act with urgency to ensure that it is tabled in this august House before the end of this fiscal year. The revised Act should provide a robust and comprehensive public finance management framework that must effectively address the current shortfalls and challenges.

**Madam Speaker,** in line with my SUPER Hi-5 pillar of Prospering Together, the National Economic Empowerment Fund (NEEF) Limited will continue with the loan disbursement, targeting women and the youth. I am happy to announce that the loan portfolio will increase from the current MK40 billion to MK75 billion in the 2021/2022 financial year.

### **Macroeconomic Programme with IMF**

**Madam Speaker,** as you are aware, the International Monetary Fund (IMF) has been supporting Malawi under the Extended Credit Facility (ECF) programme. The Ministry of Finance has already commenced discussions with the IMF that will lead to negotiations for another programme which will anchor the 2021/2022 fiscal framework and budget. My Administration will ensure that the new ECF programme prioritizes macroeconomic policy objectives aimed at entrenching macro stability and spurring sustainable, inclusive and resilient economic growth. Malawi has been on these programmes for a long time and it is time we come up with a realistic programme that stays on track and achieves its intended purpose.

**Madam Speaker,** I also have some good news for the business community. In order to improve the ease of doing or starting a business in the country, particularly during the 2020/2021 financial year, my Administration completed the procurement of a new Business Registration System for the Department of the Registrar General. This will make it easier and faster for Malawians to register and formalize their businesses. In turn, it will allow businesses to access credit and benefit from my Administration's policies that are aimed at empowering Malawian owned businesses, especially those run by women and the youth.

Furthermore, as part of my Administration's Public Sector Reforms, the Department of the Registrar General is being transformed to become the Companies and Intellectual Property Office. This is designed to make it more vibrant and proactive in promoting the formalization of businesses as well as promoting the generation, protection and exploitation of intellectual property for inclusive wealth generation in line with Malawi 2063. In line with this, the Department of the Registrar General is also currently transforming its operations to make it plain that Malawi is open for business.

## ***Sectoral Performances***

### **Agriculture**

Madam Speaker, when my Administration announced the Affordable Inputs Programme (AIP), some were up in arms with apocalyptic warnings that this was doomed to fail. Thankfully, we ignored the false prophets of doom and delivered a

programme that has reached 3.8 million farming households, the highest number of beneficiaries for any such subsidy programme in the history of Malawi. Preliminary Agricultural Production Estimates indicate that this year maize production increased by 18.3 percent over last year's production: from 3.8 million metric tonnes in 2019/2020 season to over 4.5 million metric tonnes in 2020/2021 season. More significantly the 2020/2021 production level is 42.6 percent above a five-year average of 3.1 million metric tonnes. This is more than sufficient for domestic consumption and a projected surplus of 1.1 million metric tonnes over the country's estimated consumption needs will be exported to boost farmers' incomes. I wish to put it on record that my Administration is not allowing this success to make us complacent. We are already conducting the Malawi Vulnerability Assessment to identify areas of low yields to ensure that those who may be food insecure in the 2020/21 lean season are supported by my Administration.

**Madam Speaker,** although the country recorded 3.8 million metric tonnes of maize in the 2019/2020 growing season, the Malawi Vulnerability Assessment Committee estimated that 2.6 million people would be food insecure in the 2020/21 lean season. I am pleased to report that Government, with support from partners provided relief items to the affected households.

### ***The Tobacco Industry***

**Madam Speaker,** the inconvenient truth about the tobacco industry in Malawi and beyond is that while Malawi has come a long way by relying on tobacco as our main forex earner and the largest single crop contributor to our GDP, this reliance is now

seriously threatened by declining demand worldwide. In fact, this year we anticipate to earn below US\$200 million. This is enough evidence to make us think twice about our economic reliance on tobacco. Clearly, we need to diversify and grow other cash crops like Cannabis which was legalized last year for industrial and medicinal use. I therefore directed Ministry of Agriculture to begin consultations and a radical search for a basket of alternative crops so that by 2030, the Malawi economy can do away with its reliance on tobacco, except in limited cases where there are pre-agreed quotas and prices in an off-take compact agreements trade model.

**Madam speaker,** in the meantime, before we cross that bridge, my Administration has moved a step forward by proposing changes in the labour laws which shall be tabled in this august House very soon. In the same vein, my Administration is also proposing a review of the Tobacco Industry Act of 2019, in a bid to sustain the industry a little longer as we manage our exit from this reliance on tobacco.

### ***Energy***

**Madam Speaker,** my Administration recognizes that industrial and socio-economic development of the country is dependent on access to modern, reliable and sufficient energy. The current available hydro generation capacity averages 200 Mega Watts but declines to as low as 170 Mega Watts. This takes place against a projected demand of around 616 Mega Watts. For this reason, my Administration has maintained the use of emergency diesel generators whose installed capacity now is at 124 Mega

Watts. The use of diesel power generators is without doubt expensive and unsustainable in the long run. Therefore, we are exploring alternative sources of power which are cost effective and sustainable.

**Madam Speaker,** in a bid to increase access to electricity, my Administration is implementing Malawi Electricity Access Project (MEAP), whose target is to connect 400,000 households to the grid. Similarly, the Malawi Rural Electrification Programme (MAREP) Phase 9 will connect at least 40,000 households. Additionally, through the finalization of the Malawi - Mozambique interconnection, Malawi-Zambia interconnection and the Southern Africa Power Pool, we will continue to close the gap between the energy haves and the energy have-nots.

### ***Mining***

**Madam Speaker,** the mining industry in this country may still be in its virgin stages, but my Administration has fully embraced the mining sector as a catalyst for restructuring the economy. But here I must caution that the mining industry in this country is at risk of vicious exploitation by both local and foreign forces with no regard to the sovereignty of this country and its endowed natural wealth.

**Madam Speaker,** in order to bring sanity in the mining industry, my Administration will establish a Mining Regulatory Authority in the course of the 2021/2022 fiscal year. The Bill for the establishment of this Authority is being developed and will be tabled in this august House soon. Additionally, a state-owned

mining company was created last year whose objective is to invest in the mining sector either alone or in partnership with private sector players, in order to increase state participation in the mining sector and ensure that the sector contributes optimally to the socio-economic development of the country.

**Madam Speaker,** during my maiden State of the Nation Address, I did indicate that Malawi exports gold worth an estimated US\$85 million annually to the Middle East and yet nothing comes back as export revenues. In order to curb this malpractice of illegal exports, the Reserve Bank of Malawi has been mandated to facilitate a structured gold market to ensure that export earnings are accounted for and to provide support to small-holder mining operators with bankable employment opportunities. This structured market has already started working and proving to be a very important and key economic diversification revenue avenue for Malawi. Currently the sector accounts for between 1 percent and 3 percent of GDP, but its formalization has the potential to change the structure of the Malawi economy significantly.

### ***Trade and Industry Development***

**Madam Speaker,** in the year under review, my Administration, among other interventions, implemented the following measures to boost commerce and trade:

- Completed the development of the National Export Strategy II (2021-2026) to increase exports as a percentage of GDP from 14.6 percent to 18 percent;

- Ratified the African Continental Free Trade Agreement which will enable the country to access the African Continental Free Trade Area with its products; and
- Completed the construction of a One-Stop Border Post at the Mchinji/Mwami-Zambia border which will ease cross-border trade between Malawi and Zambia.

**Madam Speaker,** in recognizing the challenges faced by private sector firms in accessing finance, my Administration developed and launched various export development financing facilities to support private sector organizations with financing for export development, including export packaging credit facility, venture capital facility, contract farming and agriculture export facility.

**Madam Speaker,** My Administration inherited arrears owed to private sector for the supply of goods, works, and services amounting to MK228 billion. Coupled with the impact of Covid-19 on private sector operations, these arrears certainly deprived these economic operators of necessary liquidity. In order to re-energise the sector, my Administration is settling these arrears in cash for smaller amounts and by promissory notes for large amounts. It is my Administration's considered view that the jobs we promised to create each year are possible through a vibrant private sector that is enabled by business-friendly Government policies like mine.

**Madam Speaker,** in order to promote Micro, Small and Medium Enterprises (MSMEs), you may recall that in my Policy Speech to the nation on 28th March 2021, I directed all public



institutions to procure goods, works and services from local MSMEs including those owned by marginalized groups. In this regard, I would like to urge MSMEs to respond to this gesture by improving the quality and standard of their goods and services and registering with relevant Government institutions to become formal and benefit from more services from Government.

## ***Transport and Public Works***

### **Road Transport**

**Madam Speaker,** transport infrastructure and public works has been identified as an accelerator of economic activities. There can be no exchange of goods and services without transport infrastructure. In the next financial year, my Administration will commence construction and rehabilitation of several road projects including the following:

- Expansion to dual carriageway of the M1 road from Crossroads Roundabout to Alimaunde in Kanengo, at a total cost of US\$25 million through a grant from the People's Republic of China;
- Expansion to dual carriageway of the M1 Road Section between Lilongwe Hotel and Lilongwe CCAP estimated to cost about US\$ 30 million with a grant from the Japanese Government. The stretch between Lilongwe Hotel and Crossroads Roundabout will be financed locally;



- Expansion to 6 lane of Kenyatta Drive and Mzimba Street at an estimated cost of MK30 billion;
- Rehabilitation of the M1 Road from Kamuzu International Airport Junction to Mzimba Turn Off and from Kacheche to Chiweta at an estimated cost of 195 million Euros co-financed by the European Investment Bank and the Malawi Government;
- Rehabilitation of the Nsipe – Liwonde Road at an estimated cost of US\$30 million financed by the African Development Bank; and
- Construction of Toll Plazas on the M1 Road at Chingeni in Ntcheu district and Kalinyeke in Dedza district at an estimated cost of MK4.2 billion.

**Madam Speaker,** additionally, my Administration will use part of the MK1 trillion Infrastructure bond which will be raised on the local market to rehabilitate and upgrade the following eight roads:

- Nsanje - Marka Road – Completing upgrading to paved 28 kilometres;
- Dzaleka - Ntchisi - Mpalo - Malomo Road upgrading to paved road covering a distance of 70 kilometres;
- The M5 Balaka Market - Kaphatenga – Dwangwa Mukwiya (Nkhatabay) – rehabilitation covering a distance of 469 kilometres;

- Ntcheu - Tsangano - Neno – Mwanza – upgrading to paved road covering a distance of 132 kilometres;
- Jenda - Edingeni – Engalaweni – Manyamula – Mzimba Road – upgrading to paved road covering a distance of 96 kilometres. We will also commission the design and construction of the other stretch from Edingeni-Kamchocho-Euthini-Mpherembe-Rumphi as this road has a huge significance in this agricultural rich area;
- Lirangwe - Chingale - Namatunu – Machinga Road upgrading to paved road covering a distance of 62 kilometres;
- Rumphi - Nthalire - Nyika – Chitipa Road upgrading to paved road covering a distance of 260 kilometres;
- Chikwawa - Chapananga – Mwanza Road upgrading to paved road covering a distance of 106 kilometres; and
- Mzimba-Eswazini-Mzarangwe-Kafukule-Njakwa Road upgrading to paved road covering an extra distance of 120km from the current construction project.

### ***Rail Transport***

**Madam Speaker,** let me now turn to railway transport infrastructure. my Administration will resuscitate the Sena Corridor Railway from the Port of Beira in Mozambique to Limbe. This will involve rehabilitation and upgrading of the 201 kilometre Limbe – Marka railway section. The funding of these

works will also come from the MK1 trillion Government bond. In addition, my Administration will prioritize the construction of the Salima-Tunduma Railway-line under the Build Operate and Transfer Model following review of the relevant laws to make this happen. Meanwhile, a feasibility study of this railway will start as a matter of urgency. Still on railway lines, we will also commence construction of a 170 metre long Rail – Road bridge across the Ruo River.

### ***Lake Services***

**Madam Speaker,** my Administration will also finalize the construction works on a MK10 billion Port at Likoma Island which will include a landing facility at Chizumulu Island, in addition to improvements of earth roads within Likoma community Island.

### ***Air Transport***

**Madam Speaker,** my Administration is determined to bring back the glory that our flagship airline once enjoyed. Specifically, we plan to do the following:

- Finalize the establishment of the Malawi Civil Aviation Authority to regulate the air transport sub - sector. We will have a fully-fledged Civil Aviation Authority by June, 2022;
- Recapitalize Malawi Airlines; and
- Review and correct imbalances in any business relationships between the airline and other entities.

**Madam Speaker,** as part of our efforts to ensure quality infrastructure in the country, my Administration is, among other measures, revising the National Construction Industry Act of 1996 and its subsidiary regulations to be in line with AU's Agenda 2063 and the Africa Continental Free Trade Area. We will also strictly enforce Malawian construction firms Order of 2014 which requires foreign firms to either partner in a Joint Venture arrangement or subcontract at least 30 percent of the works by volume or value to local Malawians.

### ***Future Prospects***

**Madam Speaker,** the future of Malawi looks bright. In 2022, the economy is expected to rebound and grow by 5.4 percent. Conditional on easing of Covid-19, this growth will be supported by the rebounding of sectors such as manufacturing, transportation, construction, and wholesale and retail as Covid-19 gets contained and the economy becomes more resilient. The rolling out of Covid-19 vaccines in Malawi and other countries is expected to finally contain the pandemic and allow for economic activity to get back to normal, thereby setting in motion the recovery process for the global, regional and local economies. Equally important in 2022 is the expected high growth in the agriculture sector which is anticipated to reach 6.2 percent.

This growth will be facilitated by increased demand for crop and animal products and improvements in the implementation of the AIP programme which will be in its second year. Consequently, crop output is expected to grow by 6.7 percent and animal

production by 7.3 percent. This is the kind of growth that should give us all hope, the kind of growth we can build on to foster growth in other areas, the kind of growth we can use to accelerate the change Malawians fought for, the kind of growth we can use to inspire the SADC region when we assume its chairmanship this August. The time is now.

God bless you for listening and God bless Malawi.