REPUBLIC OF MALAWI

2024 ECONOMIC AND FISCAL POLICY STATEMENT

Issued by the Honourable Minister of Finance and Economic Affairs

in terms of Section 27 of the Public Finance Management Act No 4 of 2022

Ministry of Finance and Economic Affairs
P.O. Box 30049
Lilongwe 3
Malawi.
Tel. (265) 1 789 355
Fax (265) 1 789 173/ 788 151
Website: www.finance.gov.mw

TABLE OF CONTENTS

ACRONYMS iii
I. INTRODUCTION 1
II. ECONOMIC POLICY ENVIRONMENT 1
a) Malawi 2063 (MW2063) 1
b) MW2063 First 10-Year Implementation Plan (MIP-1) 1
c) The 2030 Agenda on Sustainable Development Goals (SDGs) 2
d) The Public Sector Investment Programme (PSIP) 2
e) Extended Credit Facility 3
f) Public Debt Management 3
III RECENT DEVELOPMENTS 4
a) World Economic Outlook 4
b) Economic Outlook for Sub-Saharan Africa (SSA) Region 4
c) Economic Outlook for Malawi 5
d) Price Developments 6
IV. MEDIUM-TERM ECONOMIC POLICIES 7
a) Monetary Policy 7
b) Exchange rate Policy 7
c) Financial Sector Development Policies 8
d) Fiscal Development and Policies 9
V. STRUCTURAL AND SECTORAL REFORMS 10
a) Public Finance Management Reforms 10
b) Revenue Policy Reforms 11
c) Budget Reforms 13
d) Monitoring and Evaluation (M&E) Reforms 14
e) Poverty Reduction and Social Protection (PRSP) Reforms 14
VI. ECONOMIC GROWTH SECTORAL REFORMS 15
a) Agriculture 15
b) Energy, Climate and Natural Resources 18

i. Energy 18
ii. Mining 21
iii. Fisheries sector 23
c) Industry and Trade 23
d) Tourism 25
e) Transport and Public Works 27
f) Labour and Employment Sector 31
g) Lands 33
VII. CONCLUSION 34
FIRST SCHEDULE 36
ECONOMIC AND FISCAL DATA 37

ACRONYMS

AfDB	African Development Bank
AML	Anti-Money Laundering
ASM	Artisanal, Small and Medium
CFT	Combating Financing of Terrorism
CSPWP	Climate Smart Public Works Programme
DPs	Development Partners
ECF	Extended Credit Facility
EFPS	Economic and Fiscal Policy Statement
FY	Fiscal Year
GDP	Gross Domestic Product
HN-MIS	Harmonized National Management Information System
IMF	International Monetary Fund
LMIS	Labour Market Information System
MDAs	Ministries, Departments, and Agencies
MIP-1	Malawi 2063 First 10 Year Implementation Plan
MK	Malawi Kwacha
MMRA	Mines and Minerals Regulatory Authority
MW	Mega Watts
MW2063	Malawi 2063
NES	National Export Strategy
OPEC	Organization of the Petroleum Exporting Countries
OSHW	Occupation, Safety, Health and Welfare
PFM	Public Finance Management
PSIP	Public Sector Investment Programme
PVHES	Plant, Vehicle Hire and Engineering Services
RBM	Reserve Bank of Malawi
SATCP	Southern Africa Trade and Connectivity Project
SDGs	Sustainable Development Goals
STR	Simplified Trade Regime
SVTP	Shire Valley Transformation Program
TEVET	Technical, Entrepreneurial and Vocational Education and Training
VNRs	Voluntary National Reviews

I. INTRODUCTION

1. **The Economic and Fiscal Policy Statement (EFPS) is issued in fulfillment of the requirement of Section 27 of the Public Finance Management Act (2022).** This document seeks to inform and share with various stakeholders the economic and fiscal policies that will anchor the economy over the short to medium term. It broadly specifies strategic priorities by which Government will be guided in preparing budget estimates.

II. ECONOMIC POLICY ENVIRONMENT

a) Malawi 2063 (MW2063)

2. **MW2063 is the long-term national development blueprint guiding the development trajectory to the year 2063**. By 2063, Malawi aspires to be an industrialized upper-middle-income economy. This aspiration is anchored by three (3) key pillars, namely: Agricultural Productivity and Commercialization, Industrialization and Urbanization; and seven (7) enablers, namely: Mindset Change, Effective Governance System and Institutions, Enhanced Public Sector Performance, Private Sector Dynamism, Human Capital Development, Economic Infrastructure, and Environmental Sustainability.

b) MW2063 First 10-Year Implementation Plan (MIP-1)

3. **In the first year of MIP-1 implementation, 2021-2022, significant progress was made in ensuring the enactment of bills and development of policy frameworks** for the effective and efficient implementation of MIP-1 interventions. However, the implementation of subsequent MIP-1 interventions were slow due to a combination of endogenous and exogenous shocks such as local implementation capacity challenges, Covid-19 pandemic, climatic shocks, the Russia-Ukraine conflict and low productivity of various economic sectors.

4. **Going forward, Government will continue, with the required urgency, backstopping implementers' efforts in executing the planned catalytic interventions as highlighted in MIP-1 and beyond**. It will therefore, continue engaging all state and non-state actors to support them deliver all MIP-1 catalytic interventions on time especially those that help to create wealth in the shortest time possible.

c) The 2030 Agenda on Sustainable Development Goals (SDGs)

5. **Government is committed to implementing the global Agenda 2030 through the implementation of the 17 SDGs.** In 2024/25 Fiscal Year (FY), Government will continue mobilising adequate resources to support SDGs implementation, monitoring and reporting through the Voluntary National Reviews (VNRs) process to ensure successful implementation of the SDGs.

d) The Public Sector Investment Programme (PSIP)

6. **Government will continue to provide a framework for planning and scheduling development projects and programs in Malawi.** In the 2023/24 FY, a total of 204 projects were submitted by Ministries, Departments, and Agencies (MDAs) for budget consideration, of which, 141 were ongoing projects were prioritized. In the 2024/25 FY, priority will continue to be given to ongoing projects to ensure completion.

7. **In light of the limited fiscal space, the PSIP will continue to promote private sector investments** through public-private partnerships (PPPs) and issuance of local currency infrastructure development bonds to finance infrastructure projects, such as roads and energy.

8. **To enhance the country's adaptation and resilience to climate shocks, the PSIP will continue to implement climate-resilient infrastructure projects**

and promote development of green projects in sectors such as agriculture, water, energy and tourism.

e) Extended Credit Facility

9. **Government secured a 4-year arrangement under the International Monetary Fund (IMF) Extended Credit Facility (ECF)** in an amount equivalent to US$174 million. The ECF approval will unlock financial resources from other Development Partners (DPs) such as World Bank, European Union, and African Development Bank, among others. The resources from the DPs will be provided as budget support and through purchase of fertilizer, maize, pharmaceuticals, and importation of raw materials for the private sector. Overall, the ECF will support Government's macroeconomic adjustment and reform agenda aimed at restoring macroeconomic stability and building a foundation for inclusive and sustainable growth.

f) Public Debt Management

10. **Government is committed to restore public debt sustainability in the medium term through fiscal consolidation and debt restructuring**. To this end, the Government is currently engaging its creditors to ensure that the required debt treatment is achieved. It will also continue to implement fiscal adjustment and pursue measures to strengthen public debt management while seeking grant support from development partners.

11. **Regarding foreign borrowing, Government will ensure it is borrowing on concessional terms with the aim of achieving external debt sustainability in the medium term**. Semi-concessional loans will only be contracted to finance projects with higher rate of return.

12. **Furthermore, Government is committed to adhere to the implementation of the Medium-Term Debt Management Strategy (MTDS)** as well as the Annual Borrowing Plan(s) in line with Sections 71 and 72 of the Public Finance Management (PFM) Act of 2022 to ensure prudent and responsible contraction of new debt.

III RECENT DEVELOPMENTS

a) *World Economic Outlook*

13. **According to the International Monetary Fund (IMF) October 2023 World Economic Outlook report, Global economic activity is slowly recovering** but still lower than the pre-pandemic levels with inflation significantly slowing down. The performance is attributed to the long term consequences of the Covid-19 pandemic, Russia-Ukraine war, increasing geo-economic fragmentation and cyclical interventions like tight monetary policy to reduce inflation.

14. **Global growth is therefore forecast to slow down from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024.** The projections reflect significant changes in the underlying growth trajectories of major economies.

15. **Global inflation is forecast to steadily decline from 8.7 percent in 2022 to 6.9 percent in 2023 and 5.8 percent in 2024.** The declining trajectory in global average inflation is partly a result of tight monetary policy and more significantly, decreasing international commodity prices. In low-income developing countries, inflation is on average projected to be in double digits and is not expected to fall until 2024.

b) *Economic Outlook for Sub-Saharan Africa (SSA) Region*

16. In the Sub-Saharan Africa (SSA) Region, real economic growth for 2022 is 4.0 percent. The growth is projected to slowdown in 2023 to 3.3 percent before

picking up to 4.0 percent in 2024. The decline in growth outlook reflects the impact of worsening weather shocks, the global slowdown and domestic supply issues experienced in the energy sector.

c) Economic Outlook for Malawi

17. **In 2022, Malawi's economy experienced a slower growth of 0.9 percent from a growth of 4.6 percent in 2021.** The 2022 performance was a result of a number of shocks that the country experienced. The insufficient supply of foreign exchange led to the devaluation of the Malawian Kwacha which caused severe reduction of imports, worsened inflationary pressures, and an increase in the cost of imports, thereby negatively affecting the agriculture, manufacturing, transportation, wholesale, retail and trade sectors which largely depend on imports.

18. **Fuel shortages and adverse weather conditions such as late rains and Cyclone Anna resulted in infrastructural damage to Kapichira Power Plant**, which affected sectors that depend on electricity such as the manufacturing. The effects of the Russia-Ukraine war disrupted the supply of commodities, resulting in increased prices of essential commodities such as oil, fertilizer, grains, and pharmaceuticals.

19. **Growth is expected to pick up in 2023 to 1.5 percent from a low of the 0.9 percent registered.** The growth in 2023 is attributed to the improvements in the electricity industry arising from the rehabilitation of Kapichira Power Plant, which has also led to some improvements in the related industries. However, the estimated slower growth is on account of weather-related natural disasters such as Cyclone Freddy, which damaged infrastructure, crops and livestock, resulting in reduced production in industries such as Agriculture, Real Estate and Transportation. Persistent foreign exchange shortages have also continued to

negatively affect the importation of inputs and commodities by the private sector, while acute and frequent fuel shortages have negatively affected the transportation industry.

20. **Looking forward to 2024, a gradual economic growth recovery of 3.2 percent is projected on account of the improvements in the availability of foreign exchange.** As such, the importation of inputs and commodities necessary in the productive industries of the economy, such as agriculture, manufacturing, wholesale and retail is expected to spur growth. Furthermore, political campaigns expected in 2024 will improve economic activities in industries such as construction, transportation and storage, professional and administrative services. Developments in the energy sector, and completion of major construction works will also contribute to the projected 2024 growth.

d) Price Developments

21. **Prices in 2023 have continued to be on an upward trajectory, with the end period and annual average inflation rates projected at 35.7 and 29 percent respectively,** higher than the 2022 rates which registered end period inflation of 25.4 percent and the annual average of 20.9 percent. The high inflation in the year was due to the increase in prices of both food and non-food commodities emanating from the negative effects of cyclone Freddy. Other factors include, persistent foreign exchange shortages, which affected the importation of raw materials and commodities by the private sector, thereby reducing production.

22. **Looking ahead to 2024, inflation is expected to slowly decline** with the end period and annual average inflation rates projected at 17.4 percent and 27.1 percent, respectively. The decline in inflation is expected due to a number of factors such as the anticipation of an improvement in agricultural production and

the resumption of the IMF's supported program, which will unlock donor inflows and help address foreign exchange challenges. In 2024, the country is also expected to fully recover from the shocks it experienced in 2022 and 2023.

IV. MEDIUM-TERM ECONOMIC POLICIES

a) Monetary Policy

23. **The Reserve Bank of Malawi (RBM) remains committed to implement tight monetary policy stance** to contain inflationary pressures and attain the medium-term inflation objective of 5±2 percent. The monetary policy framework will thus continue to be forward-looking.

24. **RBM will continue to stabilize short-term interest rates, and keep the interbank rate close to the policy rate in order to improve the transmission mechanism of monetary policy**. In line with this framework and the surge in inflation, the RBM tightened monetary policy stance in 2023 to contain inflationary pressures. Specifically in July 2023, RBM adjusted upwards the Policy rate and the Liquidity Reserve Ratio (LRR) on local currency deposits by 6.0 percentage points and 4.0 percentage points to 24.0 percent and 7.75 percent, respectively.

b) Exchange rate Policy

25. **Exchange rate policy and management will aim at rebuilding foreign exchange reserves and facilitating a market-determined exchange rate.** To this effect, the RBM will target rebuilding foreign exchange reserves to a level that would provide adequate insurance against external shocks.

26. **The Government will continue with the policy for exporters to sell a minimum of 30 percent of their export proceeds to Authorized Dealer Banks (ADBs)** while allowing them to retain 70 percent of the proceeds in their Foreign

Currency Denominated Accounts (FCDAs). This is a short-term policy measure aimed at enhancing availability of foreign exchange on the market.

c) Financial Sector Development Policies

27. **In order to strengthen the regulatory framework of the financial system, Government will continue to review financial sector legislations** including the Insurance Act 2009, the Microfinance Act 2010, the Securities Act 2010, and the Exchange Control Act 1989**.** Government will also continue to review and advance work done on some stalled Bills including the Mortgage Finance Bill 2020, the Medical Aid Schemes Bill 2021, Banking (Amendment) Bill, and Financial Services (Amendment) Bill.

28. **To fight financial crimes, Government has developed a National Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT) Policy (2023).** The Policy will serve as a comprehensive guide in the fight against money laundering, terrorist financing and proliferation financing (ML/TF/PF) in the country. Government will also review the Financial Crimes Act to ensure that it addresses the identified deficiencies in the country's AML/CFT regime and make it consistent with international standards.

29. **The Government remains committed to improving the supply of capital to finance long-term development and capital projects.** It will enhance access to the capital market through specialized awareness programs for issuers of the capital market and facilitate the development of a broad range of financial instruments.

30. **Government in further aims at developing the financial sector and facilitating the mobilization of finance for investments.** Government will thus finalize the development of the National Long-Term Finance Policy and the

National Microfinance Policy. Government will also enforce the implementation of the Financial Sector Development Strategy III and the National Strategy for Financial Inclusion III.

d) Fiscal Development and Policies

31. **Government is committed to continue implementing measures that promote revenue collection and manage expenditures.** In that regard, Government is determined to spend in line with revenue projections to further enhance fiscal discipline. Accordingly, it will continue to enhance the implementation of the Domestic Revenue Mobilization Strategy, rationalizing and prioritizing expenditures and Cash budgeting i.e. prioritizing spending based on actual revenue collected.

32. **Nevertheless, Government is committed to introducing and implementing sound commitment control measures** and implementing well-targeted measures to support low-income households. It will ensure fiscal transparency to promote accountability and prevent corruption.

33. **In addition, Government will continue to implement debt restructuring to reduce the debt burden** and minimize the time within which the economy would suffer from low investment. This will be enhanced by adhering to the annual borrowing plan and containing debt levels to strategic targets.

34. **In the 2023/24 FY, Fiscal Operations faced challenges despite revenue outturn being slightly higher than anticipated.** The overall increase in revenue was primarily due to the increased foreign grants whereas tax revenues were below targets due to the disruptions caused by the shocks like Cyclone Freddy and currency devaluations. Further, there was increased spending aimed at assisting vulnerable households affected by the cyclone Freddy and the impact

of the devaluation. The shocks worsened the 2023/24 preliminary fiscal deficit to 8.3 percent of GDP against a projected 8.0 percent.

V. STRUCTURAL AND SECTORAL REFORMS

a) Public Finance Management Reforms

35. In continuing to improve coordination of Public Finance Management systems and operations, **Government will continue implementing reforms that will ensure:**

    a. Greater fiscal discipline and integrity through compliance with the Public Finance Management Act, 2022 and complementary Laws;
    b. Improved alignment of Public Finance Management contribution to the national development strategy;
    c. Efficient mobilization of resources for better service delivery and overall development of the Nation;
    d. Improved credibility through reduction of the gap between the appropriated and actual budget performance;
    e. Enhanced assurance in and oversight of Financial Management Operations through the Central Internal Audit and National Audit functions respectively;
    f. Enhanced efficiency and control in the management of payroll and pensions; and
    g. Effective management of public debt so that it is within sustainable levels.

36. **To ensure effective implementation of the Public Finance Management Act of 2022, Government has gazetted key regulations** for the same and is currently working on Orders, Treasury and Desk Instructions.

37. **Government will continue to provide oversight on matters of Financial Management.** It recognizes the important role Public Enterprises and Investments play in service delivery and development of the country. Government fully recognizes bottlenecks that some enterprises are facing and has taken steps towards supporting them to improve service delivery including restructuring to sustain and improve financial performance of the Enterprises.

38. **Further, Government has recently launched the Public Finance Management Strategy** which will run from 2023 to 2028. Through the Public Finance Management Rolling Plan, Government has taken deliberate measures to ensure implementing institutions align their annual plans with the strategy.

b) Revenue Policy Reforms

i. Tax Revenue

39. **The Government will endeavour to achieve a progressive tax system by eliminating the unproductive and harmful tax exemptions.** Currently Government has a large number of exemptions in the tax laws that apply to the different sectors of the economy that undermine domestic revenue mobilization efforts. However, Government through the Public Finance Management Act (2022) is committed to maximise domestic revenue mobilization to finance the National Budget.

40. **In addition, Government is reviewing tax laws,** namely the Value Added Tax Act, the Taxation Act, and the Customs and Excise Tax Act to ensure that they are aligned with the best international practice and are able to address the emerging international taxation aspects and challenges.

41. **Government will continue to implement effective revenue mobilization policies that ensure progressivity of the tax system** through the review of

applicable taxes. In order to reinforce a good tax system, Government will implement the principles of "The ability to pay principle" and "The Benefit Principle".

42. **In the same vein, the Government will review the Pay As You Earn income tax** so as to help workers whose incomes have lost value regain through reduced tax burden and ensure that all citizens pay their fair share of taxes in order to reduce the tax expenditure.

ii. Establishment of Revenue Appeals Tribunal

43. **The Government is finalizing the establishment of the Revenue Appeals Tribunal**, an independent body that will be entrusted with the responsibility of settling tax disputes between the taxpayers and the Malawi Revenue Authority (MRA). The main objective is to expedite the processes and ensure fair dispute settlement. The Tribunal is expected to be fully operational by the end of the 2023/2024 fiscal year.

iii. Non-Tax Revenue reform

44. **The Government has developed the Non-Tax Revenue Policy** which will provide guidance in the collection and management of Government revenues collected by the various Ministries, Departments and Agencies (MDAs). The Policy will enhance the contribution of non-tax revenues to the total domestic revenues. This coupled with the digitalization agenda under the National Electronic Payment System Gateway which is under construction will improve efficiency and effectiveness of all the business processes.

c) Budget Reforms

i. The Medium-Term Expenditure Framework (MTEF)

45. **The proposed 2024/25 budget estimates will continue to be preceded by stressful fiscal dynamics due to expenditure pressures in statutory payments following the devaluation of the Malawi Kwacha.** Growth in statutory expenditures especially compensation of employees, interest payments and pensions will affect discretionary budgetary allocations.

46. **Government, in the 2024/25 fiscal year, will continue to focus on reducing domestic debt** largely by keeping expenditures within targeted levels. To achieve this, Government plans to ensure that the budget deficit for the 2024/25 fiscal year is contained at manageable levels. In that regard, Government will effect a modest adjustment to the 2024/25 expenditure ceilings to contain domestic debt to manageable levels.

ii. Compensation of Employees

47. **On compensation of employees, the Government plans to conduct head counting for employees.** This will inform salary adjustments in order to cushion public officers against inflationary pressure emanating from the devaluation**.** Key Ministries Departments and Agencies will be provided with the minimal number for recruitment.

iii. Use of Goods and Services

48. **Due to preparations for elections to be conducted in 2025, the budget line for goods and services will increase.** Further, this will be driven mainly by inflationary prices of goods and services.

iv. Pension and gratuities

49. **Government will reduce the waiting period for payment of gratuities to six (6) months.** In that regard, Government will clear the existing backlog of pensions and gratuities in the 2024/25 FY.

v. Development budget

50. **In the 2024/25 FY, the Government will increase resource allocation for various projects especially ongoing projects.** This will entail cushioning project implementation through refinancing, since the costs of the budgeted goods and services have increased following the devaluation.

d) Monitoring and Evaluation (M&E) Reforms

51. **The Government of Malawi recognizes the importance of accountability and transparency in the discharge of service delivery functions**. In that regard, the Government will embark on efforts to establish a Harmonized National Management Information System (HN-MIS) following development of National Monitoring and Evaluation Policy. HN-MIS will create a user-friendly central repository that integrates or interoperates with the central Management Information Systems from MDAs.

e) Poverty Reduction and Social Protection (PRSP) Reforms

52. In recognition of the adverse and unintended effects of the devaluation on some sections of the population, the **Government will continue negotiating with development partners to enhance the Social Cash Transfer Programs**. Government has increased Social Cash Transfer Benefit Levels by 57 percent and has increased beneficiary coverage from 10 to 15 percent of the population.

53. **Specifically, Government will continue with the implementation of Cyclone Recovery interventions targeting 184,920 households** where beneficiary

households will receive MK150,000 to support consumption needs; re-introduce the Price Shock Urban Emergency Cash Transfer Program targeting 105,000 households in Zomba, Blantyre, Mzuzu and Lilongwe city councils.

54. **Government will increase the wage rate for the Climate Smart Public Works Programme (CSPWP)**. Furthermore, the CSPWP Beneficiary Work Period will be extended by having no breaks between cycles for six months in a year. The number of CSPWP beneficiary households has been increased from the current 362,450 to 520,000 households country wide. The Climate Smart Public Works Program will now be extended to the City Councils to support the participants with their consumption needs.

55. **Government has initiated discussions with the banking sector to consider a short moratorium**, for 3 to 4 months on running financing facilities for SMEs in order to cushion them from the impact of the devaluation.

VI. ECONOMIC GROWTH SECTORAL REFORMS

a) Agriculture

56. Creating an enabling agriculture policy and regulatory environment remains one of the key areas for reform in the sector to enhance development. In that regard, **Government is reviewing and developing the following policies**: National Agricultural Policy of 2016 (NAP) and Development of its Successor Policy; National Agricultural Research and Development Policy and its Strategy; National Irrigation Policy of 2016 and Development of its Successor Policy; and National Seed Sector Strategy and Investment Plan. It is envisaged that the revised policies will effectively set the pace for increased agricultural productivity and commercialization.

57. **Further, Government is developing Fertiliser Regulations, and Seed Regulations** to facilitate full operationalization of the Fertilizer and Seed Act respectively.

58. **Government will also enhance implementation of the subsequent policies and Acts following their enactment:** the National Fertiliser Policy, and the Fertiliser Act; National Seed Policy of 2018 and the Seed Act of 2022;

59. While the Irrigation Code of Practice (ICoP) will continue to provide the minimum standards for irrigation works, services and supplies, Government will continue implementation of the Irrigation Master Plan and Investment Framework.

Implementation of Agricultural Programs and Projects

i. Implementation of the Affordable Inputs Program (AIP)

60. **Government will continue to implement the reformed Affordable Inputs Program (AIP) in the 2024-25 farming season.** The notable policy reforms that will continue include direct procurement of fertilizer from manufacturers and intermediate fertilizer suppliers; and registering productive farming households living out vulnerable households to other social protection programmes such as Social Cash Programme (SCP) and Climatic Smart Public Works Programme (CSPWP).

ii. Technology Development and Dissemination

61. **The Government will continue to identify key strategic issues that impact on agriculture development** and have prioritized high-level actions and strategies for increasing scientific contribution to the development of agriculture in Malawi. Going forward, the Government is connecting science with the

various dimensions and players that are critical for bringing about rapid agricultural transformation.

iii. The Shire Valley Transformation Program (SVTP)

62. **The Malawi Government is implementing the Shire Valley Transformation Program (SVTP) which is one of the flagship programs** and is expected to increase agricultural productivity and commercialization for targeted households in the Shire Valley and improve the sustainable management and utilization of natural resources. About 48,400 households will be supported to improve their disposable income and livelihoods. The implementation of the program in terms of the construction of the intake was delayed as a result of the damages caused by Tropical Storm Ana.

iv. Catchment Management Approach

63. **The Government will continue to implement its activities through the catchment management approach.** Through this approach the Government has registered achievements in area under soil and water conservation, area applied with manures and agroforestry biomass, area under conservation agriculture, area under agroforestry, number of campaigns conducted to increase awareness of climate smart agriculture interventions, number of staff trained in sustainable land management interventions, number of farmers trained in sustainable land management interventions, generation of land resources data – number of maps produced and catchments delineated for proper land use planning.

v. Mega Farms initiative

64. **Government has identified 100 farmers with land holding of not less than 100 hectares that could be supported under the Mega Farm Initiative.** In total, these farmers have a total land holding of about 28,000 hectares and have potential to go into mechanized agricultural production to grow such export

market crops like Tobacco, Soybean, Groundnuts, Beans, Rice, Maize, Avocado, Cherries, Garlic, Ginger as well as in livestock value chains such as dairy, goats, poultry and piggery. Government will continue working through its institutions such as Green Belt Authority, Malawi Defence Force, Prisons and other institutions such as Press Corporation and the private sector to upscale its drive under the Maga Farm initiative.

vi. Cannabis Biomass Projects

65. **Government has focused its efforts on cannabis as a diversification area.** Government is reviewing the Cannabis Regulation Act of 2020 to allow participation of the local cannabis on the international market. On the production side, joint venture negotiations between Government institutions and private sector investors are at advanced stages.

b) Energy, Climate and Natural Resources

i. Energy

Electricity sub-sector

66. **Government will continue its efforts to improve the reliability, efficient supply, and security of power.** The country’s electricity generation capacity stands at 430.8 Mega Watts (MW) of which 269.3MW is from hydro, 53.2 MW is from Diesel generation, 27MW is from Imports and 81MW is from Solar. Below are some of the initiatives being undertaken by the Government.

Mpatamanga Hydropower Plant

67. Government will develop a 350MW Mpatamanga Hydropower plant under a Public Private Partnership (PPP) arrangement. A Relationship Agreement was signed between the Government, Strategic Sponsor and International Finance Institution (IFC) as co-developers of the Project which has culminated into the establishment of a Special Purpose Vehicle called Mpatamanga Hydropower

Company. The construction of the Mpatamanga Hydropower Plant is expected to be completed by 2028.

Malawi-Mozambique Interconnectors

68. **The scope of the Project is to interconnect the Mozambique and Malawi Power Systems at 400 kilovolts(kV)** through a transmission line to be constructed from Matambo Substation in Tete Province in Mozambqiue to Phombeya Substation in Balaka District in Malawi. Malawi intends to initially import 110MW of power from Mozambique and 150 MW from Electricity Supply Commission of Republic of South Africa (ESKOM RSA) by 2025.

Rehabilitation of Kapichira Dam

69. Since the damage of the Kapichira Dam due to cyclone Anna, US$7 million was made available from the Shire Valley Transformation Project (SVTP) for restoration of power generation at Kapichira. Phase 1 of the repairs to the dam embankment and construction of coffer dam were completed and all 3 machines at the plant were restored and are back online. Phase 2 of the project which involves reconstruction of dam structure based on an improved design that will ensure resilience to floods is underway.

Kam'mwamba Coal Fired Power Plant Project

70. **Government still intends to implement the 300MW Coal Fired Power Plant at Kam'mwamba in Neno District.** The Project is expected to contribute to reliability and quality of power supply in the country. Currently, Government updated the feasibility study report for the first phase of the 300MW which would entail construction of six 50MW units.

Other Power Generation Projects

71. The Government of Malawi plans to develop a 261 MW Fufu Hydro, 210 MW Kholombidzo Hydro, and 180 MW Songwe Hydro (jointly with Government of Tanzania) power projects.

Cooking and Heating Energy

72. **Government will continue to promote use of alternatives to charcoal and firewood** which include use of Liquefied Petroleum Gas (LPG), biogas and biomass briquettes and electricity. In collaboration with various Non-Governmental Organisation, Government intends to distribute an additional two million clean and efficient cookstoves by 2026 which would bring the number of households using the clean and efficient cookstoves to 20 percent.

73. **Government also intends to reduce the dependency on biomass energy from 80 percent to 57 percent by 2025** and strengthen the role of decentralised structures in promoting the use of biomass technologies.

Rural Electrification and Electricity Access

74. In its quest to expand access to electricity, Government will continue to implement MAREP Phase 9 which is targeting 19,000 new connections to ultra-poor households through the Ndawala II initiative.

75. **In addition, Government through the Malawi Electricity Access Project will connect 180,000 households in urban and peri-urban trading centres**. In areas where connection to the main grid may not be feasible, the Government will construct Mini-Grids. Currently, construction works for Chisi Mini-grid are underway while Procurement of construction Materials for Kasangazi Mini-grid is also underway.

ii. Mining

76. Government, through the Ministry of Mining, will continue undertaking several initiatives aimed at promoting the growth of the mining sector.

77. **Geo-Scientific Investigations:** Government will continue to carry out geo-scientific investigations across the Country in order to update the country's geo-scientific information and establish the true mineral potential of the country.

78. **Establishment of the Mines and Minerals Regulatory Authority (MMRA):** The Ministry will continue facilitating the creation of a Mines and Minerals Regulatory Authority (MMRA). So far, the Mines and Minerals Act was repealed to accommodate the creation of MMRA. The purpose of the Authority is to regulate the mining sector in Malawi and promote transparency and sustainable mining practices. Currently, the Ministry has started putting in place structures for the MMRA.

79. **Establishment of a structured Market for Minerals: Government introduced a structured market for gold through Export Development Fund (EDF).** In 2023/24 Financial Year, EDF extended the market to Gemstones. The structured market is contributing to sustaining Artisanal and Small-Scale Miners (ASMs) livelihoods since ASMs now have access to a ready market.

80. **The Establishment of the National Mining Company:** Government will continue spearheading the establishment of a state-owned mining investment company whose mandate shall be promotion of the optimal development of the mineral sector and maximization of the national mineral revenue and social benefits.

81. **Prioritized Projects in the Sector:** Government is expediting the process of moving several mining projects from exploration stages to mining development stages. In that regard, Government has prioritised some projects such as the Kanyika Nobium Project in Mzimba, Songwe Hill Rare Earth Project in Phalombe, Kayelekera Uranium Project in Karonga and the Malingunde Graphite and Kasiya Rutile Project in Lilongwe. So far, Government through the Ministry of Mining has signed the Mining Development Agreement with Kanyika Niobium and the mining development is expected to start in 2024.

82. **Creation of a Conducive Environment for Private Sector Investment:** In order to create a favourable investment climate, Government will review some of its policy and legislative frameworks including: updating and maintaining computer-based mining cadastral system for efficient mineral license processing and management of mineral tenements; updating and maintaining the Geo-Data Management and Information System (GDMIS) at the Department of Geological Survey that is still at intranet level; enforcing the mine operator’s compliance with the Occupational Health, Safety and Environmental Standards; and facilitating the processing and review of mineral license applications in a timely manner.

83. **Capacity Strengthening in the Mining Sector:** Government will continue collaborating with institutions of higher learning including the Malawi University of Science and Technology (MUST), Malawi University of Business and Applied Sciences (MUBAS) and University of Malawi (UNIMA) to ensure they continue to support the mining sector by providing relevant training for existing mining personnel and those wishing to enter the sector for the first time.

iii. Fisheries sector

84. **Government will continue prioritizing fisheries and aquaculture development.** Under the capture fisheries proper monitoring, control and surveillance will be enhanced through continued operationalization of the Vessel Monitoring System (VMS) as well as observation of closed season for both small- and large-scale fishers to allow recruitment and rebuilding of the fishery.

85. **Through public and private sector investments, Government is committed to promoting the development of aquaculture**. Efforts on scaling up cage farming on Lake Malawi will be attained by issuing permits to commercial investors within the Chipoka Port Fisheries and Aquaculture Infrastructure Development Project. Greenhouse facilities will be installed at research stations to allow all-year production of fingerlings. In addition, hatchery owners will be capacitated whilst fish feed mill centres will be established in each region of the country.

86. **In cognizance of food safety issues including fish products, Government will continue prioritizing the construction of twelve (12) fish landing facilities** for better fish handling, processing and marketing is prioritized during the current fiscal year. In addition, the cold chain will be enhanced through the provision of ten (10) refrigerated tracks, ice plants and cold rooms.

c) Industry and Trade

87. **Government has undertaken various policy and programmatic interventions specifically designed to improve the business environment.** In that regard, Government is reviewing the National Trade Policy, and the National Industrial Policy. Further, it will foster the implementation of the Micro Small and Medium Enterprises (MSME) Policy, National Investment Policy, Cooperatives Development Policy, National Export Strategy (NES) II, Buy

Malawi Strategy, Non-Tariff Barriers (NTBs) Strategy, National Rural Industrialization Strategy, National Business Incubation Strategy

88. As part of implementing the second National Export Strategy, **Government has established new implementation structure for Trade, Industry and Private Sector Development Wide Approach (TIPSWAp).** It is also in the process of developing an Export Promotion and Diversification Programme, the Malawi Industry, Enterprises, Trade and Export Readiness (MIETER) Programme for the implementation of NES II. Under this programme, three flagship projects targeting cotton, fisheries and mining sectors are being developed.

89. **On the regulatory side, Government has undertaken board steps in reviewing and developing the following acts**: Control of Goods Act (COGA), Development of Sugar Industry Bill, and the Special Economic Zones Bill

Trade Facilitation Reforms

90. **Government is spearheading the implementation of the One-Stop Border Posts (OSBP).** This innovative approach establishes a consolidated facility at border points adjoining other countries, housing the relevant agencies responsible for processing exit and import procedures. It fosters collaboration between customs and other pertinent border authorities from both exporting and importing nations, with the primary goal of streamlining and expediting trade processes.

91. **Further, Government is driving the adoption of Coordinated Border Management (CBM).** This strategic effort encourages efficient cooperation and coordination among diverse border agencies, such as customs, immigration, and health inspection. The overarching objective is to ensure the smooth flow of goods and people at the border while simultaneously reducing unnecessary

bureaucratic hurdles, eliminating duplicative processes, optimizing resource utilization, and bolstering security.

92. **Government is also embracing the Simplified Trade Regime (STR),** which is a specialized provision under Southern Africa Development Community (SADC), and Common Market for Eastern and Southern Africa (COMESA). This initiative is tailored to cater specifically to Micro, Small and Medium Enterprises (MSMEs) involved in regular low-value consignments. It simplifies trade regulations, encompassing reduced tariffs, streamlined customs procedures, and fewer trade barriers. Consequently, this makes cross-border trade more accessible and straight forward for small-scale businesses.

93. **Government is currently preparing to join the African Continental Free Trade Area (AfCFTA).** This ambitious trade agreement seeks to create a unified market that promotes the free flow of goods and services throughout the continent, with the overarching goal of spurring economic growth and development. Government has taken the initiative to submit the goods market access offer.

94. **Government will continue with the process of implementing the National Single Window (NSW).** This digital platform serves as a centralized hub where businesses can submit all requisite trade-related documents and information, covering import, export and transit regulatory requirements. Its primary purpose is to simplify administrative procedures and expedite the clearance of goods at the border, streamlining trade processes for enhanced efficiency.

d) Tourism

95. **Tourism is a high growth export service sector, capable of making a substantial contribution to the socio-economic development of Malawi.** The

sector promotes inclusive involvement of local communities, youth, women and other vulnerable groups, through creation of many entry-level employment and business opportunities in both urban and rural areas. It also generates foreign exchange through visitor exports and tax and non-tax revenues besides contributing to the Gross Domestic Product (GDP) growth.

96. **The tourism sector is on the right trajectory towards recovering from devastating effects** of COVID-19 which were compounded by episodes of cyclones including Cyclone Freddy that affected mainly the Southern Region of the country in March 2023.

i. Tourism Product Development:

97. In an effort to develop well-planned and competitive tourism products for enhanced positioning and visibility of Malawi in the global tourism market; **Government has acquired a total of 52.7 hectares of land in Salima for the development of an Integrated Tourism Resort and a Public Beach** which will be a model for tourism development along the lakeshore. Similar public beach projects will be developed in Nkhatabay, Karonga, and Mangochi districts.

98. **Further, Government will continue promoting other projects to both Malawian and International Investors** through various platforms including local and international investment expos. Currently, there is strong interest from investors to develop Golden Sands Hotel at Cape Maclear in Mangochi, the Integrated Tourism Resort in Salima, the Integrated Waterfront in Nkhatabay, an Activity Centre in Likoma and an Integrated Cable Car Resort in Mulanje.

99. **Government is also leveraging on the high potential of wildlife resources to contribute to tourism growth by developing the National Park facilities** and

infrastructure that will promote tourism. Processes are underway to develop park infrastructure and two ecolodges in Kasungu National Park.

ii. Tourism Destination Marketing

100. Building on the Takulandirani Expo, the sector commemorated Tourism Month in September 2023 by implementing various tourism events and promotional activities under the theme "Tourism and Green Investments" domesticated to "Tidziyamba ndife a Malawi" as a domestic tourism promotional campaign. As such, a Domestic Tourism Strategy has been developed which will aim at promoting and guiding domestic tourism initiatives.

e) Transport and Public Works

i) Rail Transport

101. **In the 2024/25 FY, the Government will continue to pursue the principle set in the National Transport Master Plan (NTMP)** of shifting cargo from road to rail and inland water transport as one of the main strategies for reducing transport costs. In that regard, the Government will proceed with works on the design, upgrade and rehabilitation of the Marka-Bangula railway expected to be completed by the end of year 2024. Government is also financing the construction of the new rail/road bridge on Ruo river breakaway at Osiyana in Nsanje District, a Project whose progress is now rated at 94%.

102. **Government will resuscitate and operationalize Malawi Railways (1994) Limited (MR94)** to take the role of managing railway infrastructure and operations. Further, the Government will revamp the Malawi Railway Training Center which will be used for human resource capacity building in line with the ongoing rail transport infrastructure developments.

ii) Inland Water Transport

103. **The Government's major project for the Inland Water Transport sub-sector is the construction of Likoma Port.** Works on the project have significantly advanced with progress now rated over 70%. The port will significantly improve access to one of the country's important tourist sites whilst further facilitating social-economic activities on the island.

104. **The rehabilitation of Chilumba, Nkhata-bay and Chipoka Ports remain on the agenda for the Government** as these ports are a key input towards achieving the goal of reducing transport costs. There are preparatory works underway for conducting a feasibility study for Chipoka Port Intermodal facility under the World Bank funded Southern Africa Trade and Connectivity Project (SATCP).

iii) Road Transport

Road Transport Infrastructure

105. Government will continue to implement projects that are aimed at preserving the existing road asset, and enhance the road safety and climate resilience aspects of the existing infrastructure.

106. **To improve the condition of the current road network, the Government is implementing a number of projects including;** Rehabilitation and widening of the M001 road section from Kamuzu International Airport junction in Lilongwe to Kasungu (102KM), Kasungu to Jenda (86KM), Jenda to Mzimba turn off (46KM), and Kacheche to Chiweta (66KM). Other complementary works include; Rehabilitation of the Kaphatenga – Dwangwa (60KM) section with financing from the Government, Benga – Dwangwa (102km) section with financing from the AfDB and OPEC Fund, Nsipe - Liwonde M001/M008 road

with financing from AfDB and Liwonde – Zomba M003 road section with financing from the World Bank under the SATCP.

107. **In addition, the Government will continue to improve accessibility and mobility through upgrading of the road network from earth to paved standard**. Some of the upgrading projects include, Ntcheu - Tsangano – Neno - Mwanza Road, Thyolo – Thekerani – Makhanga and Chitipa – Ilomba among others.

Road Transport Services

108. **Government fully recognises the importance of preserving the existing road network infrastructure.** In that regard, Government will proceed with the construction of the Kalinyeke Weighbridge in Dedza with financing from the Roads Fund Administration (RFA); and construction of the Liwonde and Mwanza Weighbridge Stations with funding from the Southern Africa Trade and Connectivity Project commencing towards the end of 2024. This enhances both safety as well as efficiency of service provision.

109. **Following a successful pilot phase, Government has rolled out electronic road traffic law enforcement to bring an end to on-the-spot fines.** This intervention is also expected to reduce pilferage of Government revenues.

iv) Air Transport

110. **Government will continue to institute appropriate interventions that would result in optimal levels of service charges and levies** in a bid to reduce the cost of air transportation which remains high both on the international and domestic markets.

111. **Government has initiated Bilateral Air Service Agreements (BASA) with Kuwait, Uganda and Mozambique.** This follows Government plans to

introduce additional flights between Malawi and the aforementioned countries. Consequently, one can expect improved service provision due to competition, but most importantly, this should also increase revenues generated in the sub-sector.

112. **Government will further continue with implementation of infrastructure development programs with a particular focus on improving aviation safety and security,** especially for the two primary international airports of Chileka and Kamuzu in order to conform with the international Standards and global best practices.

v) Buildings Infrastructure

113. **In order to facilitate regulation of the construction of buildings in the country, Government, has formulated the National Buildings Policy which will inform the development of the Buildings Act.** Government through the Department of Buildings will continue to work hand in hand with the local councils and construction practitioners to make sure that the tools are implemented and used even at the local level. In addition, the Department will continue to provide project management and technical support on the construction of various projects.

vi) Plant, Vehicle Hire and Engineering Services (PVHES)

114. The Government will continue to pursue the recapitalization of the Plant and Vehicle Hire and Engineering Services (PVHES) in view of the deficiencies in capacity of the local construction industry as well as the plant and equipment hiring industry. In addition, the Government will develop a Government Fleet Management Policy aimed at reducing the cost of running and managing Government vehicles.It will also seeks to bring about harmonized, automated,

predictable and clear guidelines when using, procuring and managing Government vehicles.

f) Labour and Employment Sector

115. **Job Creation**: in order to enhance job creation, Government will review the National Job Creation Strategy (NJCS) to incorporate the impact of cyclone Freddy; carry out Employment Impact Assessments to inform both the Job Creation Strategy and the Global Accelerator on Jobs and Social Protection; and intensify job tracking initiatives in various sectors of the economy.

116. **Labour Market Information System:** In the coming financial year, the Government intends to upgrade the Labour Market Information System (LMIS) to improve its functionality, engage stakeholders on LMIS, and conduct training of the system users.

117. **Establishment of Job Centres and a Job portal:** To deal with youth unemployment, the Government intends to establish Job centres and develop a job portal. The job centres will also be avenues to access Labour market Information and counselling services.

118. **The Malawi Decent Work Country Program:** Government will continue collaborating with its social partners, namely, workers and employers together with their organizations to address decent work deficits in all sectors of the economy, more especially in the agriculture sector which employs approximately 64 percent of the labour force.

119. **Elimination of Child Labour:** Government will continue the implementation of the National Action Plan on Elimination of Child labour. Through this plan, Government is strengthening child labour inspections and building capacity of labour officers in child labour monitoring in all districts.

120. **The Government will also review the list of hazardous work for children** and intensify awareness campaigns on child labour through the implementation of the Child Labour Advocacy and Communication Strategy.

121. **Further, in ensuring that the labour force is protected, the Government is currently reviewing the Occupational Safety, Health, and Welfare (OSHW) and Workers Compensation Act** to accommodate emerging issues in the workplace. In addition, Government is also developing the OSHW Policy which will enhance coordination in the implementation of OSHW programmes.

122. **Labour Migration**: Government intends to enter into bilateral labour agreements/memorandum of understandings with popular destination countries to ensure Malawian workers are protected in those countries. Government will therefore develop Labour Export Regulations and Private Employment Service Regulations to manage and safeguard the rights and interests of both sending and receiving countries, as well as the migrant workers themselves. Currently, the Government is in the process of developing the Labour Migration Policy to improve coordination of labour migration initiatives.

123. **Skills Development and TEVET Management Information System**: Government endeavours to continue expanding skills training to create a critical pool of trained artisans who are necessary for investment. In the 2024/25 FY, Government will operationalize the newly constructed community technical colleges of Machinga, Nkhotakota, Nsoni (Chiradzulu) and Rumphi. Government will also embark on the construction of 5 community technical colleges in 5 districts that do not have any community technical colleges.

124. Through the Skills for a Vibrant Economy (SAVE) Project supported by the World Bank, **Government will expand and equip 7 National Technical**

Colleges of Soche, Lilongwe, Namitete, Livingstonia, Salima, Nasawa, and Mzuzu in order to increase access to Technical, Entrepreneurial and Vocational Education and Training (TEVET). Further, Government will commence establishment of a National Technical Teachers Training College to ensure that there are adequate and qualified instructors for technical colleges in order to improve quality of TEVET.

125. **Graduate Internship, and Volunteerism Programmes:** Government intends to engage another 4,000 interns in the 2024/25 FY. Government will intensify stakeholders' engagement and monitoring of the program to ensure that the program is being effectively managed and achieving its intended purpose.

g) Lands

126. **Creation of a Conducive Environment for Investment:** Government is working towards enhancing the identification and allocation of land to Malawi Investment Trade Centre (MITC) for investment purposes. Allocating land for investment purposes to attract foreign investors will promote economic growth.

127. **Promoting Land Acquisition for Secondary Cities and Trading Centres**: Government will continue to make efforts to acquire land for secondary cities and trading centres to drive urbanization, which, in turn, stimulates economic activity by reducing reliance on a single economic sector.

128. **Land Information Management system:** The Ministry is in the final stages of developing the Land Information Management System (LIMS). The system will improve revenue collection thereby increasing Government revenue through fees.

129. **Measures for the external shocks:** The Government will also provide solutions that ensure safe and well-planned housing for the citizens of Malawi.

It is also working on designing houses tailored to the specific needs of the districts which will be distributed for free across the country. Additionally, Government will review safer house construction guidelines and standards to ensure that housing guidelines are aligned with the latest safety standards, guaranteeing the construction of resilient and secure housing for all Malawians.

VII. CONCLUSION

130. **Government will ensure smooth and speedy implementation of all the proposed reforms and programs** outlined above to steer the economy towards a more resilient and prosperous path. Emphasis will be on enhancing macroeconomic stability and attainment of sustainable, inclusive, and resilient economic growth. For transparency and accountability, the Government will enhance efficiency in the use of public resources to achieve set targets.

FIRST SCHEDULE

OF THE

2024 ECONOMIC AND FISCAL POLICY STATEMENT

ECONOMIC AND FISCAL DATA

The tables below provide details of current economic and fiscal statistics and forecasts which have been used in developing the economic and fiscal policy statement for 2024.

Table 1: GDP growth estimates as revised in November 2023 (all figures are in %)

Industry	**Years**				
	2021	**2022**	**2023***	**2024***	**2025***
Agriculture, forestry and fishing	3.8	0.9	0.8	1.9	2.8
Mining and quarrying	- 3.6	2.6	3.5	5.8	6.7
Manufacturing	4.1	(1.4)	0.4	4.4	4.6
Electricity, gas, steam and air conditioning supply; Water supply; sewerage, waste management and remediation activities	-1.8	(2.9)	8.0	4.2	5.6
Construction	2.8	3.1	8.2	1.4	3.8
Wholesale and retail trade; repair of motor vehicles and motorcycles	3.3	(2.3)	(1.9)	4.5	5.0
Transportation and storage	5.7	2.2	3.4	9.9	10.2
Accommodation and food service activities	1.7	6.5	.8.6	6.8	7.5
Information and communication	6.9	1.5	3.2	6.1	6.7
Financial and insurance activities	6.3	5.4	3.6	3.7	4.0
Real estate activities	4.5	1.5	2.2	5.8	6.3
Professional, scientific and technical activities; Administrative and support service activities	3.7	3.3	2.1	4.9	4.7
Public administration and Defence; compulsory social security	3.6	4.9	3.6	6.3	6.0
Education	2.6	4.5	3.2	4.4	3.9
Human health and social work activities	2.2	2.1	2.6	4.9	5.4
Arts, entertainment and recreation; Other service activities; Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	6.4	4.4	5.3	1.4	3.8
Sum of All Industries	3.8	1.1	2.0	3.9	4.7
Plus: Taxes less Subsidies on products and production	17.0	(2.4)	(6.6)	-9.2	7.2
Plus: Taxes on products and production	17.0	(2.4)	(6.6)	-9.2	7.2
GDP AT CONSTANT 2017 PRICES	**4.6**	**0.9**	**1.5**	3.2	4.8

Source: Ministry of Finance and Economic Affairs

Table 2: Average and End Period Inflation Rates (Revised figures as of October 2023)

Inflation Rates	2021	2022	2023	2024*	2025*
End Period	11.2	25.4	35.7	17.4	11.4
Annual Average	9.3	20.9	29	27.1	12.4

Source: Ministry of Finance and Economic Affairs

Table 3: Trends in Annual Interest Rates from 2021-2024

	2021	2022	2023*	2024*
Policy Rate	12.00	18.00	24.00	24.00
Inter Bank Rate (IBR)	11.98	-	-	-
Base lending Rate	12.20	17.30	23.5	23.5

Note: Policy rate figures for 2024 are projections
Source: Reserve Bank of Malawi

Table 4: Exchange rate movements (US dollar against Malawi Kwacha)

US Dollar Equivalent to MWK	Years			
	2021	2022	2023	2024*
Annual average	807.67	1090.52	1101.83	1700.00
End period	819.44	1038.79	1700.00	1700.00

Note: Exchange rate figures for 2024 are projections

Table 5: Summary statement of Government operations as of October 2023 estimates (All figures are presented in MK billions)

Item Description	2022-23 Estimate	2023-24 Approved	2023-24 Revised
Total Revenue	**2,095**	**2,553**	**3,053**
Domestic Revenue	**1,667**	**2,242**	**2,407**
Taxes	1,593	2,128	2,198
Other Revenue	75	114	209
Total Grants	428	311	646
Total Expenses	**2,380**	**2,957**	**3,252**
Non-Financial Assets	964	831	1,081
Overall Balance	1,248	- 1,235	- 1,279
Total Financing	1,120	1,235	1,279
Foreign Financing	254	132	194
Domestic Financing	866	1,103	1,084

Source: Ministry of Finance and Economic Affairs