Budget Document No. 2

MALAWI GOVERNMENT

ANNUAL ECONOMIC REPORT 2025

Ministry of Finance and Economic Affairs

ANNUAL ECONOMIC REPORT 2025

Ministry of Finance and Economic Affairs,
Department of Economic Planning and Development,
P.O. Box 30136,
Lilongwe 3.
Telephone: (265) 1 788 888
Fax: (265) 1 788 247
E-mail: infoepd@finance.gov.mw
Website: epd.gov.mw

TABLE OF CONTENTS

Chapter 1: The World Economic Outlook 1
Chapter 2: Macroeconomic Performance in 2024 and Prospects for 2025 and 2026 8
Chapter 3: Agriculture and Natural Resources 24
Chapter 4: Irrigation and Water Development 53
Chapter 5: Transport and Public Infrastructure 73
Chapter 6: Mining 92
Chapter 7: Energy 106
Chapter 8: Industry and Trade 129
Chapter 9: Education, Science and Technology 137
Chapter 10: Tourism 163
Chapter 11: Local Government and Rural Development 171
Chapter 12: Public Health, Nutrition, HIV and AIDS Management 183
Chapter 13: Labour, Skills Development and Sports 205
Chapter 14: Environment, Natural Resources and Climate Change 216
Chapter 15: Gender, Community Development and Social Welfare 221
Chapter 16: Social Support and Poverty Reduction Programmes 233
Chapter 17: Public Enterprises 236
Chapter 18: Banking and Finance 259
Chapter 19: Information and Communication Technology 264

Chapter 1

THE WORLD ECONOMIC OUTLOOK

1.1 World Output

1.1.1 World Output Developments in 2024

World economic growth slightly slowed down from 3.3 percent in 2023 to 3.2 percent in 2024[1]. The low expansion in growth, as compared to historical trends is a result of both near-term factors such as still-high borrowing costs and withdrawal of fiscal support, and longer-term effects of the COVID-19 pandemic and Russia's invasion of Ukraine, weak growth in productivity and increasing geoeconomic fragmentation. The slight change in growth however, reflects the upgrades to the United States growth, which had off-set downgrades to other advanced economies, especially the largest European countries. Growth in advanced economies rose from 1.6 percent in 2023 to 1.7 percent in 2024, reflecting revision to the US growth rate which offsets a similar downward revision to the euro area. In the US, GDP rose from 2.5 percent in 2023 to 2.8 percent in 2024.The upward revision was on account of stronger outturns in consumption and non-residential investment. The resilience in consumption is mainly attributed to robust increases in real wages (especially among lower-income households) and wealth effects.

In the Euro area, growth picked up to a modest 0.8 percent from 0.2 percent in 2023. The improvement is attributed to better export performance, mainly in goods. The higher growth in the year, is also attributable to stronger household consumption, as the effects of the shock to energy prices subsides and inflation declines, which supports growth in real income and thus, driving economic recovery.

For Emerging Markets and Developing Economies, growth has remained stable, hovering at around 4.2 percent. For 2024, growth in emerging markets and developing economies dropped to 4.0 percent from 4.3 percent, realised in 2023. There are however, offsetting dynamics between country groups for example, the slow growth in emerging Asia, China and India has been offset by a rebound growth realised in middle east and central Asia. The improved growth in the sub group is on account of reduced temporary disruptions to oil production and shipping, which are fading away. In sub-Saharan Africa, growth has also improved as the adverse impacts of weather shocks experienced earlier, abate and supply constraints gradually ease.

Growth in the emerging Asia region subsided from 5.5 percent in 2023 to 5.1 percent in 2024. The reduction in the region's growth reflects sustained slowdowns in the region's two largest countries;

[1]IMF World Economic Outlook, January 2025.

India and China. India experienced a moderated growth of 7 percent in 2024 from a growth of 8.2 percent in 2023. Similarly for China, despite persistent weaknesses in the real estate sector and low consumer confidence, growth only slowed marginally to 4.8 percent from the 5.2 percent in 2023. The still better performance in the economy was attributed to better-than-expected net exports in the year.

In Emerging and Developing Europe, growth in the year remained steady at 3.2 percent from 3.3 percent attained in 2023. The moderation in growth for the region reflects a sharp slowdown in Russia from 3.6 percent in 2023 to 3.2 in 2024 due to the slowdown of private consumption and investment amid reduced tightness in the labour market.

1.1.2 World Output Prospects for 2025 and 2026

Global growth is projected at 3.3 percent in 2025, reflecting a slight increase of 0.1 percent from that of 2024 which is still below the historical average of 3.7 percent. The positive growth however, is mainly on account of an upward revision in the growth of the United States, off-setting downward revisions in other major economies. In 2026, the global economy is expected to remain steady, maintaining an annual growth of 3.3 percent from 2025.

In the United States, growth is projected to reach 2.7 percent in 2025. The higher prospect reflects carry-over effects from 2024 and robust labour markets and accelerating investments among other strengths. Growth in the US is expected to reach potential in 2026 whilst for the Euro area, growth is projected to pick up at a slower pace of 1.0 percent in 2025 from 0.8 percent growth estimated in 2024. The slow growth in the region is due to weaker than expected momentum especially in manufacturing and heightened political and policy uncertainties. Growth prospect for emerging market and developing economies, is expected to remain unchanged from 2024's growth of 4.2 percent.

TABLE 1.1: WORLD OUTPUT (ANNUAL PERCENTAGE CHANGE)

	2023	2024	2025*	2026**
World Output	**3.3**	**3.2**	**3.3**	**3.3**
Sub-Saharan Africa	**3.6**	**3.8**	**4.2**	**4.2**
Advanced Economies	**1.7**	**1.7**	**1.9**	**1.8**
United States	2.9	2.8	2.7	2.1
Euro Area	0.4	0.8	1.0	1.4
Japan	1.5	-0.2	1.1	0.8
United Kingdom	0.3	0.9	1.6	1.5
Canada	1.5	1.3	2.0	2.0
Emerging Market and Developing Economies	**4.4**	**4.2**	**4.2**	**4.3**
Emerging and Developing Asia	5.7	5.2	5.1	5.1
China	5.2	4.8	4.6	4.5
India	8.2	6.5	6.5	6.5
Emerging and Developing Europe	3.3	3.2	2.2	2.4
Latin America and the Caribbean	2.4	2.4	2.5	2.7
Middle East and Central Asia	2.0	2.4	3.6	3.9

Source: IMF World Economic Outlook January, 2025.
* Estimation
** Projections.

1.2 Regional Output

1.2.1 Regional Output Developments in 2024

Economic growth in the year for the Sub-Sahara African region, remained constant at an estimated 3.6 percent in 2024 and is expected to pick up to 4.2 percent in 2025. The region still maintained a positive growth owing to the subsiding of weather shocks, experienced earlier in the year and the experienced recovery from supply shocks. Besides the ongoing conflict that has led to a 26 percent contraction of the South Sudanese economy, the revision reflects slower growth in Nigeria, amid weaker-than-expected activity in the first half of the year.

South Africa's economy slightly improved from 0.7 percent attained in 2023 to 0.8 percent in 2024. The slow growth in the year is due to persistent electricity shortages which significantly hindered industrial and economic activity. Tanzania's growth rose to 5.4 percent from 5.1 percent in 2023 while Zambia experienced a slower growth from 5.4 percent in 2023 to 2.3 percent in 2024. Following the same trend, Mozambique's growth in the year, dropped from 5.4 percent in 2023 to 4.3 percent in 2024. Table 1.2 shows a summarised regional output performance since 2023.

TABLE 1.2: REGIONAL OUTPUT (ANNUAL PERCENTAGE CHANGE)

	2023	2024	`2025*
Sub-Saharan Africa	**3.6**	**3.6**	**4.2**
Ethiopia	7.2	6.1	6.5
Kenya	5.6	5.0	5.0
Uganda	4.6	5.9	7.5
Nigeria**	2.9	2.9	3.2
South Africa**	0.7	0.8	1.5
Tanzania	5.1	5.4	6.0
Zambia	5.4	2.3	6.6
Mozambique	5.4	4.3	4.3
Zimbabwe	5.3	2.0	6.0

Source: IMF World Economic Outlook October 2024.

** Updated with the IMF World Economic Outlook, January 2025

* Estimations.

1.2.2 Regional Output Prospects for 2025

The economic outlook for the Sub-Saharan Region is projected to pick up to 4.2 percent in 2025 from 3.6 percent in 2024. Growth in the region is expected to improve as prior weather shocks abate and supply challenges continue to ease.

Despite the 26 percent contraction of the south Sudanese economy in the region, other countries within the region such as Uganda, Senegal and Zambia are expected to experience faster growth, which is expected to offset the slower growths. For instance, GDP growth for Zambia is estimated to rise to 6.6 percent from the 2.3 percent growth realised in 2024.

1.3 Inflation and World Commodity Prices

1.3.1 Inflation and World Commodity Prices in 2024

Global headline inflation dropped from 6.7 percent in 2023 to 5.8 percent in 2024, mainly due to the delayed effects of tight monetary policies, diminishing passthrough-effects from earlier declines in prices especially those for energy. Disinflation is faster in advanced economies than in emerging markets and developing economies. For advanced economies, headline inflation steadily dropped from 4.6 percent in 2023 to 2.6 percent in 2024. This drop is on account of easing of supply chain disruptions which reduced pressures on prices of goods. Inflation in advanced economies was also contained through tighter monetary policies, implemented by central banks in advanced economies, helped to anchor inflation expectations and prevent wage-price spirals.

In contrast, many countries in the Sub-Saharan African region continued to experience double digit inflation rate. For 2024, inflation rose to 18.1 percent from 17.6 percent experienced in 2023. The continued rise in inflation reflects different on-going economic challenges in the region such as currency depreciations, underperformance in agriculture, high energy and fuel prices, political instability and many more, as shown in Table 1.3.

TABLE 1.3: CONSUMER PRICES (ANNUAL PERCENTAGE CHANGE)

	2023	2024	2025*
Consumer Price Growth			
Advanced Economies	4.6	2.6	2.0
Emerging Markets and Developing Economies	8.1	7.9	5.9
Sub-Saharan Africa	17.6	18.1	12.3

Source: IMF WEO, October 2024.
* Estimations.

1.3.2 Inflation and World Commodity Price Prospects for 2025

Global headline inflation is expected to persistently drop from 5.8 percent in 2024 to 4.2 percent in 2025. Inflation is expected to return to target levels earlier, for advanced economies compared to emerging market and developing economies. Factors contributing to lower inflation include, the delayed effect of tight monetary policies as well as diminishing pass-through effects from earlier declines in prices, especially those for energy.

Advanced Economies are expected to see a faster disinflation in contrast to Emerging and Developing Economies and Developing Europe. For advanced economies, headline inflation is expected to steadily drop by 0.6 percentage points from 2.6 percent to 2.0 percent, as a result of still more, tight monetary policy and also due to passthrough effects from earlier declines in relative prices, notably, energy prices. Labour markets are also expected to gradually cool, thus keeping demand pressures at bay in addition to the anticipated decline in energy prices. In contrast, emerging markets and developing economies are expected to experience a more protracted disinflation targets due to structural issues, policy uncertainties and external vulnerabilities.

For the Sub Sahara Africa region, Inflation is expected to fall at a slower pace than that of advanced economies, from 18.1 in 2023 to 12.3 in 2025. This slower disinflation is due to persistent supply chain disruptions, persistent exchange rate pressures, leading to currency depreciation and political instabilities which undermines economic confidence and disrupts markets.

1.4 Global Financial Sector

1.4.1 Global Financial Sector Developments in 2024

Global financial conditions in 2024, began loosening as Central banks worldwide began easing monetary policies, amidst declining inflation rates. The policy shift was aimed at supporting economic activity, however, there is need to simultaneously implement sustainable fiscal policies in order to rebuild fiscal buffers. Despite disinflationary trends, services inflation remained elevated in the year, compromising monetary policies' normalisation efforts and posed challenges in trying to achieve price stability.

While most advanced economies began easing up monetary policy as a result of continued disinflation, most developing economies continued to face inflationary pressures especially in the services sector which undermined normalisation efforts of the monetary policy. For example, the central Banks in the United Kingdom, Canada and Sweden implemented rate cuts following the achieved disinflation. On the other hand, South Africa's Central Bank also reduced the interest rate in an attempt to bolster economic activity.

In General, the global financial sector remained stable in 2024, despite significant emerging vulnerabilities such as underestimated geopolitical tensions which could cause a potential threat of sudden and significant market corrections.

1.4.2 Global Financial Sector Prospects for 2025

Global financial conditions, will largely remain accommodative in 2025 with monetary policy rates of major Central banks expected to continue declining at different rates, reflecting divergent paths in growth and inflation outlook with medium-term risks to growth, tilted to the downside. For most advanced economies, such as the United States and in Europe, central Banks are expected to gradually ease monetary policy as it has almost served its course of slowing down inflation. Renewed inflationary pressures however, could disrupt easing of monetary policy, potentially impacting fiscal sustainability and financial stability.

Therefore, there is need to balance policy trade-offs, rebuild economic buffers and enhance medium term growth prospects through structural reforms and strengthened multilateral cooperation. In conclusion, the financial sector is anticipated to stabilise as monetary policies normalise, however, there are still risks of geopolitical uncertainties and rapid technological changes.

1.5 International Trade

1.5.1 International Trade Developments in 2024

World Trade enormously improved in the year, from a slower growth of 0.8 percent in 2023 to 3.1 percent in 2024. The rebound growth reflects resilience in key economies such as the United States and several emerging economies which portrayed greater than expected resilience and thereby bolstering economic activity. The better trade performance is also due to moderation of inflation rate, which is seen to fall faster than expected, as a result of unwinding supply side issues and the restrictive monetary policy. Further, fiscal support measures in China have provided additional support to its economy, thus contributing to global trade dynamics.

Growth in exports from emerging markets and developing economies, improved from 0.6 percent in 2023 to 4.6 percent in 2024 while exports from advanced economies, improved at a lower rate from 1.0 percent in 2023 to 2.5 percent in 2024. The annual growth of exports for Advanced economies picked up from -0.7 percent in 2023 to a staggering 2.1 percent in 2024. Emerging markets and developing economies, followed the same trend with an annual growth of 4.6 percent from 3.0 percent attained in 2023.

In 2024, current account imbalances (whether deficits or surpluses), for most countries, moderated compared to the immediate post pandemic period. The moderation was driven by factors such as commodity price moderation, slowing global trade in goods and fiscal adjustment which helped most countries to achieve a more balanced external position.

TABLE 1.4: WORLD TRADE (ANNUAL PERCENTAGE CHANGE) 2023-2025

	2023	2024	2025*
World Trade Volume (Goods and Services)	**0.8**	**3.1**	**3.4**
Imports			
Advanced Economies	-0.7	2.1	2.4
Emerging Markets and Developing Economies	3.0	4.6	4.9
Exports			
Advanced Economies	1.0	2.5	2.7
Emerging Markets and Developing Economies	0.6	4.6	4.6

Source: IMF World Economic Outlook October 2024.
* Estimations.

1.5.2 International Trade Prospects for 2025

World trade is expected to slightly improve to 3.4 percent in 2025 from a growth of 3.1 percent experienced in 2024. The faster growth is anticipated on account of moderation of commodity price volatility, normalisation of global supply chains, recovery in services trade and structural and policy reforms, among other factors. Domestic demand for advanced economies is expected to remain stronger as real wages are expected to boost consumption. Growth in exports for advanced economies is expected to moderately increase from 2.5 percent in 2024 to 2.7 percent in 2025 whereas for emerging markets and developing economies, growth is anticipated to remain unchanged from 2024 at 4.6 percent.

Chapter 2

MACROECONOMIC PERFORMANCE IN 2024 AND PROSPECTS FOR 2025 AND 2026

2.1 GDP Performance and Forecast

Malawi's economy grew by 1.8 percent in 2024. This slower growth was primarily due to the adverse effects of El Niño weather conditions. These effects significantly impacted the agriculture sector, hampering initiatives such as investments in the Affordable Inputs Programme (AIP), mega farms and irrigation schemes, leading to substantial reductions in crop production, maize by 22.7 percent, groundnuts by 40.7 percent, and soya beans by 35.6 percent.

The economy continued to face persistent foreign exchange shortages despite two consecutive devaluations of the kwacha (25 percent in May 2022 and 44 percent in November 2023) aimed at realigning the exchange rate. This forex scarcity negatively affected industries such as manufacturing and wholesale and retail trade. Inflationary pressures, driven by the currency realignment, eroded the purchasing power of the kwacha, reducing domestic demand and impacting sectors like wholesale and retail trade, transport, professional and support services, and real estate.

Nevertheless, positive growth in 2024 was supported by increased investments and improvements in industries such as construction, accommodation, financial services, electricity and water, mining, and health services. The government's commitment to finalizing ongoing construction projects stimulated growth in the construction sector and induced demand in mining and electricity and water industries.

Malawi's GDP is projected to rise to 3.2 percent in 2025 and 4.2 percent in 2026. The improvement in 2025 is expected due to increased irrigation farming arising from increased precipitation, and investments in mega-farms and National Economic Empowerment Fund (NEEF) agriculture loans which are anticipated to enhance agricultural productivity and benefit industries reliant on agriculture for raw materials. Additionally, economic activities related to the 2025 general elections will stimulate demand for goods and services, boosting industries such as transport, professional services, construction, and information and communication, which play critical roles in facilitating political campaigns and election logistics.

From 2026 onward, growth is expected to gain further momentum, driven by increased investments in Agriculture, Tourism, and Mining (ATM). These investments are projected to improve foreign exchange availability, thereby reducing inflationary pressures and strengthening overall economic performance.

TABLE 2.1 GDP BY ACTIVITY AT 2017 CONSTANT PRICES (IN MK' MILLION)

INDUSTRY	2023	2024*	2025**	2026**
Agriculture, forestry and fishing	1,731,293.1	1,727,912.4	1,733,752.0	1,739,565.9
Crop production	996,313.9	927,122.0	912,661.0	918,684.8
Animal production	644,131.5	703,651.2	730,913.3	757,114.6
Forestry and logging	644,131.5	703,651.2	730,096.9	708,879.2
Fishing and aquaculture	8,785.4	9,041.5	9,810.1	10,956.5
Mining and quarrying	82,062.3	88,097.7	81,184.0	101,045.4
Manufacturing	55,522.3	58,180.8	61,464.1	66,671.8
Electricity, gas, and Water Supply	221,027.4	231,463.2	243,954.4	261,060.1
Construction	266,621.3	281,320.0	298,653.2	310,857.1
Wholesale and retail trade	894,349.7	880,275.3	921,571.3	987,781.9
Transportation and storage	347,737.9	357,474.7	379,312.6	406,476.7
Accommodation and food service activities	94,234.2	99,807.1	108,382.2	114,566.3
Information and communication	482,743.3	499,094.2	530,123.2	561,137.4
Financial and insurance activities	521,285.2	544,193.9	574,199.1	606,940.3
Real estate activities	514,796.9	525,482.3	550,856.8	595,247.8
Professional and support services	96,642.4	100,524.2	108,409.6	115,969.7
Public administration and Defence	263,299.7	274,095.0	286,105.3	308,390.3
Education	323,943.6	338,886.8	355,931.0	374,116.1
Human health and social work activities	447,221.2	463,592.9	482,395.6	506,086.1
Other services	150,228.7	156,738.5	167,003.3	179,697.8
Sum of All Industries	7,319,183.7	7,450,045.9	7,748,231.5	8,125,127.5
Plus: Taxes less Subsidies on products	493,290	506,611	459,377	406,616
GDP AT CONSTANT 2017 PRICES	**7,812,474.0**	**7,956,656.7**	**8,207,608.8**	**8,531,743.4**

Source: National Accounts and Balance of Payment Committee.

*Estimate

** Projection

TABLE 2.2: SECTORAL CONTRIBUTION TO OVERALL REAL GDP (IN PERCENT)

INDUSTRY	2022	2023	2024	2025	2026
Agriculture, forestry and fishing	22.5	22.2	21.7	21.8	22.0
Crop production	13.6	12.8	11.7	11.7	11.9
Animal production	7.7	8.2	8.8	8.8	8.8
Forestry and logging	0.1	0.1	0.1	0.1	0.1
Fishing and aquaculture	1.1	1.1	1.1	1.1	1.2
Mining and quarrying	0.7	0.7	0.7	0.7	0.8
Manufacturing	11.8	11.6	11.5	11.4	11.5
Electricity, gas, and water supply	2.7	2.8	2.9	2.9	3.0
Construction	3.3	3.4	3.5	3.6	3.6
Wholesale and retail trade	12.0	11.4	11.1	11.1	11.3
Transportation and storage	4.4	4.5	4.5	4.6	4.7
Accommodation and food service activities	1.2	1.2	1.3	1.3	1.3
Information and communication	6.1	6.2	6.3	6.4	6.4
Financial and insurance activities	6.6	6.7	6.8	6.9	6.9
Real estate activities	6.6	6.6	6.6	6.7	6.8
Professional and support services	1.2	1.2	1.3	1.3	1.3
Public administration and defence	3.3	3.4	3.4	3.5	3.5
Education	4.1	4.1	4.3	4.3	4.3
Human health and social work activities	5.7	5.7	5.8	5.8	5.8
Other services	1.9	1.9	2.0	2.0	2.0
Sum of All Industries	94.1	93.7	93.7	94.5	95.3
Plus: Taxes less Subsidies on products	5.9	6.3	6.3	5.5	4.7

Source: National Accounts and Balance of Payment Committee

TABLE 2.3: ANNUAL PERCENTAGE GROWTH RATES (IN PERCENT)

INDUSTRY	2023	2024*	2025**	2026**
Agriculture	0.5	-0.2	0.3	5.0
Crop production	-4.6	-6.9	-1.6	5.7
Animal production	9.8	9.2	3.8	3.6
Forestry	-2.7	2.9	8.5	11.7
Fishing	0.8	7.7	-7.8	8.8
Mining and quarrying	3.1	4.8	5.6	8.5
Manufacturing	0.1	0.3	3.9	4.7
Electricity and water supply	7.4	4.7	5.4	7.0
Construction	5.3	5.5	6.2	4.1
Wholesale and retail trade	-2.4	-1.6	4.7	5.8
Transportation and storage	2.5	2.8	6.1	6.7
Accommodation and food service activities	5.3	5.9	8.6	5.6
Information and communication	3.0	3.4	6.2	4.0
Financial and insurance activities	3.1	4.4	5.5	4.3
Real estate activities	1.5	2.1	4.8	6.8
Professional and support services	1.3	4.0	7.8	6.7
Public administration and defense	3.3	4.1	4.4	4.1
Education	3.0	4.6	5.0	5.1
Human health and social work activities	2.5	3.7	4.1	4.2
Other services	4.5	4.2	6.5	4.3
Sum of all industries	1.5	1.8	4	5.2
Plus: taxes less subsidies on products and production	9.5	1.5	-9.3	-11.5
GDP at constant 2017 prices	**1.9**	**1.8**	**3.2**	**4.2**

Source: National Accounts and Balance of Payment Committee.

* Estimate,
**Projection

2.2 Real Sector Performance in 2024 and Prospects for 2025 and 2026

2.2.1 Agriculture, Forestry, and Fishing Industry

The agriculture industry contracted by 0.2 percent in 2024 due to the adverse effects of El Niño weather conditions, which affected 23 out of 28 districts, leading to significant declines in the production of major crops such as maize, groundnuts, soya beans, sorghum, and beans. According to the 2024 Third Round Agricultural Production Estimation Survey (APES) conducted by the Ministry of Agriculture, maize production fell by 22.7 percent, highlighting the industry's poor performance. Additionally, large-scale agriculture, particularly sugarcane production, also registered negative growth, affecting exports.

In 2025, the agriculture industry is projected to rebound modestly, with a growth rate of 0.3 percent from -0.2 percent. The growth in agriculture is on account of an expected improved rainfall season, investments in mega farms and increased inputs uptake through initiatives such as NEEF Input loans and the Agriculture Commercialisation (AGCOM) project. However, poultry and fisheries production are expected to decline, primarily due to the high cost of animal feed, hence constraining overall agricultural output.

In 2026, the industry is projected to experience sustained growth, driven by increased investments in irrigation, mechanization, and commercialization, which will enhance productivity and resilience.

2.2.2 Mining and Quarrying Industry

The mining industry grew by 4.8 percent in 2024, driven by stable electricity generation, which supported energy-intensive mining operations. Additionally, increased demand for quarry materials, spurred by ongoing construction projects, contributed to the industry's growth

Growth projections for 2025 and 2026 stand at 5.6 percent and 8.5 percent, respectively. These forecasts reflect the planned implementation of the ATM strategy, which includes projects targeting rare earth elements, graphite, and uranium. Major mining developments include the re-commissioning of the Kayelekera Uranium Mine, the Kanyika Niobium Project in Mzimba, and the Songwe Rare Earth Project in Phalombe. The complete formalization of artisanal and small-scale miners (ASMs) through legislative reforms is also expected to boost gemstone and mineral production in 2025 and 2026.

2.2.3 Manufacturing Industry

Manufacturing growth in 2024 was estimated at 0.3 percent. The weak performance was largely due to poor agricultural output, given the strong linkage between agriculture and manufacturing. Additionally, persistent shortages of foreign currency and fuel constrained the industry's ability to import essential raw materials, further dampening production.

However, growth in manufacturing is projected to accelerate to 3.9 percent in 2025 and 4.7 percent in 2026. This recovery is expected to be driven by improvements in agricultural productivity, facilitated by mega farm investments and irrigation. The anticipated stabilization of the foreign exchange market on account of continued donor support, along with consistent power and fuel supply, will further support the industry's recovery.

2.2.4 Electricity, Gas, and Water Industry

The industry recorded a 4.7 percent growth rate in 2024, supported by continued investments in power generation and water infrastructure. The phased commissioning of the Salima 50-megawatt Solar Power Plant and new water and sanitation projects by the Southern Region Water Board, such as the Nkhudzi Bay Scheme, played a crucial role in the industry's expansion.

Growth in this industry is projected at 5.4 percent in 2025 and 7.0 percent in 2026. This outlook is underpinned by major projects, including the 50MW Nanjoka Solar Power Plant, the expansion of Wovwe Hydropower Station, and the 20MW (30 MWh) Battery Energy Storage System at Kanengo Substation.

2.2.5 Construction Industry

The construction industry grew by 5.5 percent in 2024, driven by an accelerated pace of infrastructure development. Government-led construction projects, including public university complexes, stadiums, district council offices, and road rehabilitation initiatives, significantly contributed to this growth.

The industry is expected to maintain robust performance, with projected growth rates of 6.2 percent in 2025 and 4.1 percent in 2026. The pre-election period in 2025 is expected to see heightened construction activity as governments typically accelerate infrastructure projects ahead of elections. Key projects under implementation and in the pipeline include the rehabilitation of the Balaka-Nkhotakota-Dwangwa-Nkhata Bay M6 road, M-1 road, the Nsipe-Liwonde road, and the Nacala Corridor project.

2.2.6 Wholesale and Retail Trade Industry

The industry contracted by 0.6 percent in 2024 due to reduced imports caused by persistent foreign exchange shortages. While the resumption of the Extended Credit Facility (ECF) unlocked some donor support and marginally improved forex availability, the gains were not sufficient to significantly ease import constraints.

However, the industry is expected to recover, with projected growth rates of 4.7 percent in 2025 and 5.8 percent in 2026. The improvement will be driven by an anticipated increase in forex inflows, supported by enhanced performance in the agriculture, tourism, and mining industries under the ATM strategy.

2.2.7 Transportation and Storage Industry

In 2024, the Transportation and Storage industry is estimated to have grown by 2.8 percent. This subdued growth is attributed to downturns in key industries such as Agriculture, Manufacturing, and Wholesale and Retail Trade, which reduced demand for transport services. However, year-on-year growth in the industry has improved, largely due to the rehabilitation of railway lines by the Central Eastern African Railway (CEAR), which has enhanced transport and storage services.

For 2025 and 2026, the industry is projected to grow by 6.1 percent and 6.7 percent, respectively. The anticipated improvements stem from ongoing road and railway rehabilitation projects, expected to be completed within this period. Additionally, the 2025 general elections are expected to increase the demand for transportation services, as election-related activities require the movement of people and goods. The industry is also set to benefit from the projected rebound in agriculture, driven by favourable weather conditions and the implementation of the Agriculture, Tourism, and Mining (ATM) Strategy, which will boost agricultural output and, in turn, increase transport demand.

2.2.8 Accommodation and Food Service Activities

The Accommodation and Food Services industry recorded an estimated 5.9 percent growth in 2024. This was driven by a resurgence in arts and entertainment activities, with major events such as the 9th African Population Conference and international sporting events attracting delegations and supporting tourism. However, growth was somewhat constrained by high inflation, which reduced household disposable incomes and dampened demand. Furthermore, rising water levels in Lake Malawi negatively impacted lakeside hotels, affecting overall industry performance.

For 2025 and 2026, growth is projected at 8.6 percent and 5.6 percent, respectively. This outlook is supported by an expected increase in arts, entertainment, and recreational activities ahead of the 2025 elections, which will drive demand for accommodation and food services.

2.2.9 Information and Communication Industry

In 2024, the Information and Communication industry registered an estimated 3.1 percent growth. The expansion of online radio platforms and podcasts contributed to the industry's growth by increasing infotainment services. Additionally, the intensifying political environment ahead of the elections has increased demand for communication services.

For 2025, growth is expected at 6.2 percent, driven by increased demand for media and communication platforms during the election period. The industry will also benefit from an improving economic environment, which is expected to support increased advertising activity by the private industry. This positive momentum is projected to persist into the medium term.

2.2.10 Finance and Insurance Activities

The Finance and Insurance industry recorded an estimated 4.4 percent growth in 2024, reflecting increased demand for financial products and services from both political campaigns and private industry borrowing for investment. The Reserve Bank of Malawi's (RBM) decision to maintain the policy rate supported industry stability. Furthermore, the expansion of digital banking and rising demand for insurance services contributed to improved performance.

For 2025, growth is projected at 5.5 percent, with further expansion to 4.3 percent in 2026. This outlook is supported by the anticipated stabilization of the Kwacha, which is expected to lower interest rates and stimulate credit growth in the private industry.

2.2.11 Real Estate Activities

The Real Estate industry recorded an estimated 2.1 percent growth in 2024, largely constrained by economic hardships, including foreign exchange shortages, high inflation, and fuel scarcity. These challenges increased operational costs and reduced disposable incomes, leading businesses and individuals to relocate from Central Business Districts (CBDs) to more affordable locations.

For 2025 and 2026, growth is projected at 4.8 percent and 6.8 percent, respectively. This outlook is supported by the completion of key Malawi Housing Corporation (MHC) construction projects, which will increase available rental space. Additionally, election-related activities in 2025 are expected to boost demand for commercial real estate, particularly office and event spaces.

2.2.12 Professional, Administrative, and Support Services

The Professional, Administrative, and Support Services industry recorded an estimated 4.0 percent growth in 2024. Growth was supported by the entry of new firms in the legal profession, which increased competition and service availability. However, high inflation negatively affected demand as household disposable incomes declined.

For 2025 and 2026, growth is projected at 7.8 percent and 6.7 percent, respectively. This expansion is expected to be driven by election-related demand for transportation, legal, and accounting services, which will boost the industry's performance.

2.2.13 Public Administration

The Public Administration industry recorded an estimated 4.1 percent growth in 2024. This was supported by government recruitment in key industries, including security (police and prison officers).

For 2025, growth is expected to rise to 4.4 percent, driven by increased government activities in an election year. In 2026, growth is projected to stabilize at 4.1 percent, as the new government administration begins implementing political manifestos.

2.2.14 Education

The Education industry recorded an estimated 4.6 percent growth in 2024, supported by increased investment in educational infrastructure at primary, secondary, and university levels with support from projects such as Equity with Quality and Learning at Secondary (EQUALS) and the Malawi Secondary Education Expansion for Development (SEED). Additionally, the expansion of online learning programs improved industry performance.

For 2025 and 2026, growth is projected at 5.0 percent and 5.1 percent, respectively. Growth will be supported by continued expansion of public and private education facilities. Major projects in the pipeline include construction of girls' hostels in community day secondary schools, development of 34 secondary schools of excellence and construction of the MUBAS administration, research, teaching, and learning complex.

2.2.15 Human Health and Social Activities

The Human Health and Social Activities industry recorded an estimated 3.7 percent growth in 2024, supported by the recruitment of 5,868 healthcare workers under the Global Fund initiative. This included Senior Medical Officers, Nursing Officers, and Health Surveillance Assistants (HSAs), which improved healthcare service delivery. Additionally, the construction of 55 health posts (Phase 1), with 20 currently under construction at 75 percent completion, contributed to industry growth.

For 2025 and 2026, growth is projected at 4.1 percent and 4.2 percent, respectively. The steady growth reflects continued government investment in health infrastructure and personnel recruitment, which will enhance service accessibility and availability.

2.2.16 Arts, Entertainment, and Other Services

The Arts, Entertainment, and Other Services industry recorded an estimated 4.2 percent growth in 2024. This was driven by an increase in entertainment activities, despite reduced household disposable incomes due to economic challenges.

For 2025 and 2026, growth is projected at 6.5 percent and 4.3 percent, respectively. The industry is expected to benefit from increased political and entertainment activities during the election campaign period.

2.3 Price Developments

In 2024, inflation remained on an upward trajectory, albeit at a slower and steadier pace. The end-period and annual average inflation rates for the year are estimated at 28.1 percent and 32.2[2]

[2] NSO Stats Flash CPI January 2025

percent, respectively. The persistent shortage of foreign exchange and reduced agricultural production, resulting from unfavourable weather conditions, were among the key factors driving inflationary pressures.

TABLE 2.4: AVERAGE AND END PERIOD INFLATION RATES

Inflation Rates	2023	2024	2025*	2026**	2027**	2028**	2029**
Annual Average	28.8	32.2	24.0	17.0	12.7	10.5	9.7
End Period	34.5	28.1	22.9	17.0	13.4	11.0	10.8

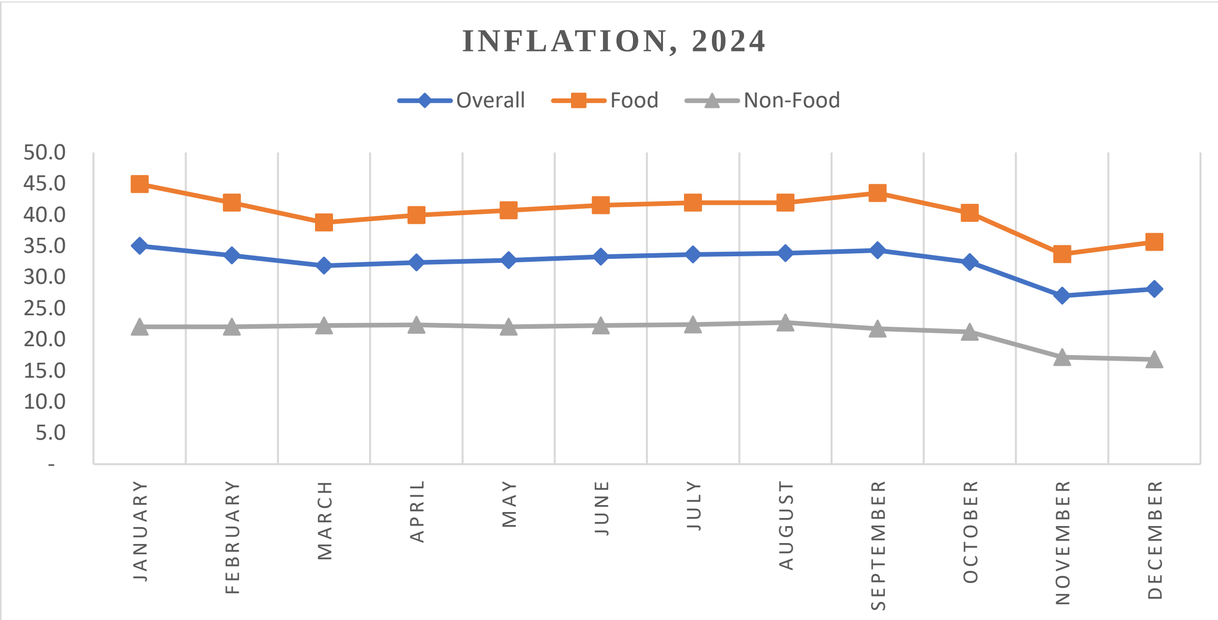
Source: Department of Economic Planning and Development
* Estimate,
**Projections

In 2025, the economy is expected to gradually recover from the shocks experienced in 2024. Agricultural production is anticipated to improve, leading to increased food supply and a slowdown in inflation. As a result, the annual average inflation rate is projected to decline further to 24.0 percent as shown in Table 2.4, driven primarily by improved food availability.

This disinflationary trend is expected to continue into 2026, supported by a reduction in supply-side food inflation. The decline will be underpinned by the expansion of social safety nets, increased adoption of irrigation, large-scale farming initiatives, and other agricultural investments aimed at mitigating the risk of national crop failures and ensuring food security.

Figure 2.1 shows that in 2024 food prices continued to exert significant pressure on overall inflation. However, the declaration of a national disaster facilitated the provision of food safety nets, and maize imports from neighbouring countries helped to moderate food price increases. Meanwhile, non-food inflation rose at a slower pace, primarily due to the Reserve Bank of Malawi's tightening of monetary policy.

FIGURE 2.1: INFLATION RATES FOR THE YEAR 2024



Source: National Statistical Office

2.4 Balance of Payment 2024-2026

2.4.1 Current Account Balance

The country's current account balance remains in deficit in 2024 and is expected to worsen in 2025 by 5.8 percent, before improving by 3.5 percent in 2026. In 2024, the current account deficit remained relatively stable, increasing marginally from USD2.072 billion in 2023 to USD2.079 billion in 2024, representing a 0.4 percent increase. This stability was primarily due to a reduction in the deficit of the goods account, from USD1.945 billion in 2023 to USD1.85 billion in 2024, attributed to a decrease in imports of 1.4 percent. In 2024 the services account displayed an improvement in deficit from USD540 million in 2023 to USD496 million in 2024, representing an 8.0 percent decrease. This is as a result of a decrease in imports of services and a slight increase in exports of the same by around 6 percent. The primary income account also improved, reducing the deficit from USD199.7 million in 2023 to USD163.3 million in 2024, attributed to a slowdown in payments for primary income. The secondary income account posted a surplus, despite a reduction in its value from USD612.6 million in 2023 to USD430.7 million in 2024, a decrease of 29.6 percent. This decline was due to a reduction in receipts of transfers to general government and non-profit institutions serving households, which fell from USD736.9 million in 2023 to USD583 million in 2024.

In 2025, the current account is projected to worsen, with the deficit increasing from USD2.079 billion to USD2.199 billion, reflecting a 5.8 percent increase. This deterioration is expected to originate from a worsening goods account, services account, and primary income account, with a slight improvement in the secondary income account. The goods account is forecasted to experience an increase in deficit, from USD1.85 billion to USD1.921 billion, a rise of 3.84 percent. Both exports and imports of goods are expected to increase by 15 percent and 8 percent, respectively. The services account is expected to worsen, with the deficit growing from USD496 million to USD574.7 million, driven by a 10.89 percent increase in exports and a 6.01 percent increase in imports, resulting in a total increase of 15.81 percent. The primary income account, with a deficit of USD163.3 million in 2024, is projected to widen to USD176.4 million, an increase of 8.02 percent. Receipts are expected to rise by 4.89 percent, while payments are expected to worsen by 7.63 percent. The secondary income account is expected to improve, with the surplus increasing from USD430.7 million to USD472.7 million, driven by a projected 43.43 percent increase in receipts.

In 2026, the current account is expected to slightly improve, with the deficit decreasing from USD2.199 billion to USD2.122 billion, representing a 3.5 percent decrease. The goods account is forecast to improve, with the deficit reducing from USD1.921 billion to USD1.864 billion. Exports are expected to increase by 11.99 percent, while imports are expected to grow by 3.02 percent. This would result in a 2.95 percent reduction in the deficit for the goods account. The services account is also expected to show a slight deterioration, with the deficit increasing from USD574.7 million to USD579.2 million, as imports of services are projected to rise by 2.59 percent. The primary income account is expected to worsen, with the deficit growing from USD176.4 million to USD188.8 million. Payments for primary income are projected to increase by 6.75 percent, while receipts are expected to rise by 4.66 percent. The secondary income account is expected to improve, with the surplus increasing from USD472.7 million to USD510.3 million, a rise of 7.95 percent, due to a projected 7.71 percent increase in secondary income receipts. Payments on secondary income are also expected to increase by 7.01 percent.

2.4.2 Goods Balance

In 2024, the goods balance deteriorated by 4.9 percent, with the deficit widening from USD2.179 billion in 2023 to USD2.287 billion in 2024. This was primarily driven by a 2.8 percent increase in goods imports, which rose from USD3.145 billion in 2023 to USD3.234 billion in 2024, coupled with a 1.9 percent decline in goods exports, from USD965 million to USD946 million. The increase in imports was fuelled by high demand for vehicles, petroleum oil, pharmaceuticals, and farm inputs, while the decline in exports was mainly attributed to a decline in sugar production.

Looking ahead to 2025, the goods account deficit is projected to widen further, increasing by 3.84 percent, from USD1.85 billion to USD1.921 billion. Both exports and imports of goods are expected to grow, by 15 percent and 8 percent, respectively. The rise in exports will be driven by the continued expansion and diversification of the agricultural sector, alongside growth in mining and manufacturing industries, which are expected to enhance export capacity and contribute to overall trade performance.

TABLE 2.5: EXPORTS VALUES OF TRADITIONAL COMMODITIES (USD MILLION)

COMMODITY	2021	2022	2023	2024
Tobacco	406.1	181.7	389.3	544.9
Tea	72.2	36.5	62.6	68.7
Sugar	74.4	10.9	35.7	9.8
Cotton	4.5	5.2	3.9	2
Coffee	2.8	1.1	1.6	3.4
Pulses	64	25.9	62.8	81
Soya Beans	42.3	2	6.9	7.5
Ground Nuts	43.1	39.4	49.1	31.7
Macadamia	25.5	11.9	15.6	15.7

Source: National Statistics Office

2.4.3 Capital and Financial Account Balance

In 2024, the capital account decreased by 26.8 percent, from USD1,113.4 million in 2023 to USD813.5 million in 2024, reflecting a reduction in capital transfers to the general government sector, which fell by 28.5 percent in 2024. Capital transfers to non-profit institutions also decreased by 24.4 percent in 2024, despite an increase in 2023. However, this decline is part of an ongoing trend from previous years.

In 2025, the capital account is expected to decrease by 6.59 percent, reaching USD867.2 million, as capital transfers to both the general government sector and non-profit institutions are projected to increase by 6.99 percent and 6.01 percent, respectively.

In 2026, the capital account is projected to improve, rising from USD867.2 million in 2025 to USD921.1 million, representing a 6.21 percent increase. The growth will be driven by a 6.99 percent increase in capital transfers to the general government and a 4.99 percent increase to non-profit institutions.

The financial account remained in a net incurrence of liabilities in 2024 but showed some improvement. In 2024, the financial account improved by 3.1 percent, from a net incurrence of liabilities of USD141.7 million in 2023 to USD137.3 million in 2024, and it is expected to improve slightly in 2025 and 2026. The change in 2024 was primarily due to an improvement in the net acquisition of liabilities in the other investments account, which increased from USD415.7 million in 2023 to USD491.1 million in 2024, reflecting an 18.1 percent increase. The portfolio investment account maintained a constant deficit of USD2.4 million in 2024, similar to 2023. However, it is expected to increase its deficit to USD2.7 million in 2025 and remain unchanged in 2026. The increase in the deficit of portfolio investment is due to a change in the net acquisition of financial assets, which decreased from USD0.2 million to zero, and an increase in the net incurrence of liabilities, which rose from USD2.6 million to USD2.7 million.

The direct investment account showed a slight improvement from 2023 to 2024, increasing from a net incurrence of liabilities of USD141.7 million in 2023 to USD137.3 million in 2024. It is expected to remain relatively stable in 2025, with a projected net incurrence of liabilities of USD137.9 million, as the liabilities increase from USD185.7 million in 2024 to USD222.8 million in 2025. Further changes are expected in 2026, with the net incurrence of liabilities projected to rise to USD251.7 million, resulting in a net incurrence of liabilities of USD155.8 million.

The other investment account worsened in 2024, with its deficit increasing from USD405.5 million in 2023 to USD482 million in 2024, representing an 18.87 percent increase. This was due to a change in the net incurrence of liabilities, which rose from USD415.7 million in 2023 to USD491.1 million in 2024. However, improvements are expected in 2025 and 2026, with deficits projected at USD454.9 million and USD427.4 million, respectively, as the net acquisition of liabilities is expected to increase in both years.

In 2024, the financial account improved by 47.9 percent, rising from USD479.8 million in 2023 to USD709.7 million in 2024. This improvement is primarily due to an 18.1 percent increase in the net incurrence of liabilities, which shifted from a net acquisition of assets of USD72.3 million in 2023 to USD48.4 million in 2024, as the central bank continued to build its foreign exchange reserves. This positive trend is expected to persist in 2025 and 2026, with projected increases of 7.26 percent and 13.6 percent, respectively. The financial account is expected to reach USD658.2 million in 2025 and USD568.8 million in 2026.

The direct investment account saw a 3.11 percent improvement from 2023 to 2024, with the net incurrence of liabilities decreasing from USD141.7 million in 2023 to USD137.3 million in 2024. The direct investment account is expected to remain relatively stable in 2025, with a projected net incurrence of liabilities of USD137.9 million, slightly up from USD137.3 million in 2024. Liabilities are expected to increase from USD185.7 million in 2024 to USD222.8 million in 2025. Further changes are expected in 2026, with the net incurrence of liabilities projected to rise to USD251.7 million, resulting in a net incurrence of liabilities of USD155.8 million. Consequently, the direct investment account is expected to worsen by 12.9 percent in 2026.

TABLE 2.6: BALANCE OF PAYMENTS 2023-2026 (US$ MILLIONS)

	2023	2024*	2025*	2026**
Current Account	**(2072.3)**	**(2079.6)**	**(2199.4)**	**(2122.0)**
Credit	2279.8	2201.3	2451.1	2677.7
Debit	4352.1	4280.9	4650.5	4799.7
Goods	**(1945.2)**	**(1850.4)**	**(1921.0)**	**(1864.3)**
Credit	1051.5	1105.1	1270.9	1423.4
Debit	2996.7	2955.5	3191.9	3287.7
Services	**(540.0)**	**(496.6)**	**(574.7)**	**(579.2)**
Credit	465.1	490.5	520.0	543.9
Debit	1005.1	987.1	1094.7	1123.1
Primary Income	**(199.7)**	**(163.3)**	**(176.4)**	**(188.8)**
Credit	26.3	22.5	23.6	24.7
Debit	226.0	185.8	200.0	213.5
Secondary Income	**612.6**	**430.7**	**472.7**	**510.3**
Credit	736.9	583.2	636.6	685.7
Debit	124.3	152.5	163.9	175.4
Capital Account	**1113.4**	**813.5**	**867.2**	**921.1**
Credit	1113.8	813.9	867.6	921.5
Debit	0.4	0.4	0.4	0.4
Net lending (+)/Net borrowing (-) (balance from financial account)	**(479.8)**	**(709.7)**	**(658.2)**	**(568.8)**
Direct Investment	**(141.7)**	**(137.3)**	**(137.9)**	**(155.8)**
Net acquisition of financial assets	72.3	48.4	84.9	95.9
Net incurrence of liabilities	214.0	185.7	222.8	251.7
Portfolio Investment	**(2.4)**	**(2.4)**	**(2.7)**	**(2.7)**
Net acquisition of financial assets	0.2	0.2	0.0	0.0
Net incurrence of liabilities	2.6	2.6	2.7	2.7
Financial derivates (other than reserves) and employee stock options	**(7.9)**	**(7.2)**	**(7.7)**	**(8.0)**
Net acquisition of financial assets	(4.7)	(4.0)	(4.2)	(4.4)
Net incurrence of liabilities	3.2	3.2	3.5	3.6
Other investment	**(405.5)**	**(482.0)**	**(454.9)**	**(427.4)**
Net acquisition of financial assets	10.2	9.1	10.3	11.6
Net incurrence of liabilities	415.7	491.1	465.2	439.0
Reserve Assets	**77.7**	**(80.8)**	**(55.0)**	**25.1**

Source: National Accounts and Balance of Payment Committee

* Estimates

** Projections

2.5 Monetary Policy Development

In response to mounting inflationary pressures in 2024, the Monetary Policy Committee (MPC) took steps to tighten monetary policy. The rise in inflation was primarily driven by higher food prices, which were linked to a weaker agricultural harvest in the 2023/24 season. Additionally, supply shortages in foreign exchange led to exchange rate pressures, increasing the cost of imported consumer goods. These factors contributed to heightened inflation expectations, prompting the MPC to take action to manage and stabilise these expectations.

Cumulatively, the MPC increased the policy rate by 200 basis points throughout 2024. Specifically, the policy rate was raised from 24.00 percent to 26.00 percent during the first MPC meeting in January 2024. In addition, the Liquidity Reserve Requirement for domestic deposits was raised from 8.75 percent to 10.0 percent. The monetary tightening was further supported by improved communication strategies to guide market expectations and control inflationary pressures.

Despite these efforts, the growth of money supply in the economy remains above the Reserve Bank of Malawi's comfort level, even after several measures aimed at curbing its expansion. However, the anticipated slowdown in inflation among major trading partner economies is expected to help mitigate some of the imported inflationary pressures.

The MPC will continue to closely monitor both global and domestic economic conditions and adjust policy as necessary to maintain low, stable inflation that supports sustainable economic growth.

Chapter 3

AGRICULTURE AND NATURAL RESOURCES

3.1 Overview

This chapter presents the performance of the agriculture sector for 2024, focusing on key aspects such as crop and livestock production, the national food security situation, and weather forecast for the 2024/25 growing season. It also highlights significant milestones achieved in the implementation of the National Agriculture Investment Plan (NAIP) and the Affordable Input Programme (AIP).

3.2 Agriculture Sector Performance

3.2.1 Weather Forecast for 2023/24 Season

During the 2023/24 season, all Agricultural Development Divisions (ADDs) experienced late onset and early cessation of rainfall. Throughout the season, rainfall was unevenly distributed and erratic. This was influenced by El Niño conditions. The southern region experienced false onset, erratic, and poor temporal and spatial distribution of rains. These provided a conducive environment for diseases and pests like Fall Armyworm (FAW). On the other hand, Salima, Machinga, Shire Valley, Kasungu, Mzuzu, and Karonga ADDs received heavy rains in isolated areas during the season. All the ADDs, except Karonga, recorded poor cumulative rainfall amounts during the season compared to the same time in the previous season. Karonga recorded the highest mean rainfall amount of 1,404.2 millimeters (mm), while Shire Valley recorded the lowest mean rainfall of 387 mm. The cumulative mean rainfall received by the ADDs is 803.5 mm, which is lower than the 992.6 mm from the same time the previous season.

3.2.2 Crop Production

The results of the third round of the 2023/24 Agriculture Production Estimates Survey (APES) indicate a significant decrease in the production of most crops compared to the previous 2022/23 season. As for cereal crops, maize production declined sharply by 22.7 percent**,** dropping from 3,509,837 MT in the 2022/23 season to 2,712,578 MT in 2023/24 whereas sorghum production fell even more substantially by 35.6 percent, reducing from 126,333 MT to 81,402 MT. Millet production experienced a significant drop of 32.3 percent, falling from 49,631 MT to 33,596 MT. On the other hand, rice production showed a different trend, recording a slight increase of 2.1 percent, rising from 124,344 MT in 2022/23 to 126,981 MT in the 2023/24 season while wheat production showed a huge improvement, nearly doubling with an increase of 91.6 percent, from 190 MT in 2022/23 season to 364 MT in 2023/24 season. The remarkable increase in wheat production reflects concerted efforts to expand its cultivation in specific regions for import substitution.

Among legumes and oilseeds, when comparing production from 2022/23 and 2023/24 seasons; groundnuts production witnessed a sharp decline of 40.7 percent, dropping from 468,045 MT to 277,591 MT while beans production also fell by 17.4 percent, from 235,089 MT to 194,175 MT. Cowpeas recorded a decline of 20.8 percent, from 56,691 MT to 44,897 MT whereas pigeon peas experienced a decline of 8.6 percent, dropping from 456,033 MT to 416,704 MT. In the same vein, soya beans production decreased considerably by 23.4 percent, falling from 235,487 MT to 180,380 MT, sunflower production dropped by 17.4 percent, reducing from 15,674 MT to 12,954 MT and cotton production experienced the sharpest decline, decreasing by 55.5 percent, from 13,822 MT to 6,147 MT. Despite the general decline in legumes and oilseeds production, sesame production recorded an increase of 13.9 percent, rising from 9,686 MT to 11,031 MT. The improvement in sesame production is attributed to localized favorable conditions, price incentives and the availability of improved seeds.

TABLE 3.1: CROP PRODUCTION

Crop	2023/24 Third Round (MTs)	2022/23 Third Round (MTs)	% Change against Third Round 2022/23
Maize	2,712,578	3,509,837	-22.7
Rice	126,981	124,344	2.1
Millet	33,596	49,631	-32.3
Sorghum	81,402	126,333	-35.6
Groundnuts	277,591	468,045	-40.7
Cotton	6,147	13,822	-55.5
Sesame	11,031	9,686	13.9
Sunflower	12,954	15,674	-17.4
Wheat	364	190	91.6
Pulses	868,578	1,019,766	-14.8
Beans	194,175	235,089	-17.4
Pigeon Peas	416,704	456,033	-8.6
Cow Peas	44,897	56,691	-20.8
Soya Beans	180,380	235,487	-23.4

Source: Ministry of Agriculture

3.2.2.1 Maize Production

All ADDs experienced a decrease in maize production in the 2023/24 season except for Karonga ADD as compared to the 2022/23 growing season. Blantyre ADD recorded the highest decrease in maize production at 52.9 percent, while Mzuzu ADD registered the lowest decline of 1.4 percent. Only Karonga ADD recorded an increase in maize production of 35.8 percent. Table 3.2 summarizes maize production by ADD.

TABLE 3.2: 2023/24 MAIZE PRODUCTION BY ADD IN METRIC TONNES

	Maize Production in Metric Tons		
ADD	**Third Round 2022/23**	**Third Round 2021/22**	**% Change**
Karonga	206,574	152,101	35.8
Mzuzu	349,497	354,406	-1.4
Kasungu	848,452	1,035,327	-18.0
Lilongwe	614,827	808,157	-23.9
Salima	107,510	156,886	-31.5
Machinga	290,580	423,146	-31.3
Blantyre	206,938	438,929	-52.9
Shire Valley	88,200	140,885	-37.4
NATIONAL	**2,712,578**	**3,509,837**	**-22.7**

Source: Ministry of Agriculture

3.2.2.2 National Horticultural Crops Production

In the 2023/24 season, only mango, tomatoes and banana crops witnessed an increase in production when compared to the 2022/23 season, whilst the other horticultural crops registered decreases in production as in Table 3.3. The decline in production is mainly due to decrease in the number of bearing plants/trees, market disincentives and unfavourable weather conditions, especially in Blantyre ADD.

TABLE 3.3: 2023/24 NATIONAL HORTICULTURAL CROPS PRODUCTION ESTIMATES IN METRIC TONNES

Crops	Third Round 2023/24	Third Round 2022/23	Percentage Change
Cassava	5,946,214	6,195,735	-4.0
S/Potato	6,962,391	7,609,426	-8.5
Potato	1,404,014	1,516,396	-7.4
Pineapples	254,730	370,626	-31.3
Mangoes	1,364,080	1,357,653	0.5
Oranges	86,925	94,225	-7.7
A. Pears	99,468	117,768	-15.5
Tomatoes	701,631	694,260	1.1
Banana	1,161,226	1,077,474	7.8
Cabbage	229,999	241,686	-4.8
Onions	273,758	291,689	-6.1
Tangerines	241,228	263,431	-8.4
Lemons	21,953	24,273	-9.6

Source: Ministry of Agriculture

3.2.3 Livestock Production

During the 2023/24 season, the population of cattle increased from 2,187,583 to 2,269,084, representing a 3.7 percent increase. The population of chicken increased from 211,129,975 to 222,614,505, representing a 5.4 percent increase. The population of goats, sheep, pigs and quails also increased by 8.4 percent, 7.5 percent, 8.4 percent and 8.1 percent, respectively. The increases are attributed to the rise in births as a result of improved management practices. Such include good housing, feeding, breeding, and improved parasite and disease control. Furthermore, there is an increase in the number of households keeping livestock due to the government and non-state actors' projects direct injections and their related pass-on programs.

TABLE 3.4: LIVESTOCK CENSUS

Species	Third Round 2023/24	Third Round 2022/23	Percentage Change
Cattle	2,269,084	2,187,583	3.7
Goats	14,090,773	12,994,613	8.4
Sheep	459,959	427,754	7.5
Pigs	12,475,657	11,507,091	8.4
Chickens	222,614,505	211,129,975	5.4
Rabbits	4,441,356	3,978,376	11.6
G/Fowls	3,537,672	3,264,591	8.4
Turkey	556,230	527,770	5.4
G/Pigs	926,486	834,601	11.0
Pigeons	15,223,670	14,064,017	8.2
Ducks	5,640,253	5,003,171	12.7
Quails	12,858,095	11,891,654	8.1

Source: Ministry of Agriculture

3.2.4 National Food Security

The 2023/24 third round APES revealed varying percentages of households without food produced from their own farms across different ADDs. Overall, the food situation deteriorated nationwide in the 2023/24 season compared to the 2022/23 season. The percentage of farm households without food from their own production increased from 5.9 percent in 2022/23 to 14.3 percent in 2023/24. Shire Valley ADD recorded the highest incidence, with 37.2 percent of households lacking food from their own production, while Kasungu had the lowest at 2.3 percent. This decline in food availability was largely attributed to poor harvests in the 2022/23 season, which were impacted by tropical storms and dry spells. Households without food from their own production employed various coping mechanisms such as participating in relief/safety nets programs, selling livestock, engaging in casual labor, mining and selling river sand, relying on remittances and engaging in other socio-economic activities. Further details of the food situation are provided in Table 3.5.

TABLE 3.5: NATIONAL FOOD SITUATION AS AT JUNE 2024

	2023/24 Season			2022/23 Season		
ADD	Total FHs	FHs Without food	% of FHs Without Food	Total FHs	FHs Without Food	% of FHs Without Food
KRADD	138,016	3,608	2.6	131,502	7,763	5.9
MZADD	355,831	9,103	2.6	347,753	5,215	1.5
KADD	566,154	12,871	2.3	566,15	7,376	1.3
SLADD	246,762	14,601	5.9	246,762	5,752	2.3
LADD	807,548	47,036	5.8	807,548	26,551	3.3
MADD	857,481	177,395	20.7	829,290	64,327	7.8
BLADD	920,130	238,377	25.9	857,412	82,210	9.6
SVADD	227,720	84,804	37.2	216,524	35,188	16.3
TOTAL	4,119,642	587,795	14.3	4,002,941	234,382	5.9

Source: Ministry of Agriculture

In terms of food availability, the local markets offered horticultural crops (e.g. bananas, cassava, sweet potato) and field crops such as rice, sorghum, millet, and maize. The majority of farming households that did not have food from own production during the reporting period purchased food from vendors and other private traders in addition to the markets run by the Agricultural Development and Marketing Corporation (ADMARC). The average price of maize in the 2023/24 season ranged from MK610 to MK904 per kilogram as compared to an average range of MK574 to MK900.00 per kilogram in the 2022/23 season.

Due to rising inflation and poor harvests from the previous season, prices of other food commodities were reportedly higher than in the previous season. The prices of cereals, sorghum and rice, were significantly higher during the reporting period compared to the same time in the previous season. For sorghum, the average price previously ranged from MK719 to MK1,055 but increased to between MK833 and MK1,570 during the reporting period. Similarly, rice prices, which previously averaged MK1,489 to MK1,893, rose to a range of MK1,965 to MK2,363. Among legumes, the prices of groundnuts and soybeans also experienced substantial increases compared to the same time last season. Groundnuts, which previously averaged between MK1,414 and MK2,136, saw prices rise to MK2,236 and MK3,066 during the reporting period. Similarly, soybeans prices, which previously ranged from MK658 to MK1,031, increased to a range of MK995 to MK1,705 in the reporting period.

3.2.5 National Agriculture Investment Plan

Despite the expiry of National Agriculture Investment Plan - NAIP (2017/18-2022/23) document, the Ministry continued to use it as the primary tool for the implementation of the National Agriculture Policy (NAP). A number of ongoing initiatives are being implemented within the NAIP framework through the implementation of major programmes such as: the Agriculture

Commercialization Project (AgCom 2), Shire Valley Transformation Programme (STVP), Programme for Rural Irrigation Development (PRIDE), and the Sustainable Agriculture Commercialization Project (SAPP). The key milestones include:

i. increasing hectarage under irrigation through development of irrigation schemes country wide, currently a total of 154, 190 hectares have been developed;
ii. development of mega farms targeting various value chains whilst promoting mechanization. Specifically, privately contracted mega farmers in 2023/24 farming season and the Green Belt Authority cultivated a total of 7,700 hectares producing value chains such as maize, beans, and rice;
iii. enhancing agricultural commercialization, value addition and market linkages, by among other initiatives providing matching grants to producer organizations. Cumulatively, matching grants totaling USD31.1 million have been disbursed to 479 producer organizations which has greatly contributed to wealth creation of farmers through acquisition of essential investments;
iv. enhancing and diversifying livestock production; and
v. strengthening sector monitoring and reporting systems through the upscaling of the National Agriculture Information Management System (NAMIS) to all the districts. Specifically, the upscaling of NAMIS has seen the country digitally register 3.4 million farming households. On policy perspective, the Ministry has successfully launched National Agriculture Policy (2024), National Irrigation Policy (2024), and Agriculture Land Resources Management Policy (2024), which are now being implemented. On the legislative part, to ensure proper and adequate enforcement of the Seed Act and Fertilizer Act, the Ministry is at an advanced stages of developing the Seed Act Regulations and Fertilizer Act Regulations.

3.2.6 Affordable Inputs Programme

The Affordable Inputs Programme (AIP) for the period under review adopted a redesigned approach aimed at making the program more targeted and efficient. The program set a goal to reach a total of 1,511,302 beneficiaries, with 1,501,592 targeted for crop production inputs (i.e. fertilizer and seed) across all districts in Malawi. Additionally, 9,710 beneficiaries in Phalombe, Balaka, and Salima districts were targeted for the distribution of female goats.

For the 2023/24 AIP season, the government allocated 149,025 MT of fertilizer, evenly split between NPK and Urea, with distribution managed by the Smallholder Farmers Fertilizer Revolving Fund of Malawi (SFFRFM). Beneficiaries were required to contribute MK15,000 per 50kg bag, while the government subsidized the remaining cost to match the market price. By the end of the season, a total of 133,597.45 MT of fertilizer had been redeemed, representing 89.64 percent of the allocated amount.

Similarly, 7,455 MT of certified cereal seed was allocated, with the government contributing MK3,500 per allocation while farmers covered the remaining cost based on seed variety. A total of 6,299.54 MT of seed was redeemed, achieving a redemption rate of 84.49 percent. Additionally, 19,500 female goats were allocated under the livestock component, with beneficiaries required to pay MK15,000 per goat. By the program's conclusion, 17,151 goats had been redeemed, reflecting a redemption rate of 87 percent. To facilitate implementation, 12 seed companies were contracted to supply certified seeds, while 83 small-scale enterprises were engaged in livestock distribution.

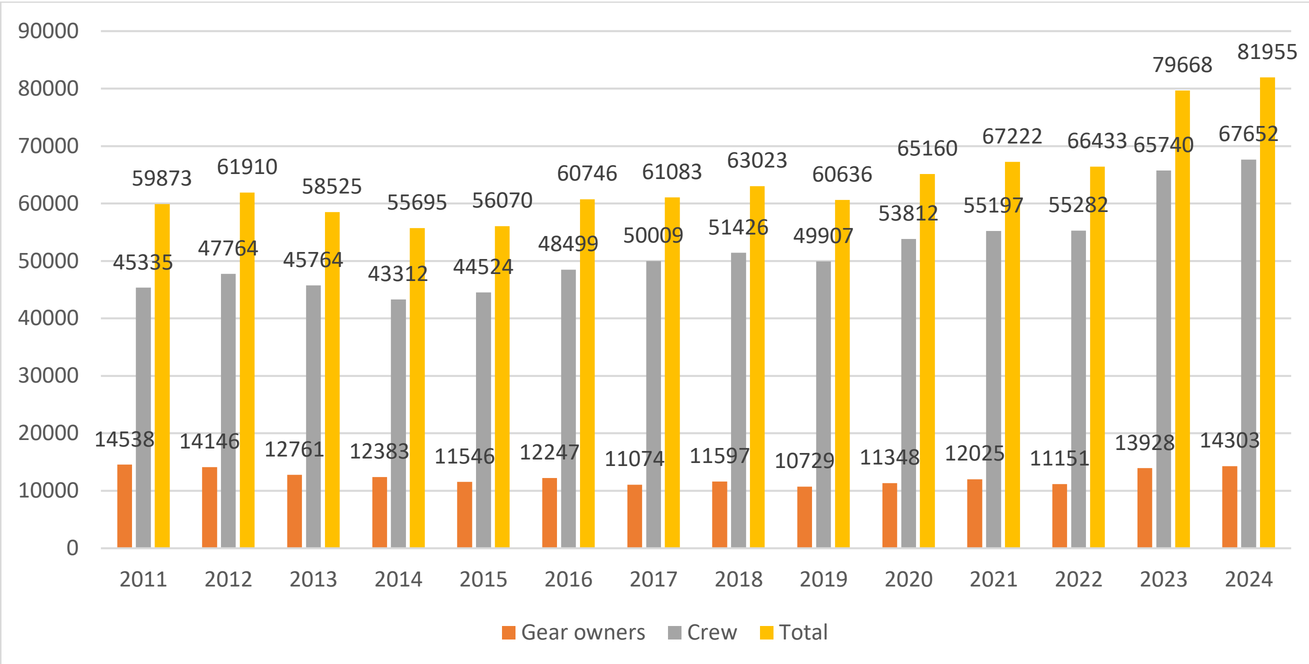
3.3 The Fisheries Sector

3.3.1 The Socio-Economic Role of the Fisheries Sector

3.3.1.1 Employment

The fisheries sector comprises capture fisheries, aquaculture, and aquarium trade sub-sectors. The sector provides employment to most of the fishing and fish farming households in the lakeshore fishing and fish farming districts of Malawi. Figure 3.1 shows that in 2024, fishing gear owners increased from 13,928 in 2023 to 14,303 in 2024, representing a 2.7 per cent increase. The number of the fishing crew members increased from 65,740 to 67,652, representing an increase of 2.9 per cent. The number of people directly employed in the sector as fishers and fishing crew members is currently at 81,955 showing an increase of 2.9 per cent from 79,668 in the previous year.

FIGURE 3.1: NUMBER OF FISHING GEAR OWNERS AND CREW COUNTRYWIDE BETWEEN 2011 AND 2024



Source: Department of Fisheries

In addition, the sector indirectly employs over half a million people who are mainly engaged in ancillary activities such as fish processing, fish marketing, boat building, fishing nets mending and engine repair. The entire fish value chain further supports over 1.6 million people thereby making a significant contribution to their livelihoods.

3.3.1.2 Food and Nutrition Security

In terms of food and nutrition security for Malawians, the fisheries sector plays a very important role. Fish as a commodity is the main source of animal protein in the country, contributing over 70 percent of the dietary animal protein intake of Malawians and 40 percent of the total protein supply. The annual fish production by waterbody (Table 3.6) shows that Lake Malawi continues to dominate the contribution of fish supply to the country at 145,364 metric tons against a national capture fishery production of 183,396 metric tons. Fish production under capture fishery declined in 2024 by 9.2 percent against the production estimate of 202,045 metric tons in the year 2023.

TABLE 3.6: FISH CATCH LANDINGS (METRIC TONS) BY WATERBODY FOR THE YEAR 2024 COMPARED WITH THE YEAR 2023

Waterbody	Category	2023	2024	Percent Change
Lake Malawi	Artisanal	154,364	145,467	5.8% decrease
Lake Malawi	Commercial	1,654	317	80.8 % decrease
Lake Malombe	Artisanal	1,763	3,529	100.2 % increase
Shire River	Artisanal	3,421	3,715	8.6 % increase
Lake Chilwa	Artisanal	39,552	29,827	24.6 % decrease
Lake Chiuta	Artisanal	1,291	541	58.1 % decrease
Total		**202,045**	**183,396**	9.2 % decrease

Source: Department of Fisheries

The 2024 annual capture fishery production of 183,396 metric tons shows that usipa continues to dominate the production at 94,438 metric tons thereby accounting for 51 percent of the total annual catch (Table 3.7). The chambo fishery which constitutes fish species of native chambo, kasawala and makumba has collectively declined by 3.5 percent from 13,916 metric tons in 2023 to 13,428 metric tons in 2024.

TABLE 3.7: FISH PRODUCTION (METRIC TONS) BY FISH SPECIES FOR THE YEAR 2024 COMPARED WITH THE YEAR 2023

Species	Year 2023	Year 2024
Chambo	3,850	5,002
Kambuzi	3,593	5,496
Kasawala	500	1,677
Chisawasawa	838	2,390
Kampango	1,736	2,274
Mbaba	16,114	1,167
Mcheni	3,122	3,400
Mlamba	16,114	18,495
Mpasa	20	112
Nchila	104	117
Sanjika	165	286
Usipa	90,720	94,438
Utaka	16,375	11,669
Ndunduma	10,711	7,747
Makumba	9,566	6,749
Matemba	19,795	7,802
Other Tilapia	2,331	2,209
Others	20,175	12,366
Total	**202,045**	**183,396**

Source: Department of Fisheries

3.3.1.3 Source of Income

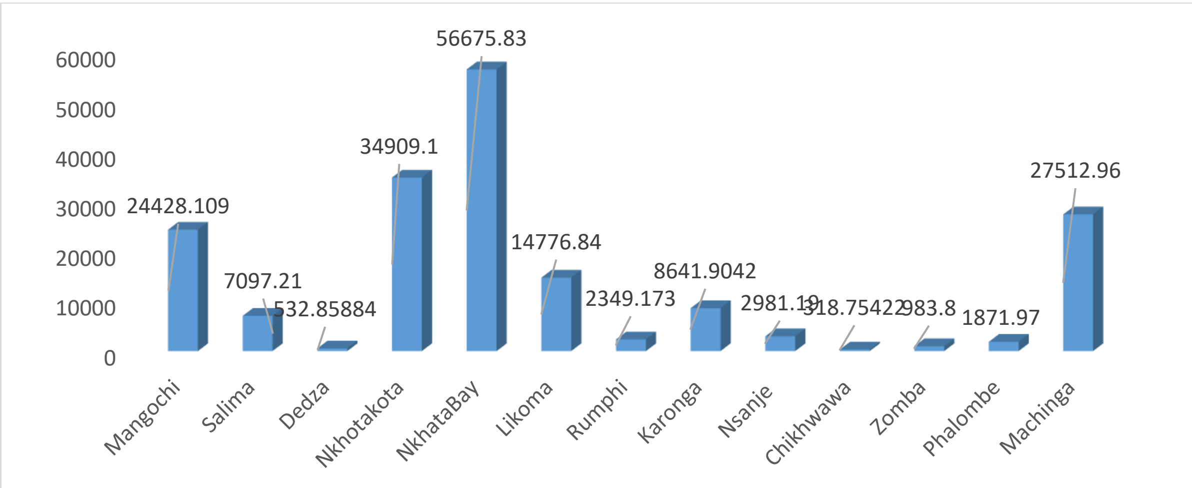
Fish is a source of income for households that are dependent on the fishing activities. Upon landing, the annual gross revenue accruing to the fishing gear owners and the fishing crew is estimated at MK391.9 billion which is equivalent to USD217.7 million for the year 2024. This represents an increase of 9.3 percent from the year 2023 where the fish landings had a landed value of MK358.57 billion (USD177.9 million) with a corresponding volume of 202,045 metric tons.

3.3.1.3.1 Fish Catch Landings by District

Figures 3.2 and 3.3 show the fish catch contribution by fishing district in the year 2024. Nkhata-Bay district continues to contribute the highest catch of 56,676 metric tons to the total annual catch representing 31 percent, followed by Nkhotakota at 34,909 metric tons representing 19 percent.

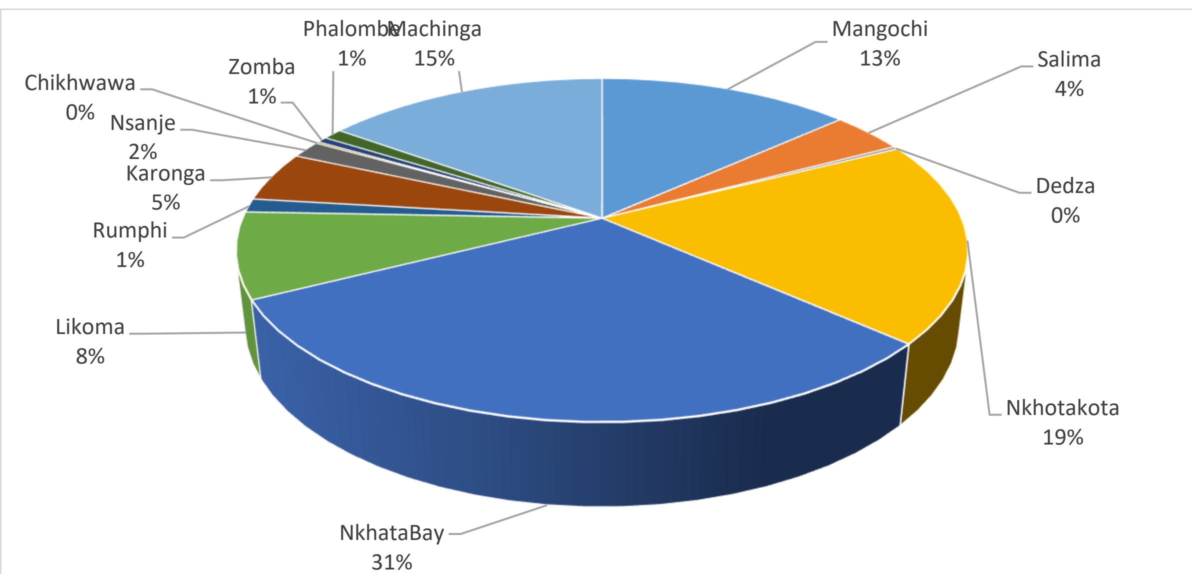
Apart from Nkhata-Bay and Nkhotakota; Machinga, Mangochi and Likoma are the most highly contributing fishing districts to the total annual catch for the year 2024.

FIGURE 3.2: FISH CATCH LANDINGS (METRIC TONS) BY FISHING DISTRICT FOR THE YEAR 2024



Source: Department of Fisheries

FIGURE 3.3: FISH CATCH CONTRIBUTION BY FISHING DISTRICT FOR THE YEAR 2024 IN PERCENT



Source: Department of Fisheries

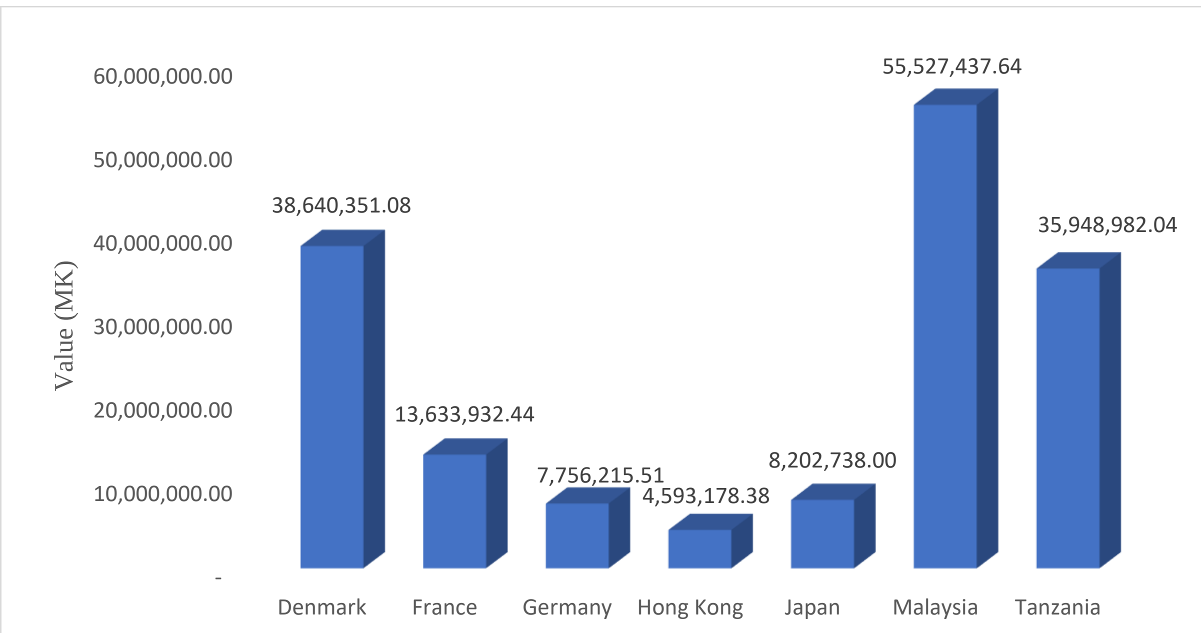
3.3.1.3.2 Foreign Exchange Earnings from Ornamental Fish Exports

Malawi is endowed with endemic fish species particularly in Lake Malawi. These species have very interesting species radiations of scholarly importance and therefore contribute to the nation's ecotourism. The most important species are the brightly coloured Mbuna fish which attract research interests both locally and foreign. The country has a total of five (5) licensed entities that are engaged in the live ornamental fish exports.

The foreign exchange earnings accruing to the licensed entities from the live fish exports for the year 2024 are estimated at USD95,819.9 from 38,585 individual fish species. This represents 15.9 percent decrease in revenue from a total of 20,293 live fish which generated revenue worth USD113,958.4 in the year 2023.

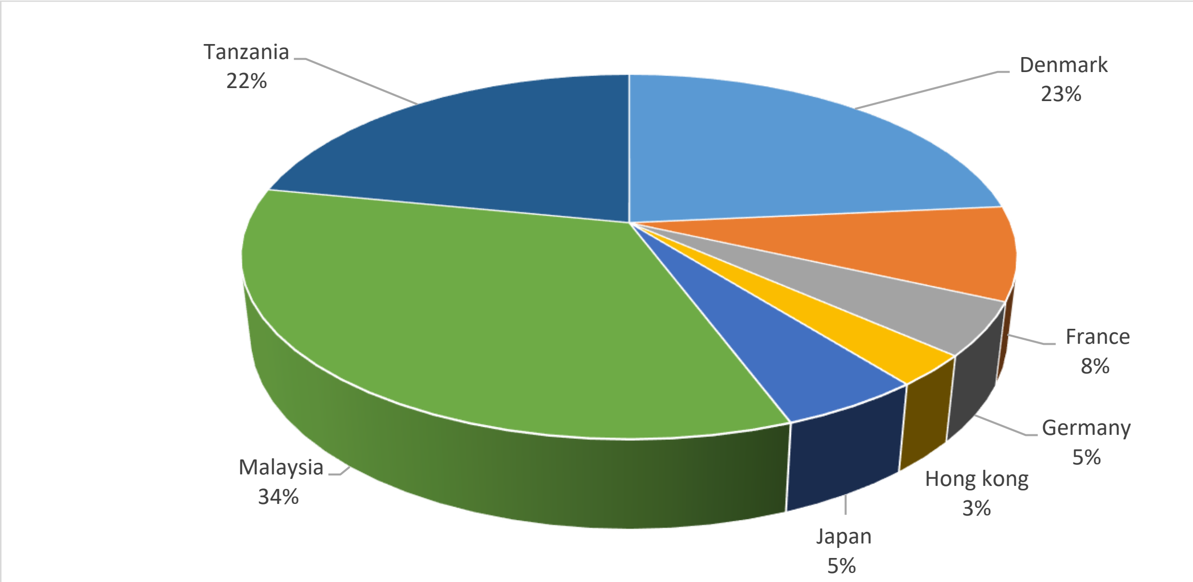
As shown in Figures 3.4 and 3.5, Malaysia was the major importer of Malawi's ornamental fish followed by Denmark, Tanzania, France, France and Japan. Tanzania is emerging to be one of the lucrative live export markets for Malawi's ornamental fish trade.

FIGURE 3.4: EXPORT VALUE (MK) OF LIVE ORNAMENTAL FISH IN THE YEAR 2024



Source: Department of Fisheries

FIGURE 3.5: EXPORT DESTINATIONS FOR MALAWI'S ORNAMENTAL LIVE FISH SPECIES FOR THE YEAR 2024 IN PERCENT



Source: Department of Fisheries

3.3.2 Status of the Fisheries Sector

3.3.2.1 Trends in Annual Fish Production by Water Body

The national catch statistics from all the waterbodies show that total fish production has decreased from 205,045 metric tons in 2023 to 183,396 metric tons in 2024, representing 9.2 percent decrease. The catch landings in the year 2024 show that over 145,467 metric tons (51 percent) of the total catch originate from Lake Malawi and the rest account for 49 percent. This implies that Lake Malawi continues to be the major source of fish for the country.

The national average beach price has increased by 34 percent from MK1,594/kg in 2023 to MK2,136/kg in 2024. This increase has translated to 15.5 per cent increase in value of the catch landings from MK339.2 billion in 2023 to MK391.9 billion in 2024 (Table 3.8).

TABLE 3.8: FISH CATCH LANDINGS (METRIC TONS) BY WATERBODY FROM 2015 TO 2024

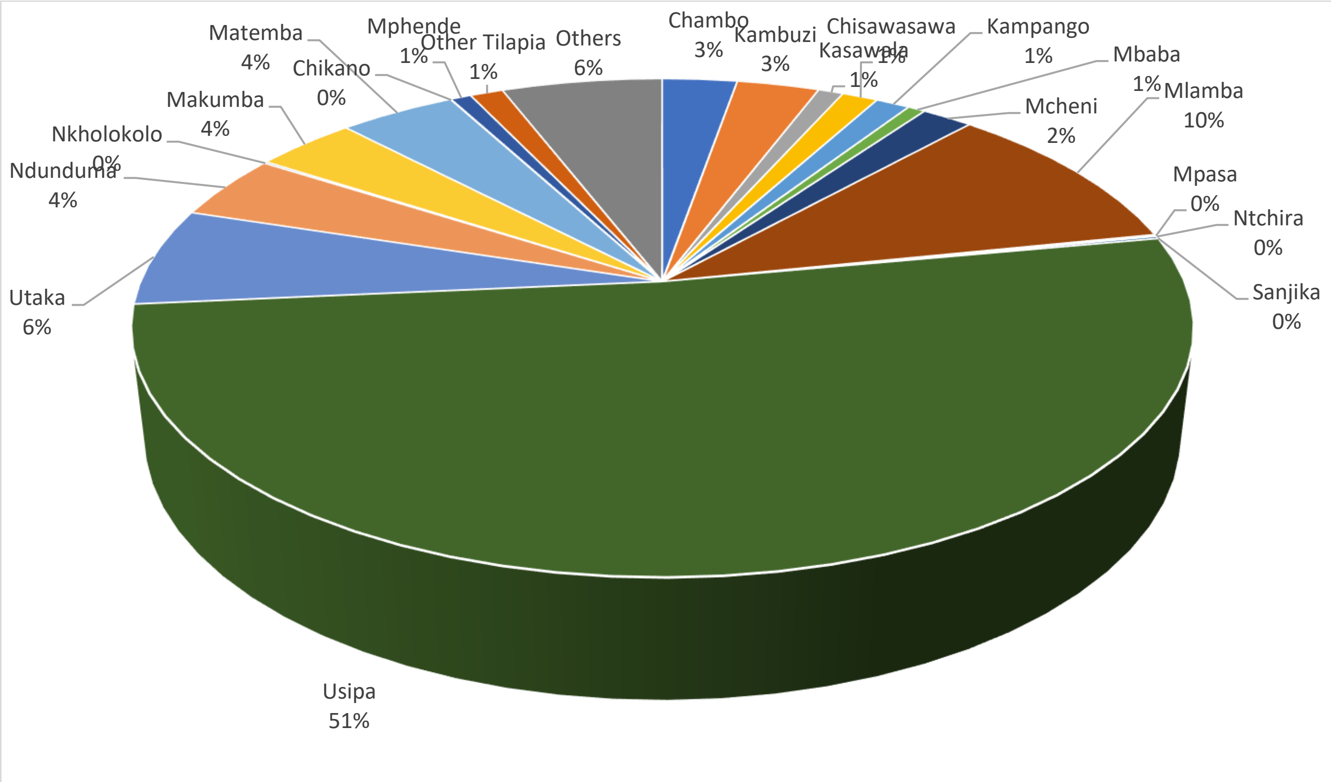
Year	L. Malawi - Artisanal (Tons)	L. Malawi – Commercial (Tons)	L. Malombe (Tons)	L. Chilwa (Tons)	L. Chiuta (Tons)	Upper, Lower & Middle Shire (Tons)	Total (Tons)	Landed value (MK '000)	Beach price (MK/kg)
2015	127,438.4	2,672.4	5,903.7	5,660.5	1,149.7	1,490.6	144,315.3	108,703,887.8	753.2
2016	143,556.1	4,415.9	4,053.0	2,833.6	1,297.9	1,111.1	157,267.7	69,794,254.9	825.0
2017	185,095.7	3,249.1	4,663.1	3,269.7	1,497.7	1,678.5	199,453.8	173,036,178.0	867.6
2018	205,814.2	2,817.9	6,985.0	1,834.9	1,702.8	2,694.2	221,849.0	196,691,396.0	929.0
2019	143,324.8	2,109.6	3,532.2	2,817.7	1,447.3	1,691.1	154,922.7	169,556,716.0	1,072.4
2020	154,212.3	2,154.2	6,197.3	5,352.8	850.9	2,076.1	170,843.5	183,839,581.7	1,076.1
2021	156,681.2	1,655.7	5,288.9	6,734.8	1,584.9	1,534.5	173,480.1	187,280,388.0	1,079.6
2022	173,159.4	842.3	2,651.2	6,477.7	634.5	2,966.9	186,731.9	219,449,231.6	1,175.2
2023	165,299.0	1,510.3	2,037.8	39,205.6	1,314.9	3,368.4	212,736.1	339,259,187,221.4	1,594.1
2024	145,466.8	316.5	3,528.8	29,827.4	541.4	3,715.4	183,396.2	391,903,006,122.7	2,136.9

Source: Department of Fisheries

3.3.2.2 Fish Catch Composition

Usipa continues to dominate the species composition in the capture fishery subsector at 51 percent to the total annual catch of the year 2024 (Figure 3.6). The Usipa is followed by mlamba at 10 per cent, utaka at 6 per cent; and makumba, matemba and ndunduma at 4 percent each, respectively.

FIGURE 3.6: FISH CATCH COMPOSITION BY SPECIES IN THE YEAR 2024

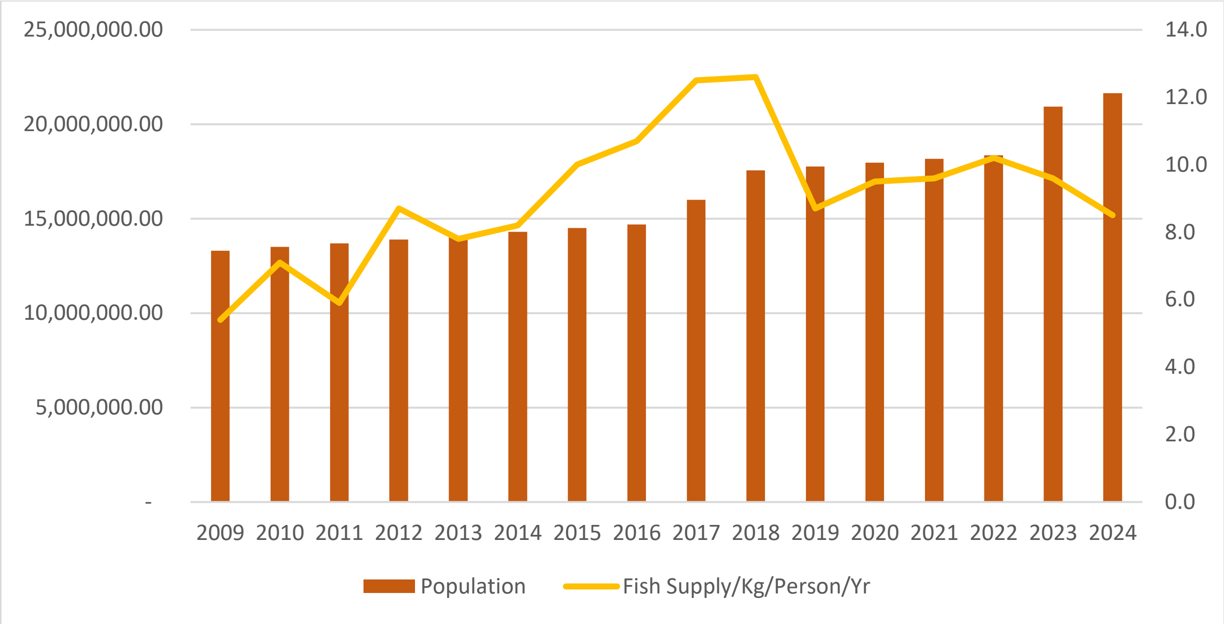


Source: Department of Fisheries

3.3.2.3 Fish Consumption Per Capita

There has been a continued increase in per capita fish consumption, reaching 12.6 kg/person/year in 2018 from 5.4 kg/person/year in 2009, as shown in Figure 3.7 and Table 3.9. The decline in catch landings by 9.2 percent has resulted into corresponding decline in per capita fish consumption from 9.65 in 2023 to 8.5 in the year 2024. This shows that the current fish supply does not meet the needs of the growing population of the country.

FIGURE 3.7: TRENDS IN PER CAPITA FISH SUPPLY FROM 2009 TO 2024



Source: Department of Fisheries

The per capita fish consumption of 8.5 kg/person/year for the year 2024 is below the recommended 13–15 kg by the World Health Organization (WHO).

TABLE 3.9: PER CAPITA FISH SUPPLY FROM YEAR 2015 TO 2024 WITH ESTIMATED POPULATION GROWTH

Year	Population	Total Catch(Kg)	Fish Supply/Kg/Person/Yr
2015	14,500,000	144,315,275	10.0
2016	14,700,000	157,267,660	10.7
2017	16,000,000	199,453,838	12.5
2018	17,563,749	221,849,082	12.6
2019	17,763,749	154,922,716	8.7
2020	17,963,749	170,843,520	9.5
2021	18,163,749	173,480,053	9.6
2022	18,363,749	186,731,930	10.2
2023	20,931,751	211,225,760	10.1
2024	21,647,750	183,396,200	8.5

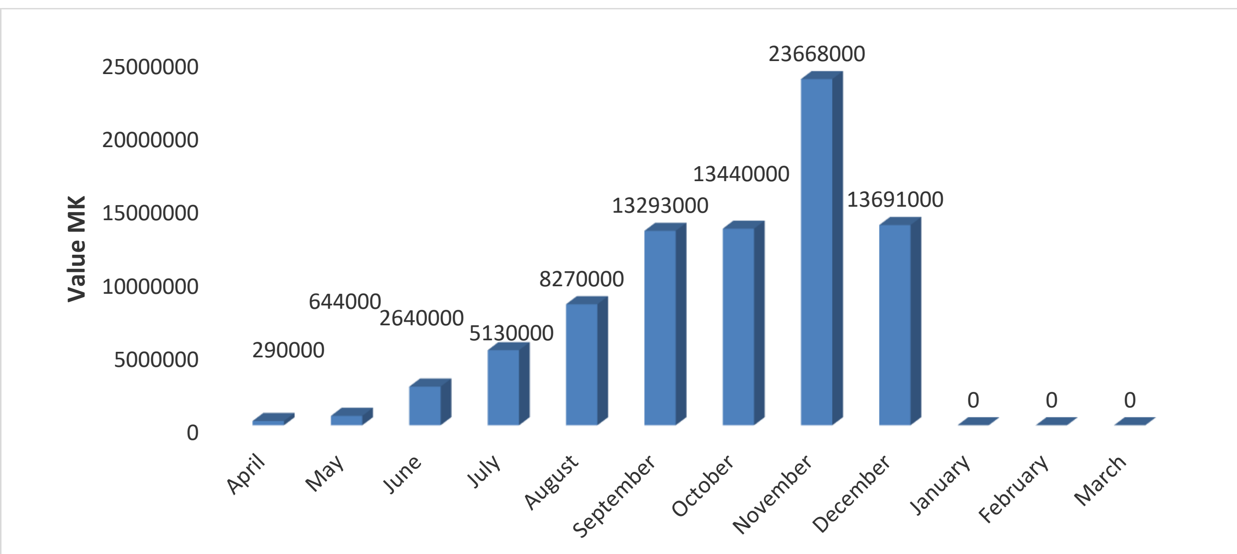
Source: Department of Fisheries

3.3.2.4 Fish Resource Monitoring and Licensing

To increase fisheries and aquaculture investments, the sector continued to implement fisheries regulatory activities including licensing of fishing gears and issuance of aquaculture permits across the country. In addition to the licensing and issuance of the permits, the sector also issued sanitary certificates for fish exports. The revenue generated from these activities is summarised in Figures 3.8 and 3.9. The licensing of the large-scale commercial fishing units has so far generated revenue worth MK25.2 million. The issuing of the small-scale fishing licenses has generated MK53.6 million and the issuance of the sanitary certificates has generated MK2.3 million. The total revenue from April to December 2024 has reached MK81.1 million where the months between September to December inclusive, contributed greatly to the revenue collections.

The total revenue generated from licensing of both commercial and small-scale fishing operations by headquarters and the fishing districts is currently at MK78.8 million against a target of MK87.8 million set by the Treasury for the fiscal year 2024/25. This represents 89.8 percent achievement of the annual revenue target. This achievement is accomplished due to enhanced awareness by the district fisheries offices on the importance of collecting more revenue from fisheries-related entrepreneurs along the fish value chain. In addition, the district offices also intensified implementation of fisheries enforcement activities as part of the regulatory services in the sector.

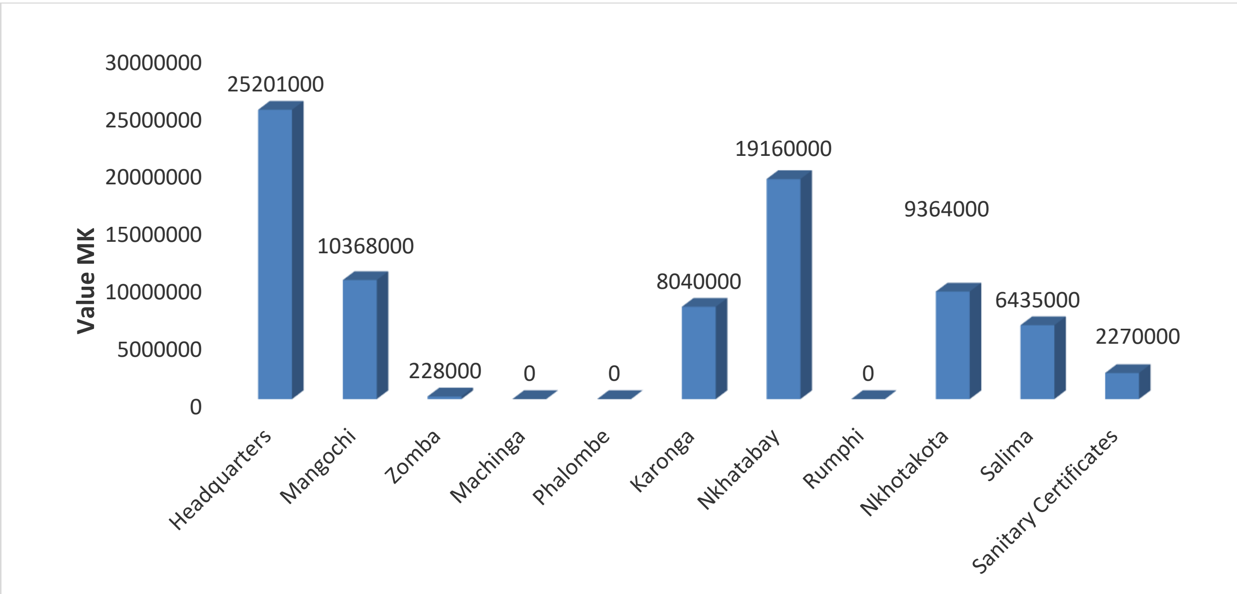
FIGURE 3.8: MONTHLY REVENUE COLLECTIONS FROM LICENSING OF FISHING ECONOMIC UNITS BETWEEN APRIL AND DECEMBER 2024



Source: Department of Fisheries

In terms of performance of revenue collections by districts, Nkhata-Bay continues to outperform the rest of the districts with MK19.2 million as its revenue, followed by Mangochi (10.4 million), Nkhotakota (MK9.4 million) and Karonga (MK8.0 million). The districts of Machinga, Phalombe and Rumphi are yet to register revenue collections for the fiscal year.

FIGURE 3.9: REVENUE GENERATION BY DISTRICT AND SOURCE FROM APRIL TO DECEMBER 2024



Source: Department of Fisheries

3.3.3 Performance of Aquaculture Sector

The aquaculture sub-sector continues to show that in total, there are approximately 17,012 fish farmers, of whom 61.5 percent are males and 38.5 percent are females. The total recorded number of ponds countrywide is estimated at 11,000 with a total pond area of 276.2 hectares.

A total of 6,198,851fingerlings were produced during the year 2024 as shown in Table 3.10. The production came from the following hatcheries: the National Aquaculture Centre (NAC), Mzuzu Fish Farming Station, Kasinthula, and private hatchery operators including Maldeco. The fingerling production estimate for the year 2024 has declined from the production estimate of 2023 by 42.5 percent. This decline is as a result of many private fish farming establishments not submitting their fingerling production records to the Department of Fisheries.

TABLE 3.10: TRENDS IN FINGERLING PRODUCTION FROM PUBLIC AND PRIVATE HATCHERIES BETWEEN 2015 AND 2024

Year	Number of Fingerlings Produced by Public Hatcheries (DAC, Mzuzu)	Number of Fingerlings Produced by Private Hatcheries (Maldeco)	Total Number of Fingerlings (Public + Private)
2015	965,811	6,423,307	**7,391,133**
2016	1,670,526	6,625,000	**8,297,542**
2017	1,891,835	7,619,920	**9,511,755**
2018	2,407,050	10,494,000	**12,901,050**
2019	5,464,290	9,166,380	**14,630,670**
2020	2,049,670	5,360,000	**7,409,670**
2021	3,619,978	14,162,420	**17,782,398**
2022	7,391,651	16,520,217	**23,911,868**
2023	7,957,545	2,835,150	**10,792,695**
2024	5,929,851	269,000	**6,198,851**

Source: Department of Fisheries

In terms of aquaculture fish production, a total of 14,301 metric tons are estimated for the year 2024 which is an increase of 53.4 per cent from 9,321 metric tons produced from fish ponds and cages in 2023 as shown in Table 3.11. All the major cultured fish species have registered increases in production with significant increases for *Oreochromis* species (Chambo), *Coptodon rendalli* (Chilinguni) and *Clarias gariepinis* (Milamba). The production of *Oreochromis* spp. has increased by 41.5 percent from 7,016 to 9,932 metric tons, *Coptodon rendalli* has increased by 40.6 percent from 1,460 metric tons to 2,054 metric tons and *Clarias gariepinis* has increased by 179.7 percent from 806 to 2,255 metric tons. The increases in production of *Oreochromis spp.* and *Coptodon rendalli* are to do with the adoption of cage fish farming along the Lake Malawi by many investors who are targeting the production of these fish species. The increase in production of *Clarias gariepinis* is due to availability of quality fingerlings from the public hatcheries in the country coupled with affordable fish feeds by many fish farmers.

TABLE 3.11: ESTIMATED FISH PRODUCTION AND HARVEST VALUE (MK) OF MAJOR CULTURED FISH SPECIES BETWEEN 2020 AND 2024

Fish Species	Statistic	2020	2021	2022	2023	2024
Oreochromis Shiranus/mossambicus	Production (tons)	6,669	6,620	5,362	7,016	9,932
	Value (USD)	21,130,419	24,072,227	19,498,909	10,048,519	17,974,842
Coptodon rendlli	Production (tons)	2,261	2,732	1,116	1,460	2,054
	Value (USD)	7,164,863	9,935,437	4,059,255	4,551,234	7,570,743
Clarias gariepinis	Production (tons)	440	440	616	806	2,255
	Value (USD)	1,394,170	1,600,000	2,240,000	2,045,120	61,022,023
Cyprinus carpio	Production (tons)	11	11	40	22	34
	Value (USD)	35,134	40,366	145,455	115,210	187,466
Onchorrynchus mykiss	Production (tons)	12	12	13	17	26
	Value (USD)	38,070	43,747	47,273	40,069	52,686
All species	**Production (tons)**	**9,393**	**9,815**	**7,147**	**9,321**	**14,301**
	Value (USD)	**29,762,656**	**35,691,777**	**25,990,892**	**16,800,152**	**86,807,760**

Source: Department of Fisheries

3.3.4 Challenges

The major challenges facing the fisheries sector in Malawi include the following:

i. There is significant paucity of information and data on both fingerling production and table size fish production among most of the private fish farming investments across the country. As a result, most of the district fisheries offices are unable to adequately record and report on the fish production status of such establishments. This situation culminates to underestimation and therefore undervaluation of the fisheries sector;

ii. There is limited access and utilisation of funding on ORT in virtually all the cost centres of the Department of Fisheries. This implies that implementation of Annual Work Plans and Budgets is highly compromised such that the performance of the sector is below the optimum level;

iii. The sector continues to experience limited mobility among its frontline staff. This, as a result, is a recipe for compromised coverage of routine data collection and delivery of extension, training and regulatory services to the fishing and fish farming communities across the country; and

iv. There is limited number and quality of frontline technical staff in all the District Fisheries Offices across the country for optimum delivery of technical services to the target stakeholders in the sector.

3.3.5 Proposed Mitigation Measures

i. The Department of Fisheries as a lead institution of the fisheries sector should ensure that all players in the fishery value chain should be keeping their fish related enterprise records and regularly report to the director on the same based on the conditions of the fishing licenses and aquaculture permits,

ii. Aquaculture round table meetings and annual forums should continue to be held as a platform for raising awareness in terms of existing potential of the fisheries sector and the need to tap such potential,

iii. Enhance capacity-building initiatives across all levels for all fish value chain actors to be implemented through various projects and programs in the fisheries sector,

iv. Promote sustainable, effective and efficient use of the installed fish feed mills and hatcheries in northern, central and southern regions of the country,

v. All key institutions in the fisheries sector including the academia should embrace meaningful networking and partnerships that should harness synergies and leverage on comparative advantages of such concerned institutions.

3.4 The Forestry Sector

This section evaluates the forestry sector's achievements and its impact on the economy during the 2024/25 Financial Year. The forestry sector contributes to the achievement of Malawi 2063(MW63) Agenda by contributing to activities under Pillar 1 which is Agricultural Productivity and Commercialization and enabler 7 which is Environmental Sustainability. The section discusses and analyses utilization and marketing of forest resources, budget allocation and revenue collection, as well as initiatives related to tree planting on customary estates and the restoration of forest plantations. Furthermore, this section also gives insights on the Other Recurrent Expenditures (ORT) and the Forestry Development and Management Fund (FDMF).

3.4.1 Forest Utilisation and Marketing

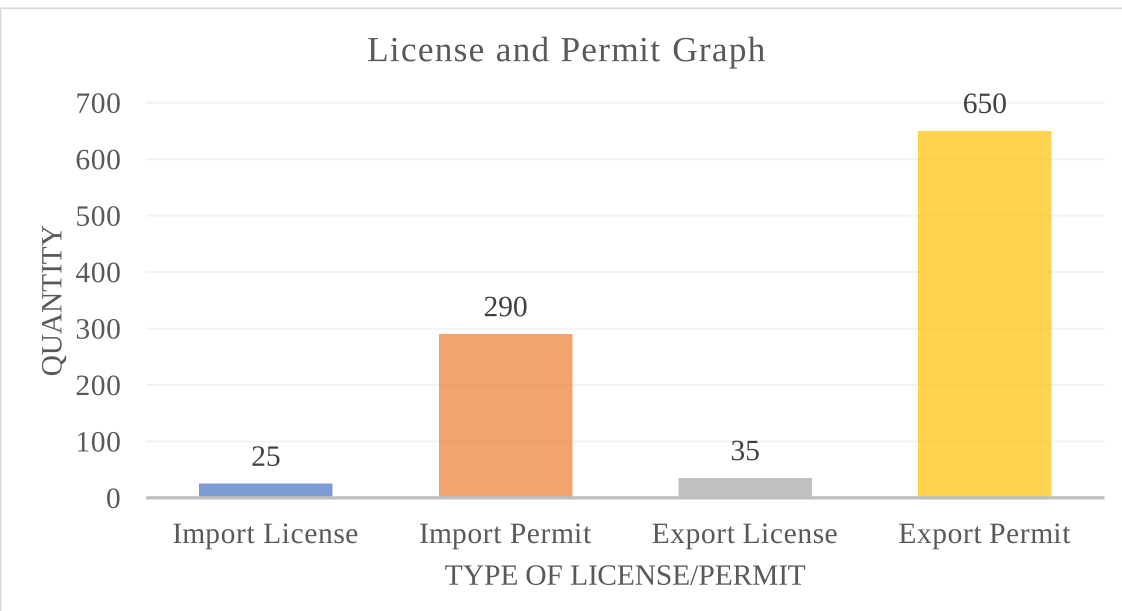
Forest products (both timber and non-timber products) in Malawi are consumed locally and internationally. However, timber products are exported to external markets within the Southern African Development Community (SADC) and East Africa regions. The most exported timber products include curios/wood carvings, Medium Density Fibre (MDF) boards (Plain and laminated), pine timber, plywood, rubber, rubber timber, shutter ply, colombo roots.

3.4.1.1 Import and Exports of Forest Products

In the year under review a total of 35 export licenses and 650 export permits were issued to various exporters including Raiply Malawi Limited, Vizara Timber Plantations and other small-scale exporters. The export licenses and permits are legal documents that enabled companies and individuals to export MDF boards, shutter ply, plywood, natural rubber and rubber timber to various countries.

During the 2024/25 financial year, the sector issued 25 Forest Import Licenses and 290 Forest Import Permits for importation of various forest products into the country as shown in Figure 3.10. The major imported products included; pine timber, poles and flash doors. Most of these forest products were imported from Mozambique, Tanzania and South Africa.

FIGURE 3.10: IMPORT AND EXPORT PERMITS/LICENSE



Source: Department of Forestry

Based on Figure 3.10, it indicates that 68.5 percent of the licenses/permits issued were exports**.** Majority of these products are exported to Tanzania, South Africa, Zimbabwe and Zambia by

Raiply Malawi Limited. On the other hand, more permits were issued than licenses (94 percent), indicating that the Department has some established customers/stakeholders who continuously export and import forest products than the new customers on the same.

3.4.1.2 Revenue Generated from Importation and Exportation of Forest Product

The Department generated USD96,695 from exportation and importation of various forest products during the period.

3.4.3 Revenue Collected from Forest Produce and other Services

Apart from export and import permits and licenses, the Department of Forestry (DoF) also collected revenue from forest produce and other services. During 2024/25 FY, the major sources of revenue for the DoF were sale of logs, sale of firewood, and concession fees. The bulk of revenue was collected from plantations, mainly Viphya Plantations. Table 3.12 shows the revenue summary collected by the DoF from forest products and other sources.

TABLE 3.12: REVENUE COLLECTED FROM FOREST PRODUCTS AND OTHER SOURCES

Product Type	Revenue (MK)
Log Sales	3,747,264,014.37
Concessions	221,039,852.46
Sale of Firewood	540,036,553.45
License Fees	179,080,710.00
Royalties on Forestry Produce	57,105,331.36
Phytosanitary Certificate/Receipts on Certificates	6,424,000.00
Miscellaneous Fees	10,210,211.37
Rent for MG Houses	5,012,932.00
Forest Seed Sales	14,495,165.70
Course fees	108,000.00
Accommodation and Hall Hire	49,016,200.00
Rest House Fees	428,250.00
Transfer Conveyance Certificate	19,791,000.00
Penalties	4,363,000.00
Total Revenue	**4,780,776,770.00**

Source: Department of Forestry

Revenue amounting to MK4.8 billion was generated as shown in the Table 3.12. The highest revenue was generated from log sales and sale of firewood as indicated by 77.2 percent and 11.1 percent of the total revenue. On the other hand, course fees generated the least revenue of all as indicated by 0.0002 percent.

3.4.4 Tree Planting and Plantation Rehabilitation

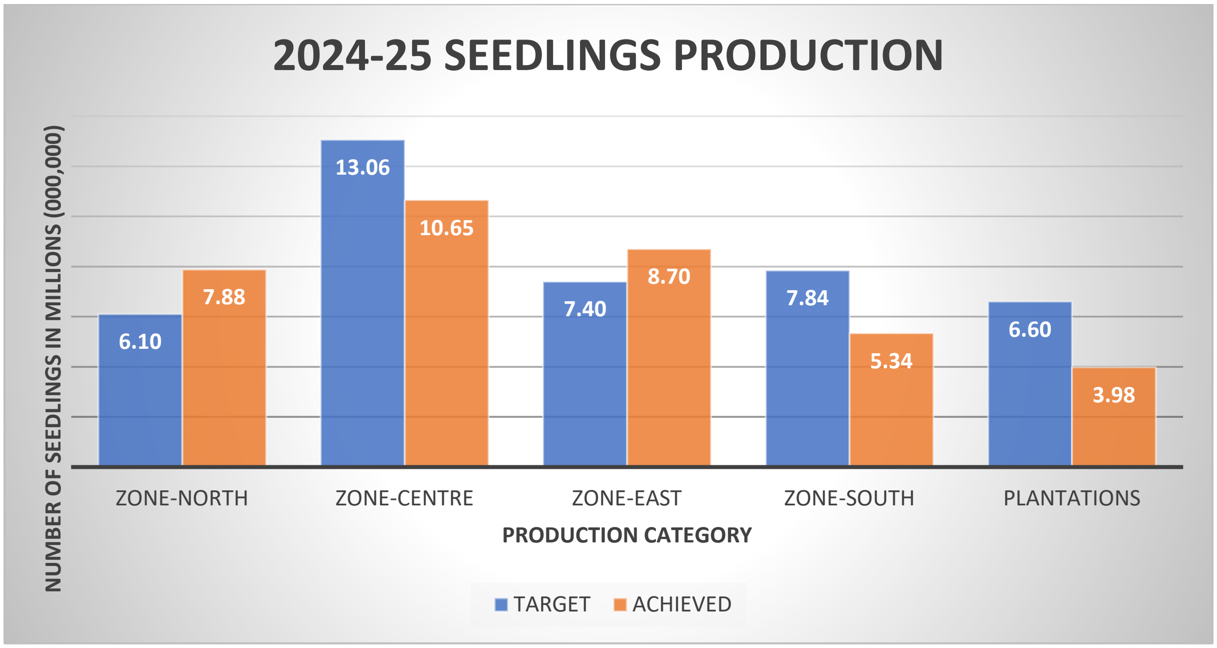
The DoF protects and manages 21 forest plantations and 88 gazetted forest reserves. Additionally, it supports the protection and management of trees and forests on customary estates. The department set aside the period that runs from 15th December to 15th April each year with a view to accelerate tree and forest management by all stakeholders. The restoration of degraded sites and fragile lands is one of the tasks the department undertakes each year during the National Forestry Season.

3.4.4.1 Customary Estate and Public Land (Government Plantations and Forest Reserves)

In the current fiscal year, the target is to plant 33,400,000 and 6,600,000 trees on customary estates and government forest plantations, respectively. The target corresponds to 13,360 ha on customary estates and 5,000 ha of government plantations. As of December 2024, a total of 36,547,600 tree seedlings were produced representing 91.4 percent achievement. Out of the total production, 32,570,630 seedlings were produced on customary estates and 3,976,970 seedlings were produced in government plantations representing 89.1 percent and 10.9 percent of the total seedlings produced respectively. Figure 3.11 compares production targets and achievements in all the zones and plantations across the country.

The achievements are as a result of collaboration efforts between the DoF and other stakeholders including Non-Governmental Organizations (NGOs), religious bodies, local communities, private companies, and educational institutions to enhance tree and forest management.

FIGURE 3.11: TREE SEEDLING PRODUCTION BY ZONES AND PLANTATIONS



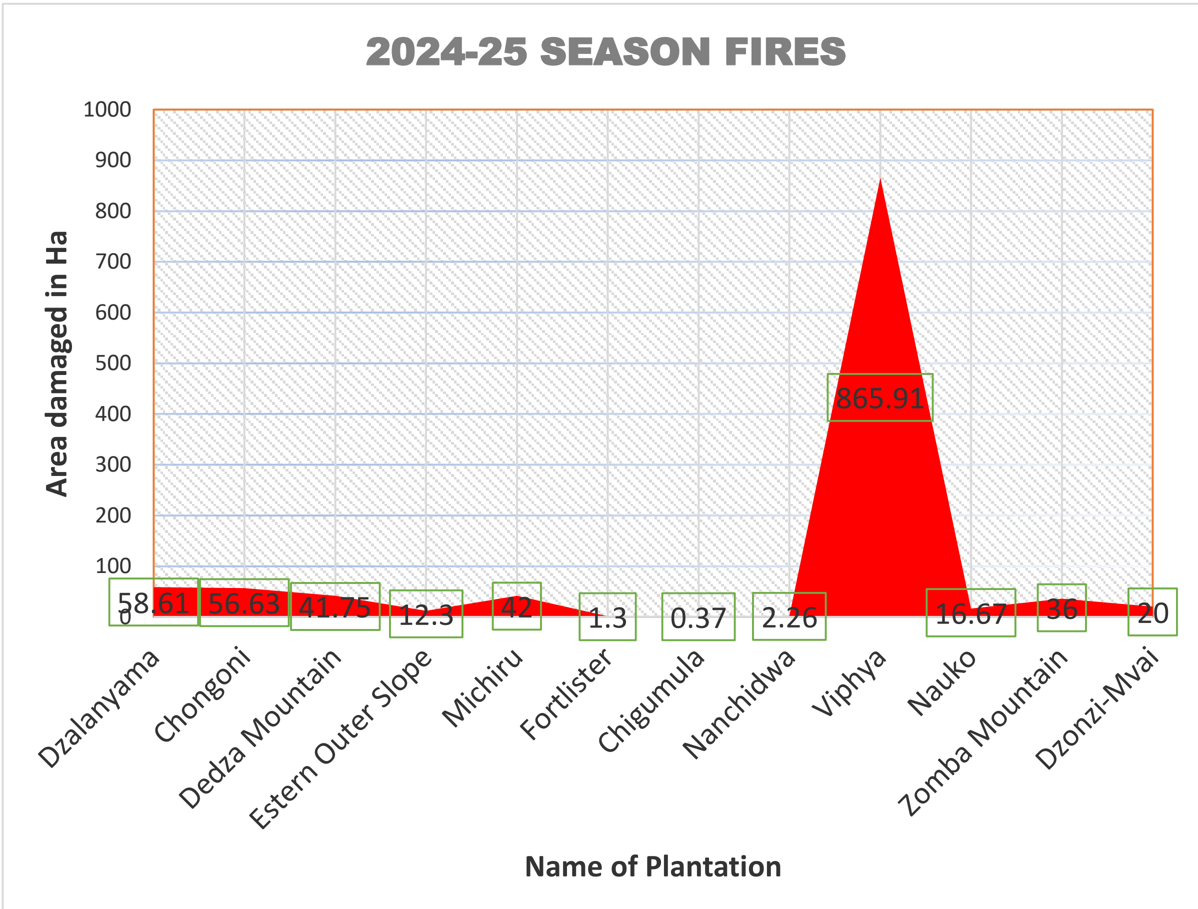
Source: Department of Forestry Progress Reports

Based on the Figure 3.11, the Zone Forestry Office (North and East) have surpassed seedling production target by 29.3 percent and 17.5 percent respectively. Government plantations and the Zone Forestry Office (South) have produced least number of seedlings and only achieved 60.3 percent and 68.1 percent of the targets respectively. Seedling production has been finalized and tree planting commenced on 15th December 2024. However, the progress of tree planting is underscored due to dry spell that affected all the regions across the country.

3.4.4.2 Fire Protection

The Department protects and manages 90,000 ha of industrial timber plantations, fuelwood and pole plantations. However, the protection and management faces challenges such as wildfires, encroachment and illegal logging. In order to reduce the risk of fires, the Department conducted several silvicultural practices such as weeding, early controlled burning and firebreaks maintenance. However, during the 2024/25 financial year, 1153.8 hectares was affected by bush fires as indicated in the Figure 3.12.

FIGURE 3.12: STATIONS AFFECTED BY FIRES AND AREA AFFECTED



Source: Department of Forestry

Viphya plantation experienced highest wild fire with a total area of 865.9 hectares being burnt representing 75.1 percent. both government and concession areas were affected by these fires in Viphya. Species burnt includes Pines and Eucalyptus. The main cause of forest fires in these plantations include arson and illegal activities. The severity and intensity of forest fires this season has resulted into high mortality rate especially for young stands in the plantation and this call for more investments in procuring firefighting equipments.

3.4.5 Other Recurrent Transactions and Forestry Development and Management Fund

During the 2024-2025 financial year, DoF received MK4.5 billion under Forest Development and Management Fund (FDMF). The budget allocation was revised to MK7 billion. The department was allocated MK500 million as Other Current Transaction (ORT).

The FDMF budget was meant to support the augmentation, conservation, protection and management of Forest resources as stipulated in the fund order. On the other hand, ORT serve to support both administrative requirements and mandate of the department.

The major activities implemented included the following:

i. Conduct tree planting and management
ii. Rehabilitate degraded landscapes through natural regeneration management
iii. Enforce forestry legislations through patrols and follow up of court cases
iv. Support recruitment of forestry staff
v. Train staff at different levels at Malawi College of Forestry and Wildlife
vi. Undertake forestry research in four strategic areas

3.4.6 Other Major Achievements for the Sector

The Department of Forestry achieved the following in the 2023/24 financial year:

i. Protected 88 forest reserves with a total land area of 918,400 hectares from encroachment,
ii. Protected 88,846.2 hectares of plantation from illegal logging and fires,
iii. Promoted natural regeneration in 7,227.28 hectares of natural forests, particularly on customary land,
iv. Rehabilitated 1,869.89 hectares of forests in 21 government plantations during the 2023/24 National Forestry Season across the country,
v. Planted 15,028.8 hectares (37,707,190 tree seedlings) of customary forests during the 2023/24 National Forestry Season in all districts,
vi. Developed a strategic plan,
vii. Recruited 195 ground laborers, 121 assistant forestry officers, 359 forest guards, 35 security guards, 33 motor vehicle drivers, 6 seed collectors and 6 seed processors who were deployed in 88 forest reserves, 21 forest plantations and the Malawi College of Forestry,
viii. Promoted 3 deputy directors to senior deputy directors, 1 chief forestry officer to deputy director, 6 principal forestry officers to chief forestry officers and 23 forestry officers to senior forestry officers,
ix. Enforced forestry legislation throughout the country, resulting to impounding of 6 vehicles, confiscated 1486 bags of charcoal and arrests 180 culprits. 177 convicts were given custodial sentence ranging from 6 months to 36 months or to pay fine ranging from MK95,000 to MK300,000.

3.4.7 Challenges

The main challenges affecting the smooth implementation of activities in the forestry sector are:

i. High demand for forestry products against low supply,
ii. High Staff vacancies rate,
iii. Low participation of stakeholders in forest landscape restoration activities,
iv. High rate of deforestation and forest degradation,
v. Inadequate vehicles and motorcycles,
vi. Fire remains a major challenge affecting productive forests,
vii. Inconsistent and inadequate financial resource.

3.4.8 Conclusion

In conclusion the Forestry sector contributed to GDP through the exportation of different forest products. In addition, the sector generated much revenue from sale of logs, sale of firewood, concession fees and license fees among others. However, it should be noted that the provisions of ecosystem services such as water, carbon sequestration have not been costed. These services significantly contribute to the country's economy.

Chapter 4

IRRIGATION AND WATER DEVELOPMENT

4.1 Irrigation

4.1.1 Update on Strategic Guiding Documents (Policies and Legislation)

The Irrigation sub-sector in Malawi has made significant progress in reviewing its policy and legislative frameworks. The National Irrigation Policy (2024) and Irrigation Act (2024) now guide irrigation development in the country. A review of the Irrigation Master Plan and Investment Framework to incorporate emerging issues is in the pipeline. Additionally, the Irrigation Code of Practice continues to provide essential guidance to all stakeholders involved in the implementation and provision of irrigation-related goods, services and works.

Malawi has a potential irrigable land area of 407,862 hectares, as outlined in the Irrigation Master Plan and Investment Framework (2015–2035). Given the available human and financial resources, the country aims to develop 220,000 hectares by 2035.

The cumulative area of developed irrigation land has increased from 148,850 hectares to 154,190 hectares, representing a 3.5 percent annual growth. While this is an improvement from the previous reporting period, it remains below the annual target growth of 6 percent as set by the Comprehensive African Agriculture Development Program (CAADP) and 5 percent as outlined in the National Irrigation Master Plan and Investment Framework (2015–2025).

4.1.2 Update on Utilisation

Out of the 154,190 hectares of developed land for irrigation, about 80 percent was utilized, a slight decrease from the 83 percent utilization rate in the previous financial year. Utilization has gone down due to inadequate water resources as most rivers have low or no water flows and this has led to reduced area under irrigation. The Department is actively working to rehabilitate flood-damaged infrastructure and promote the adoption of solar-powered irrigation technologies. These efforts are expected to improve the utilization of irrigation schemes and enhance the economic viability of irrigation for farmers.

From the total developed land, 70,141 hectares were allocated to smallholder farming. The 80 percent utilization rate of smallholder irrigation translates to approximately 56,112.8 hectares in use during the 2024/25 financial year. This land under smallholder production is expected to contribute around 561,128 metric tons of food crops.

4.1.3 Update on Farmer Organizations Development and Empowerment

To strengthen the capacity of irrigation organizations to effectively operate and maintain irrigation infrastructure, the Department provided technical assistance to 10 Water User Associations (WUAs). This support included staff training on WUA formation processes, legal frameworks, and sustainability. The training also involved learning visits to other irrigation schemes. During the reporting period, six new WUAs were established with a total membership of 1,151 farmers (642 women and 509 men).

4.1.4 Prospects for 2025/26

Guided by the Irrigation Master Plan and Investment Framework (IMPIF), the sector anticipates an increase of 5,350 hectares through private-sector investments and continued implementation of Government-led irrigation programs and projects. These include the Shire Valley Transformation Project (SVTP), Programme for Rural Irrigation Development (PRIDE), Agriculture Infrastructure and Youth in Agribusiness Project (AIYAP), Malawi Watershed Services Project (MWASIP), and Malawi Resilience and Disaster Risk Management Project (MRDRMP). These initiatives follow a pragmatic approach to irrigation development, shifting from subsistence irrigated agriculture to a more commercially oriented model. By 2025/26, the cumulative area of developed irrigation land is expected to reach 159, 350 hectares.

TABLE 4.1: CONFIRMED IRRIGATION INVESTMENTS FOR 2025/26

New Area-Construction	Area (Ha)	District	FUNDING AGENCY
Dwambazi	645	Nkhotakota	AGCOM II\MFSRMP
Bwanje Valley Extension	1,400	Dedza	
Lembani	800	Neno	
Mwenelondo	600	Karonga	
Chipofya	1,000	Rumphi	PRIDE
Mzenga	900	Nkhata Bay	
Dowa Dambo	584	Dowa	
Nazombe	200	Chiradzulu	
Nkawinda	200	Blantyre	MWASIP
Shire valley	2,170	Chikwawa	MRDRMP
Linga	142	Nkhatabay	AIYAP
TOTAL	**8,641**		

Source: Department of Irrigation

TABLE 4.2: CONFIRMED INVESTMENTS FOR REHABILITATION FOR 2025/26

REHABILITATION	AREA (Ha)	DISTRICT
Lufiliya	500	Karonga
Muona	600	Nsanje
Masenjere	400	Nsanje
Lifidzi	300	Salima
Mpenga	30	Chiradzulu
Mphuka	100	Thyolo
Bua	348	Nkhotakota
Chilingali	150	Nkhotakota
TOTAL	**2,428**	

Source: Department of Irrigation

4.1.5 New Area Developed versus Progress under IMPIF

In the 2023/24 financial year, the Department developed 5,294 hectares as compared to 1,884 hectares developed in 2022/23. Out of the 5,294 hectares developed area, estates contributed 3,577 hectares, while smallholder farmers developed 1,717 hectares.

Generally, the IMPIF implementation is on track with 157 percent achievement for Phase I and 61.8 percent for Phase II. Phase II implementation is underway with a year to go as shown in Table 4.3. The overall progress to date for the target of the two phases is at 101 percent.

TABLE 4.3: PROGRESS ON THE IMPIF TARGETS

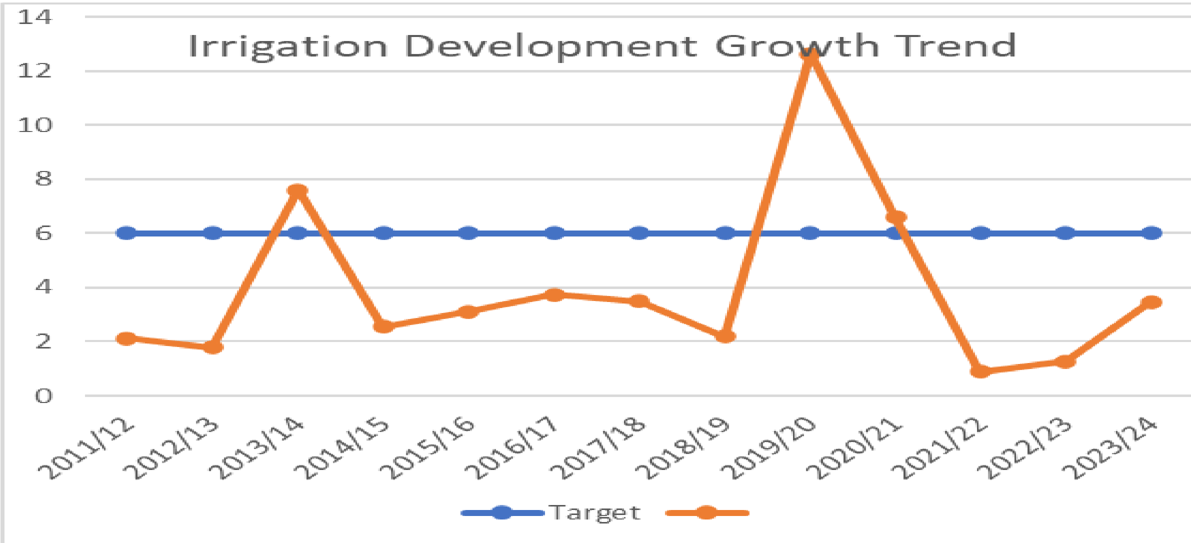
IMPIF Phases	Year	IMPIF Target	Progress (Ha)	Progress %
Phase 1	2015/16	4,000	3,347.86	83.7
	2016/17	4,000	4,201.37	105.0
	2017/18	4,000	4,057.59	101.4
	2018/19	4,000	2,593.51	64.8
	2019/20	4,000	17,199.1	430.0
Sub-Total		**20,000**	**31,399.43**	**157.0**
Phase 2	2020/21	5,700	9,616.82	168.7
	2021/22	5,700	1,306.5	22.9
	2022/23	5,700	1,338	23.5
	2023/24	5,700	5,340.1	93.7
	2024/25	5,700	0	0.0
Sub-Total		**28,500**	**17,601.42**	**61.8**
	Total	**48,500**	**49,001**	**101.0**

Source: Department of Irrigation

Despite the good progress recorded, over the years the Department barely managed to reach the CAADP average growth of 6 percent for the agriculture sector and the 5 percent average stipulated in the National Irrigation Master Plan and Investment Framework (2015-2035). As shown in the Figure 4.1, the percentage growth for 2023/24 FY was at 3.5 percent and the only upturn was

during the 2019/20 season due to the growth in the sugar industry.

FIGURE 4.1: DEVELOPED AREA GROWTH RATE VERSUS CAADP TARGET



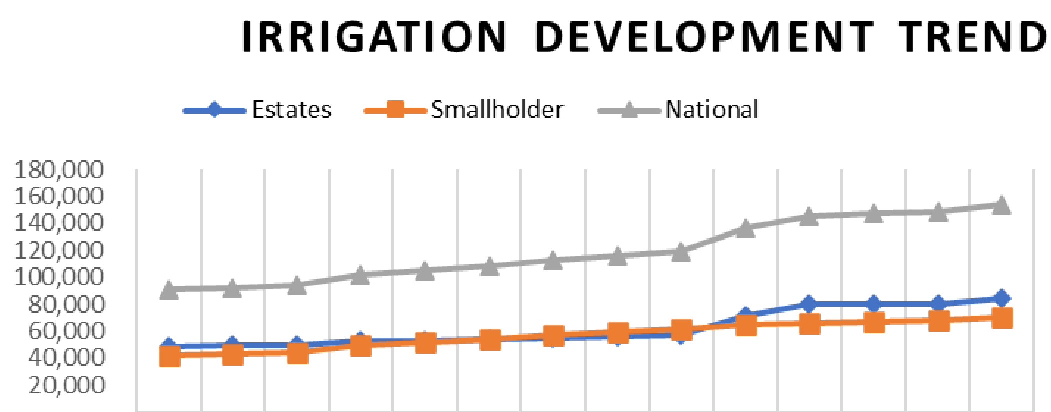
Source: Department of Irrigation

4.1.6 Irrigation Development in Malawi

In recent years, both smallholder farmers and private estates have experienced growth, with private estates slightly taking the lead. This surge can be attributed in part to significant investments in the sugar industry, which have bolstered production capabilities and efficiency. Additionally, irrigation development is steadily increasing at the national level, enhancing agricultural productivity and enabling both smallholders and larger estates to thrive. This combination of factors is shaping a more robust agricultural landscape, with improvements in infrastructure and investment driving overall growth in the sector.

Figure 4.2 illustrates the trends in irrigation development by farmer category over the past decade, showing that smallholder farmers' contributions in the 2023/24 financial year are lower than those from private estates.

FIGURE 4.2: TRENDS IN AREA DEVELOPED BY SMALLHOLDER AND ESTATES IN THOUSANDS



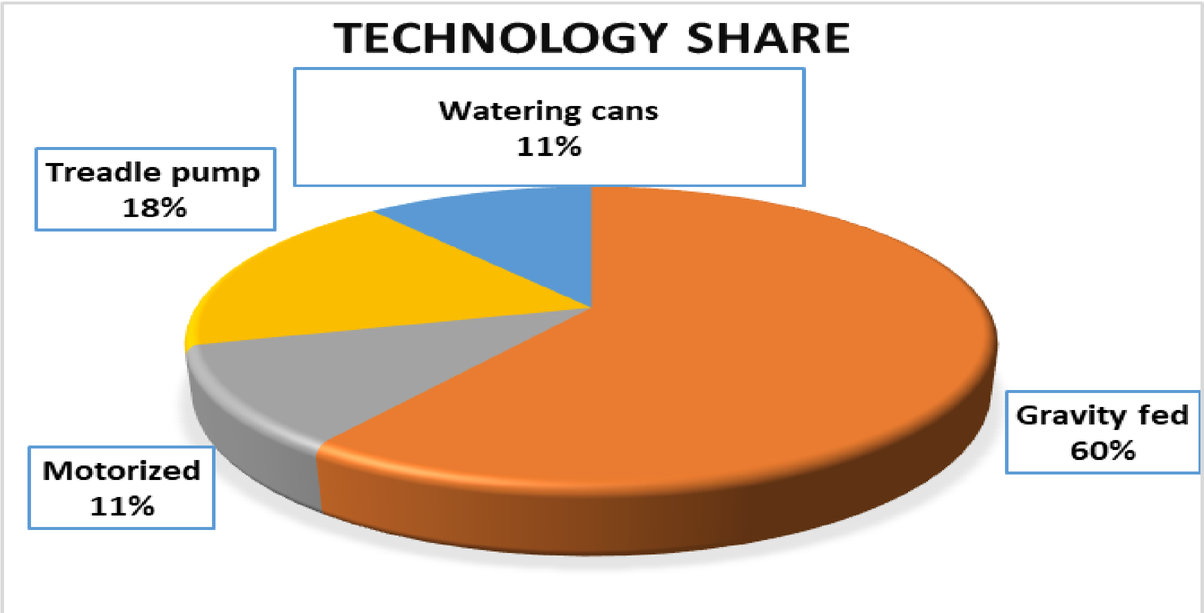
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Estates	48,3	49,3	50,0	52,4	52,4	53,4	55,3	56,5	56,8	71,5	79,6	79,8	80,4	84,0
Smallholder	42,1	43,1	44,2	49,4	52,1	54,4	56,8	59,6	61,9	64,4	66,0	67,0	68,4	70,1
National	90,5	92,5	94,2	101,	104,	107,	112,	116,	118,	136,	145,	146,	148,	154,

Source: Department of Irrigation

4.1.7 Developed Area by Technology

The analysis of the developed area by technology revealed that more than half of the developed irrigation schemes were gravity-fed; 18 percent, 11 percent and 11 percent were for Treadle pumps, Watering Canes, and Motorized respectively. The Motorized pumping includes solar, diesel, petrol and main grid power from ESCOM.

FIGURE 4.3: DEVELOPED AREA BY TECHNOLOGY



Source: Department of Irrigation

TABLE 4.4 MAJOR CHALLENGES AND THE PROPOSED WAY FORWARD

ISSUE	**WAY-FORWARD**
Low Funding to the sector affecting the achievement of the Master Plan Targets	Mobilisation of resources by all stakeholders and operation of National Irrigation fund
Dwindling of water resources due to erratic rainfall in some areas and poor catchment practices	Scaling up the construction of dams, and creating awareness of guidelines for catchment management

Source: Department of Irrigation

4.2 Water, Sanitation and Hygiene Services

The water, sanitation and hygiene sector is critical for sustainable and social-economic development of our country, as well as ensuring sustainable, healthy ecosystems and human survival. During the reporting period, the water, sanitation and hygiene sector continued to prioritize water resource management and development activities as well as the implementation of activities aimed at improving access to safely managed water supply, sanitation and hygiene services.

4.2.1 Water Resources Management and Development

The sector implemented various projects which focused on the provision of sustainable water resources infrastructure, such as the construction of multipurpose dams and other hydraulic structures (including flood protection structures). Water resources monitoring, was also emphasized to ensure the capturing of accurate information on the condition and trends of the country's water resources (both surface water and groundwater), for socio-economic development and maintenance of environmental quality. In view of this, during the period under review, the ministry collected and analyzed 2,235 drinking water samples, 224 surface water samples for ambient surface water and 77 wastewater samples. Out of the 2,235 drinking water samples, 1,983 complied with the Malawi standards for drinking water, 198 out of 224 samples complied for ambient surface water, whereas 36 out of 77 wastewater samples complied with Malawi standards. From the results, it was noted that the ambient of surface water systems was at 88.3 percent from 64.7 percent in the previous year, and drinking water was at 88.7 percent from 85.9 percent in the previous year. In addition, the compliance rate of wastewater was 46.7 percent. This means that there has been an improvement in compliance with water standards in the country.

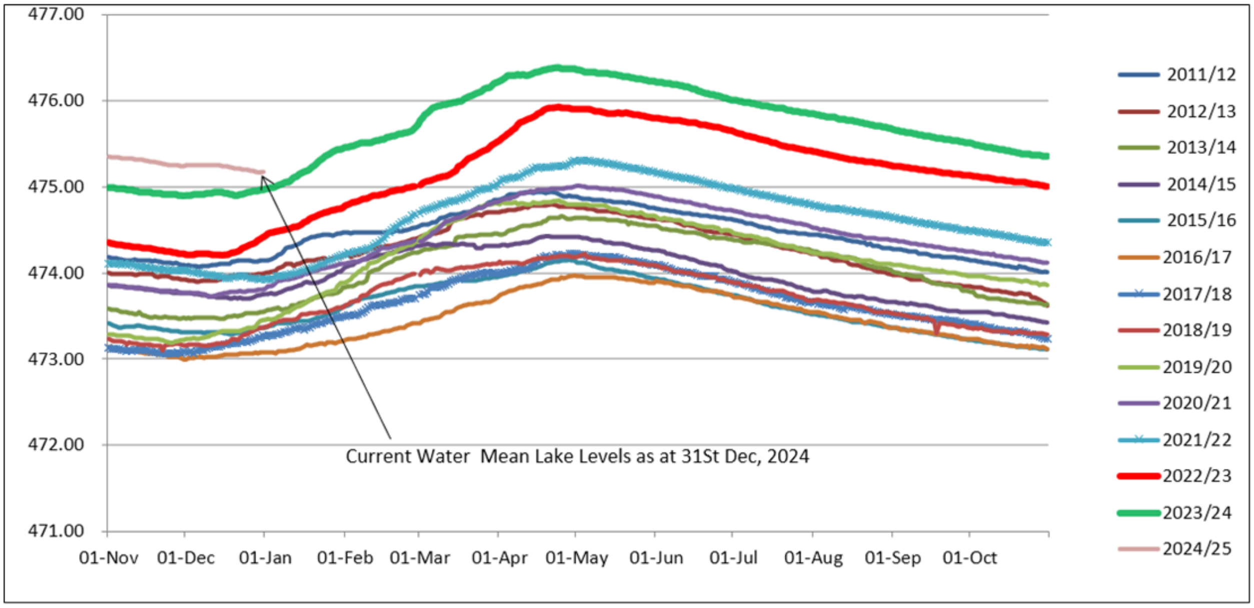
Further, during the reporting period, the estimated water availability still stood at 1,018 m^3/capita/year, showing a downward trend when compared to the 2023/24 period in which it was 1,044.6 m^3/capita/ year. This shows that Malawi is slightly heading towards becoming a water-scarce country if nothing happens, as it is getting closer to being below 1,000 m^3/capita/year, a mark that is used to measure water scarcity of any country based on annual renewable water. This situation is exacerbated by uneven spatial and seasonal distribution of water resources in the country.

Nevertheless, a good foundation for the implementation of strategic interventions has been provided in the reforms, the development of a strategic plan for the water sector, the review of the National Water Policy, the initiative to review the water works Act and water resources Act which will foster an increase in water availability in the years ahead.

As one way of increasing water availability for various productive uses, the sector continues to enhance the efficient operation of the Kamuzu Barrage at Liwonde using the Kamuzu Barrage Operational Model (KABOM), through the National Water Resources Authority (NWRA). KABOM enables the regulation of flow in the Shire River to meet hydropower generation and other water demands downstream but also helps to regulate the water level in Lake Malawi. In this regard, the NWRA started recruiting personnel to manage the barrage as it intends to completely take over from Electricity Generation Company (Malawi) Limited (EGENCO). Currently, the NWRA has recruited the Barrage Manager, three barrage operators and an office assistant for the barrage. To further improve the aquatic weeds management, NWRA had procured six tipper trucks which are used to ferry the harvested aquatic weeds.

During the year under review, the water levels registered the highest at 476.4 MASL, since 2010 as observed in Figure 4.4. Despite Malawi experiencing the El Nino climate phenomenon this year, the rise in the water level of Lake Malawi, was as a result of heavy rainfall in the eastern part of the lake Malawi catchment area.

FIGURE: 4.4: LAKE MALAWI MEAN LEVELS SINCE 2010



Source: Department of Water Resources

In the year under review, the NWRA carried intensive public awareness concerning regulations for construction along Lake Malawi and other water bodies in the country, especially in the past season when many were affected by the rising water levels in Lake Malawi. NWRA continued to alert inhabitants along Lake Malawi about the impending rise in lake level during the 2024/25 hydrological year.

In addition, NWRA established the Linthipe Catchment Management Committee to manage the Linthipe basin as part of improving the management of this river catchment. Besides, NWRA procured a consultant to develop the Water Resources Management Information System, for effective and efficient management of water resources in the country. Thus, NWRA empowered 17 groundwater monitoring assistants across the country to greatly improve the collection and transmission of groundwater data in real-time and making it more reliable.

In addition, the water sector through NWRA managed to register 81 borehole drillers as companies that would be monitored and follow acceptable drilling standards. It is anticipated that this will improve compliance with borehole drilling standards in the country. Furthermore, the NWRA continued with its regulatory function during the year under review. The Authority received, processed, and issued 783 licenses to various users of water resources in order to make sure that usage of water is controlled and protected sustainably. The licenses issued were for surface water users, groundwater users, and borehole drillers as shown in Table 4.5. To effectively and efficiently manage the issuance of abstraction rights, discharge permits and monitor water resources, the NWRA engaged a consultant to develop an E-Licensing System which is in progress.

TABLE 4.5: APPLICATIONS ON VARIOUS WATER RESOURCES USAGE

SurfaceWater Applications	GroundWater Applications	EffluentDischarge Application	BoreholeDrillers Applications
40	654	8	81

Source: Department of Water Resources

In an effort to increase the availability of water resources for the socio-economic development of the counry, the sector further embarked on the construction of 5 dams which are Kasangazi Dam in Mzimba district, Thendo dam in Ntchisi district, Phalombe Minor dam in Phalombe district, Namalowa dam in Thyolo district and Zomba-South Dam in Zomba District. In addition, 2 dykes along the Likangala River in the Zomba district and the Nafafa river in Chikwawa district were extended to protect the communities from the frequent floods that occur in these areas. The upgrading of the Operation Decision Support System (ODSS) for the Shire River basin, which is a tool used for early warning system of floods in Malawi and updating of the flood risk management plan for the same basin, were undertaken to strengthen the efforts of adapting to extreme climate events like floods.

Besides,12 early flood warning monitoring stations were modernized with automated equipment across the country in South Rukuru, Nkhatabay Lakeshore, Bua/Linthipe, Ruo and Shire River Basin Catchments. These stations will go a long way in supporting the operations of flood early warning systems and general water resources monitoring, for socio-economic development e.g. provision of hydrological data for the design of water supply, bridges, irrigation, and hydropower stations among others. In addition, 12 officers (5 females and 7 males) in the hydrology section were trained in flood risk management and management of ODSS as part of strengthening human resource capacity of the water sector.

Under the Songwe River Basin Development Program (SRBDP), efforts are underway to identify developers for the Lower Songwe Dam and Hydropower Project. This project aims to not only generate electricity but also unlock additional socioeconomic benefits such as irrigation farming, improved water supply, and the promotion of tourism. As part of the Strengthening Transboundary Cooperation and Integrated Natural Resources Management along the Songwe River Basin Project, funded by the African Development Bank (AfDB). Construction is underway for three water harvesting and supply systems, including sanitation facilities in Karonga district.

Malawi also signed a Memorandum of Understanding (MoU) with Mozambique and Tanzania for the joint management and development of the Ruvuma River Basin, a critical transboundary water resource shared by the three countries. The basin provides vital ecosystem services, supports biodiversity, and supplies water for various socioeconomic uses. However, its health and sustainability are under threat from challenges such as climate change, unsustainable resource utilization, and limited stakeholder engagement. The MoU lays the groundwork for the development of a basin treaty and the establishment of a River Basin Commission, ensuring sustainable management and equitable resource sharing.

Additionally, the Zambezi Watercourse Commission (ZAMCOM), with support from the Climate Investment Funds (CIF) under the Nature, People, and Climate (NPC) Program, finalized the preparation of the Zambezi Region Investment Plan (ZRIP). This program adopts an integrated approach to address the multiple drivers and impacts of climate change, particularly those stemming from human activities affecting land resources and ecosystem services. It emphasizes deploying nature-based solutions that recognize the interdependence of land use, climate change mitigation, and adaptation. Furthermore, the program aims to enhance the livelihoods of rural communities by fostering sustainable development and resilience.

In terms of providing reliable water sources for urban and peri-urban areas, the construction of the Kholongo multipurpose dam in Dowa which among others will provide water for the water supply of Mponela, Madisi and other surrounding trading centres for the Central Region Water Board, is underway. On the same note, the feasibility study and detailed designs for the raising of Lunyangwa Dam by the Northern Region Water Board (NRWB), which is used to supply reliable water to Mzuzu city, are in progress. Besides, the detailed design of the raising of Mudi Dam by the Blantyre Water Board is also in progress.

The water sector is also piloting a solar-powered groundwater development project whereby groundwater sources will be developed for the installation of a solar PedalFlo pump that uses solar power for water abstraction and conveyance into an elevated tank for piped water supply in rural areas and market centres. The pump has an in-built water treatment system for treating any possible bacteriological contamination in the developed water supply system. The project is being piloted in Mzimba, Nkhatabay, Kasungu, Nkhotakota, Salima, Dowa, Lilongwe, Dedza, Mangochi, Chikwawa and Nsanje Districts. Twenty-five (25) communal water points (CWP) out of the targeted 90 CWPs have been commissioned from this phase of construction. For the follow-up phases, the project will adopt a hybrid approach to pump technology where solar-powered submersible pumps will be installed alongside the Solar PedalFlo pumps. It is projected that a total of 193 groundwater-based reticulated water supply systems will be constructed with a total of 965 communal water points, commissioned at the end of the project.

As the country continues to experience water scarcity problems, the need for reliable hydrological and groundwater level data becomes more urgent. This will stimulate political commitment and public and private investments, including facilitating informed decision-making at all levels, thereby triggering well-placed investments targeted towards optimum health, environment, and economic gains. For example, information on drinking water quality, including wastewater discharge, helps support public health interventions and the protection of water bodies.

In this regard, 20 groundwater monitoring boreholes have been rehabilitated and installed with new loggers that will collect information on water levels and some water quality parameters in Lake Chilwa and Shire River basin. Three new boreholes have been drilled for telemetric water level monitoring in the same basins. 323 community members were sensitized on the importance of groundwater monitoring for long-term community-level water resources management at 20 rehabilitated and 3 newly drilled monitoring boreholes. Groundwater levels indicated a decrease in water levels as evidenced by 77.8 percent of boreholes, monitored across the country which recorded water levels, lower than the previous year. This is as a result of the El Nino climate phenomenon that affected the country, especially in the central and southern parts.

The lowest water level in the year under review was recorded in the months of June, September, November, December and January. On the contrary, the year 2024 assessment of artesian wells indicated that some boreholes in Karonga district became artesian for the first time in January, 2024 at Baka Kanyuka village, Traditional Authority Mwilang'ombe while another one at Barabara village, Traditional Authority Kyungu which normally becomes artesian in March every year, started flowing in January, 2024. Both of these boreholes are situated at the margin of fractured and alluvial aquifers. This change was a direct impact of the heavy rainfall from the northern-eastern side of the Lake Malawi catchment. The highest groundwater levels in the monitored boreholes were recorded in the months of March, April, May and June.

Furthermore, the sector has continued with the development of groundwater sources. In the reporting period, the Borehole Construction and Groundwater Management Fund, developed groundwater resources and recapitalization of the Borehole Construction and Groundwater Management Fund was also initiated. Borehole Construction and Management Fund received MK300 million for recapitalization in 2019/20. The funds were used to procure new borehole drilling equipment. However, the Borehole Construction and Groundwater Management Fund is seeking to have more funds for recapitalization. The funds will cater for procurement of new borehole drilling equipment and maintenance of the drilling rigs, support trucks and air compressors, which broke down and require more funds for maintenance.

4.2.2 Rural Water Supply

Several projects were implemented through the Ministry of Water and Sanitation (MoWS) during the year, namely, Post Cyclone Idai Emergency Recovery and Resilience Project (PCIERP), Malawi Resilience and Disaster Risk Management Project (MRDRMP), Sustainable Rural Water and Sanitation for Improved Livelihood Project (SRWSILP) and Groundwater Extraction for Rural Piped Water Supply Project. Through these projects, the ministry completed rehabilitation and extension of five gravity-fed piped water supply schemes, namely; Sankhulani scheme in Thyolo district, Mpira-Balaka in Balaka district, Champhira south in Mzimba district, Zomba east and Zomba west schemes in Zomba. 5 small solar powered piped water supply schemes have also been completed at Chimombo in Nsanje, Miseu Folo in Phalombe, Ndanga in Mulanje, Mbalu in Zomba and Mkumaniza in Chikwawa.

Construction of an additional 21 small piped water schemes is currently underway in Dedza, Lilongwe, Dowa, Kasungu, Mangochi, Chikwawa, Ntcheu, Mzimba, Ntchisi, Chitipa and Nkhotakota districts. As for boreholes, construction of 240 boreholes in health facilities is currently underway in Ntchisi, Kasungu, Zomba, Nkhata-bay, Thyolo, Lilongwe, Mchinji, Mzimba, Chikwawa, Blantyre, Neno, Nsanje, Mwanza, Phalombe, Mulanje, Balaka, Salima, Nkhotakota, Machinga, Dowa, Dedza, Chiradzulu, Ntcheu and Mangochi. Apart from the construction activities, Water User Associations were also established for management of the 5 rehabilitated schemes and the 5 newly constructed small piped water supply schemes.

On strengthening and improving service delivery in the sub-sector, the Ministry commenced the process of amending the Water Works Act (1995), and this process is at an advanced stage.

4.2.3 Urban Water Supply

4.2.3.1 Access to Potable Water Supply in Urban Areas

The Integrated Household Survey (IHS5, 2020) estimates that access to potable water supply in urban areas stands at 97.1 percent. As presented in Table 4.2. During the reporting period, the population covered with safe drinking water in urban and town centres serviced by the water boards, increased by 73,862, representing a 2 percent increment. During the year under review, the Southern Region Water Board (SRWB) registered the highest increment of about 13 percent, followed by the Central Region Water Board, which registered 2 percent, while Lilongwe Water Board (BWB) registered the lowest percentage increase of 1 percent. The substantial increase in the population served by the Southern Region Water Board is attributed to the commissioning of the Nkhudzi water supply scheme, and the acquisition of Miseu Folo, Lirangwe and Ntaja WUA's.

TABLE 4.6: POPULATION SERVED BY WATER BOARDS

Waterboards	Population Served 2023/24	2024/25	Population Increase	Percentage Increase
LWB	1,206,403	1,214,052	7,649	0.63%
BWB	1,262,646	1,287,120	24,474	1.94%
NRWB	575,400	596,408	21,008	3.65%
SRWB	83,882	95,169	11,287	13.46%
CRWB	381,830	391,274	9,444	2.47%
Total	**3,510,161**	**3,584,023**	**73,862**	**2.10%**

Source: Waterboard Reports 2024

4.2.3.2 Urban Population Accessing Water within 30 Minutes from Water Source

On average, 96 percent of the population is able to access water within 30 minutes from a water source (within Water Board service areas). This is a decrease from 97.6 percent in the previous year. In the current year, as highlighted in Table 4.7. The Southern Region Water Board and Northern Region Water Board registered the highest rate at 100 percent, respectively, on account of an increase in the number of connections following the various projects aimed at rehabilitation and extension of their respective water supply systems. Furthermore, the respective water boards have engaged in systematic planning, which ensures that kiosks are constructed within a spacing radius of not more than 30 minutes' walk distance. Blantyre Water Board and Lilongwe Waterboard registered the least population within 30 minutes of access to improved water sources, both pegged at 94 percent.

TABLE 4.7: POPULATION WITHIN 30 MINUTES OF WALKING DISTANCE

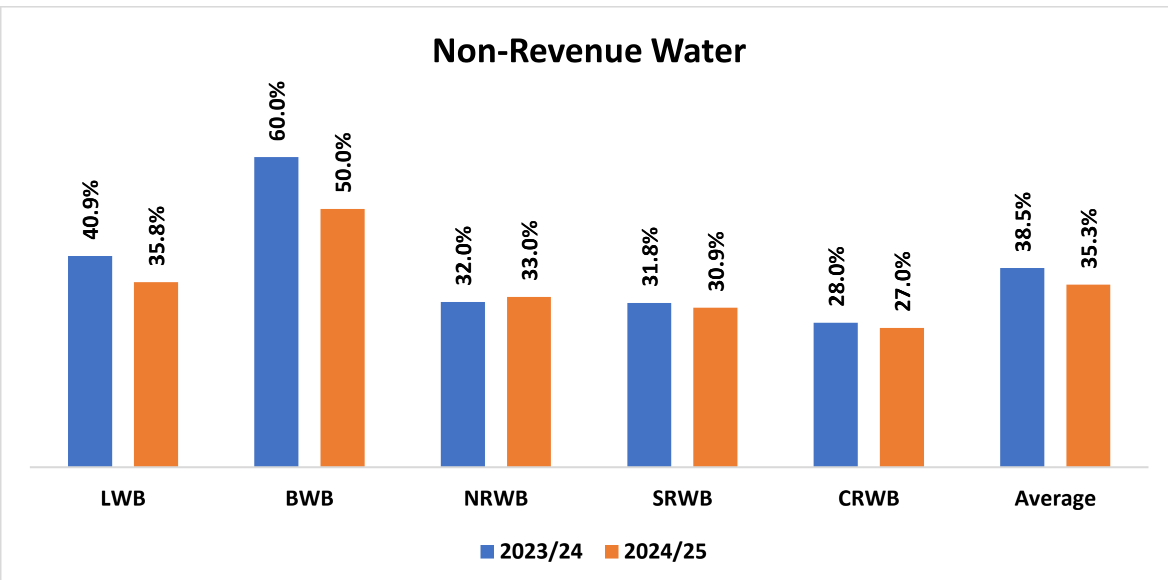
Water Board	2021/22	2022/23	2023/24	2024/25
LWB	86.4	100	100	94
BWB	86	90	92	94
CRWB	98	98	98	98
NRWB	100	100	100	100
SRWB	93	95	98	100
Average	**92.7**	**96.6**	**97.6**	**97.2**

Source: Waterboard Reports 2024

4.2.3.3 Non-Revenue Water in Water Boards

All the water boards continue to experience non-revenue water (NRW) at different levels. The NRW is attributed to factors such as physical leakages in the distribution system due to pipe breakages resulting from construction works and other project activities, aging and variations in pressure, unauthorized water use, vandalism of water supply plants, and inaccuracies in billing or meter readings. A reduction in the percentage of NRW implies an improvement in utility efficiency. The international maximum level of NWR is 25 percent. In the period under review, the percentage of NRW on average was 35.3 percent, representing a slight decrease from the previous year's average of 38.5 percent. All the water boards registered a decrease in non-revenue water, with the exception of the Northern Region Water Board, which had a slight increase of 1 percent from 32 percent in the previous year to 33 percent in the current financial year. The decrease in non-revenue water by the various water boards was due to the various initiatives that the boards have been undertaking, such as District Metered Area (DMA) Management which is yielding positive results in piloted DMAs and replacement of aged distribution pipelines. From the analysis, Central Region Water Board has the lowest percentage of NRW now at 27 percent from 28 percent in the previous year. However, none of the water boards have met the recommended international standard. All the water boards, nevertheless, are putting in resources and effort towards the reduction of non-revenue water through maintenance and pipe replacement activities of their distribution lines, as well as the replacement of faulty meters. Figure 4.5 illustrates the levels of NRW for each of the water boards for the 2023/24 and 2024/25 financial years.

FIGURE 4.5: PERCENTAGE OF NON-REVENUE WATER LEVELS IN WATERBOARD



Source: Waterboard Reports 2024

4.2.3.4 Debtor Days

Debtor days refer to the average number of days it takes for customers to settle their bills with water boards, reflecting the efficiency of billing and debt collection processes. The internationally recommended standard is a maximum of 60 days. During the 2024/25 reporting period, the average number of debtor days across all water boards decreased significantly from 94 days in 2023/24 to

82 days. This decline signals an improvement in the boards' efforts to streamline billing and debt recovery.

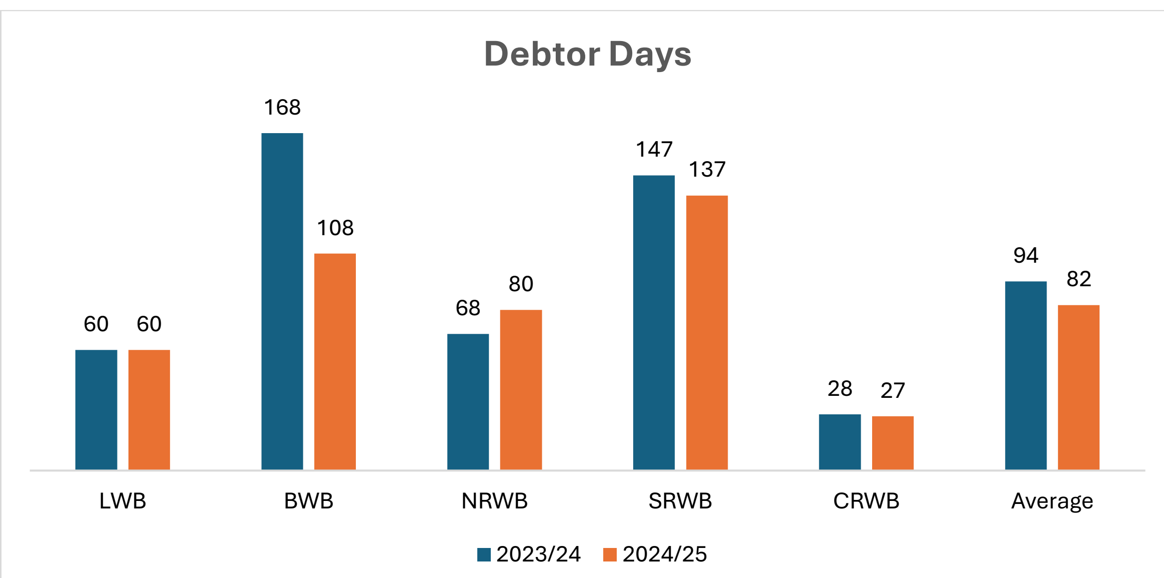
Among the water boards, the Lilongwe Water Board maintained the recommended standard, with debtor days remaining at 60 for the second consecutive year. The Blantyre Water Board showed remarkable improvement, reducing its debtor days from 168 in 2023/24 to 108 in 2024/25, though it remains well above the recommended standard. Similarly, the Southern Region Water Board reduced its debtor days from 147 to 137, while the Northern Region Water Board shifted away from the standard from 68 to 80.

The Central Region Water Board continued to perform exceptionally well, with its debtor days declining slightly from 28 to 27, far below the recommended maximum. This outstanding performance underscores the board's efficiency in debt collection and cash flow management.

Despite the overall improvements, none of the boards except LWB met the international standard of 60 days. Delays in the settlement of water bills, particularly by public institutions, remain a persistent challenge. These delays adversely impact the cash flow of the water boards, affecting their ability to operate efficiently, maintain infrastructure, and reduce non-revenue water.

In response, water boards have continued implementing strategies to address outstanding debts, including the installation of prepaid meters in government institutions and the gradual replacement of postpaid meters. These initiatives aim to further reduce debtor days and enhance the operational capacity of the water boards.

FIGURE 4.6: AVERAGE NUMBER OF DEBTOR DAYS



Source: Waterboard Reports 2024

4.2.4 Sanitation and Hygiene

According to the Malawi Multiple Indicator Cluster Survey (MICS, 2020), the population with access to safely managed sanitation facilities is 46 percent. Additionally, the population with access to safely managed sanitation facilities with soap and water is 19.8 percent (JMP[3], 2023). Safely managed sanitation facilities are defined as improved sanitation facilities that are not shared with other households and where excreta are safely disposed of in situ or transported and treated offsite. Such facilities include, flush or pour-flush toilets for piped sewer systems, septic tanks, ventilated improved pit latrines, pit latrines with slabs, and compositing toilets (JMP, 2023).

During the period under review, remarkable progress has been made in facilitating the takeover of waterborne sanitation services from Blantyre City Council to Blantyre Water Board. The Water Works Act 1995 mandates water utilities to provide both water supply and waterborne sanitation services. However, the waterborne sanitation services were managed by local councils until October 1, 2023, when Lilongwe Water Board took over the services from Lilongwe City Council, and the transfer of the services from Blantyre City Council to Blantyre Water Board is work in progress, during the period under review.

One notable achievement in the period under review is the launch of the national sanitation week whose commemoration will be held in October, every year. The week was dedicated to raising awareness to the communities on the importance of sanitation and hygiene, and the role it plays in improving public health and socio-economic development of the country. The national launch was done from 21st to 26th October 2024, followed by district-based sanitation week launch activities. The launch was characterized by such activities as an open air gathering graced by the Minister of Water and Sanitation; Global handwashing day commemoration; clean up campaigns; and community sensitizations through mobile vans, TV and radio programmes.

With the establishment of the Department of Sanitation and Hygiene in 2023, filling of vacant positions continued during the period under review. Furthermore, the period under review has seen the commencement of either development or review of planning and legal documents providing guidance concerning sanitation and hygiene services, as the Department carries out its operations. These documents include the following; The National Sanitation and Hygiene Policy (almost at approval stage), The Sanitation and Hygiene Bill, Sanitation and Hygiene Investment Plan, Sanitation and Hygiene Standards, Sanitation and Hygiene Design Manual and National Sanitation and Hygiene Strategy (previously known as National ODF Strategy).

The Ministry of Water and Sanitation, through the Department of Sanitation and Hygiene, has implemented national clean-up campaigns as one of the key activities to promote sanitation and hygiene in communities across Malawi. The campaigns have been carried out at both national and

[3] Joint Monitoring Program

district levels in order to address sanitation and hygiene challenges in public spaces. At national level, the Department facilitated monthly clean-up campaigns that garnered active participation from a wide range of stakeholders, including government entities, private sector organizations, NGOs, community groups and these were spiced up by local celebrities. The campaigns were organized to create visibility, raise awareness, and foster collective responsibility for improving public hygiene. Similarly, at district level, local authorities organized monthly and activity-based clean-up campaigns targeting trading centers and other public places prone to unhygienic conditions. The activities focused on engaging local communities to take ownership of their surroundings, while instilling a culture of cleanliness and responsibility within communities.

The Ministry of Water and Sanitation, through its Department of Sanitation and Hygiene, has placed a strong emphasis on the provision of sanitation facilities in public places. This effort stems from the recognition that poor hygiene practices are often linked to the absence or inadequacy of proper sanitation infrastructure. During the year under review, the Ministry successfully constructed 30 sanitation facilities in 12 public schools and 10 facilities in 10 public markets. These initiatives were aimed at addressing the critical gaps in hygiene and sanitation, particularly in areas where such facilities are either lacking or insufficient. The achievements were made possible through collaborative support from key development partners and funding institutions. Notable contributors included the African Development Bank (AfDB) and World Bank-backed projects such as the Malawi Resilience and Disaster Risk Management Project (MRDRMP), the Malawi Watershed Services Improvement Project (MWASIP), the Post Cyclone Idai Emergency Recovery and Resilience Project (PCIREP), and the Lilongwe Water and Sanitation Project (LWSP). Additionally, the Nkhatabay Water and Sanitation Project played a vital role in advancing these efforts.

Menstrual hygiene is becoming prominent in recent years. It is encouraged that construction of sanitation facilities, especially in schools, should include change-rooms for girls. This initiative is aimed at reducing the rate of sanitation and hygiene related absenteeism and drop out from school among the school going adolescents. Menstrual hygiene education, construction of change rooms in 12 schools and distribution of 500 hygiene kits, which include reusable pads, were done during the period under review.

The year under review was also characterized by sanitation and hygiene commemoration events. The events are important since they provide awareness and a call to action to the community at large in as far as sanitation and hygiene issues are concerned. Such commemoration events included; World Menstrual Hygiene Day; Global Handwashing Day; and World Toilet Day. The success of the events was leaned on participation by various stakeholders and the interest of various entities in organizing events at different levels. The practice will lead to an improvement in the areas of sanitation and hygiene if it continues.

4.2.5 Prospects for 2025/26 Fiscal Year

In 2025/26 FY, the sector will continue to work towards attaining its goal of water and sanitation for all. The sector will continue its initiatives towards water resource development and management through catchment protection and the construction of multipurpose dams. Construction of high-yielding boreholes for multipurpose use, construction of water harvesting structures in the form of excavated tanks, and small and medium-sized dams to harness water for productive uses such as water supply, irrigation, and fishkeeping will be continued.

Furthermore, through the Department of Water Supply, Sanitation and Hygiene and the Water Boards, the sector will continue with the construction of new water supply systems, rehabilitation, and extension of existing schemes through the various projects currently under implementation, as well as new projects to start being implemented in the 2025/26 financial year.

For instance, Northern Region Water Board will commence procurement of additional water meters to increase new water connections, and will also commence the NRWB Water Supply Improvement Project. The board plans to continue implementation of the Rumphi Water Supply and Sanitation Improvement Project. In addition, the board will clear the backlog of new water connections and replace faulty meter batteries to ensure efficient service delivery.

The Southern Region Water Board plans to conduct Feasibility Study and Detailed Designs for alternative water sources for Zomba city and surrounding areas. In addition, rehabilitation works will also continue for several projects including the Liwonde and Balaka Water supply project and the Chiradzulu Water Supply Project. Furthermore, the board will establish New Water Supply Centers, conduct Water Treatment Works and construct Water schemes, pipelines and Tanks.

Lilongwe Water Board will continue with initiatives to increase water supply and sanitation through implementation of Priority water supply extension in the Northern, Western and Southern parts of LWB's coverage areas and extension of sewer networks in priority areas. The board will also undertake rehabilitation of water treatment plants and Non-Revenue Water reduction projects in order to reduce revenue losses. In addition, the board will undertake extension, upgrading and rehabilitation of the existing WWTPs and undertake implementation of Water Treatment efficiency improvement project.

In the case of Blantyre Water Board, the board will continue implementing activities under the Malawi Water and Sanitation Project 1. Under this project, the board plans to procure Consultancy Services for Detailed Designs and Construction Supervision of Blantyre Water Supply Network upgrades and solid waste recycling Facility and Engineered Landfill in Blantyre City. The board will also procure consultancy services for the review and development of the Water Supply and Sanitation and Hygiene Investment Plans, as well as services for the development of dams. Furthermore, the board plans to review sanitation By-laws and Consultancy Services for Tariff Study and push initiatives to promote Sanitation Marketing Strategy and Emergency Cholera

Response Citizen Engagement Plan in Blantyre City. In addition, Institutional capacity development activities will be undertaken for Blantyre Water Board, Blantyre City Council and Ministry of Water and Sanitation.

On the other hand, Central Region Water Board will continue with construction of Kholongo multipurpose dam for the Mponela and Madisi water supply scheme project, finalise designs and commence rehabilitation and expansion of the Dowa Water Supply System. The board will also commence construction and rehabilitation of water supply schemes, development and rehabilion of boreholes. Furthermore, the board plans to extend water supply network by 18.95 km in various schemes such as Salima, Kasungu, Mchinji and Salima Lakeshore. The replacement of surface and submersible pumps, construction of storage tanks and installation of solar systems and generators, will also be undertaken in various schemes.

4.2.6 Challenges Experienced in the Sector

The water and sanitation sector faced critical challenges during the period under review, primarily centered on financial, operational, and environmental issues. Insufficient funding and delayed approvals for key projects, along with non-cost-reflective tariffs and cash flow constraints, significantly hampered progress. Operational inefficiencies, including aging infrastructure, vandalism, and delays in rehabilitation works, disrupted service delivery. Additionally, macroeconomic pressures such as rising inflation and climate change effects exacerbated resource limitations, threatening the sustainability of water resources.

Policy and governance challenges also affected the sector, with outdated frameworks, delaying responsiveness to emerging needs. However, steps were taken to address this, including the revision of the National Water Policy and ongoing review of the Sanitation Policy. Despite these challenges, the sector remains committed to improving service delivery through targeted reforms and enhanced resource management.

Chapter 5

TRANSPORT AND PUBLIC INFRASTRUCTURE

5.1 Overview

In this chapter, the performance of the Transport and Public Works sector is reviewed whilst further highlighting the major activities carried out in the 2024/25 fiscal as well as projecting expected performance for the 2025/26 fiscal year.

Scarcity of forex as well as persistent fuel shortages significantly affected performance of the sector. To sustain infrastructure works, the sector requires a stable availability of forex for importation of raw materials as well as consistent supply of fuel used for operations of plant and machinery. The scarcity of forex and unavailability of fuel results in delays in completion of works with additional negative financial implications.

5.2 Road Infrastructure Programmes

Road infrastructure programmes are implemented by the Roads Authority (RA) and local councils with funding from the Roads Fund Administration (RFA), the Government of Malawi (GoM), and Development Partners (DP). The programmes are stipulated in the Annual National Roads Programme (ANRP), which is developed in coordination with the local councils. The ANRP outlines a comprehensive plan of action for the construction, maintenance and rehabilitation of public roads, tracks and trails for a given financial year. Ultimately, the ANRP aims at accelerating the economic growth of the country and is therefore geared at attaining the goals and objectives of the MW2063 and the National Transport Master Plan (NTMP).

5.2.1 Performance in 2024

The total value of the ANRP for the 2024/25 FY was MK276.475 billion of which MK 218.663 billion was allocated to Development Programmes and MK57.813 billion to Recurrent Programmes.

TABLE 5.1: ANRP BUDGET

Programme	2021	2022	2023	2024
Recurrent Programmes	23,150	63,000	57,878	57,813
Development Programmes	77,420	111,050	65,349	218,663
TOTAL	**100,570**	**180,089**	**130,712**	**276,475**

Source: Annual National Roads Programme (Roads Authority)

5.2.1.1 Recurrent Programmes

Recurrent programmes comprise of recurrent road maintenance, periodic maintenance and planning and design services. The programme consists of projects which are recurrent in nature and are meant to preserve the road infrastructure investment. These activities are normally carried out within one financial year.

5.2.1.1.1 Planning and Design Services

In order to ensure the viability and sustainability of road projects, the Authority continues to secure contracts for consultancy services for feasibility studies and detailed engineering designs for proposed road projects across the country. By December 2024, the RA had completed feasibility and detailed engineering design for M001 sections from: KIA Junction to Kanengo; Chidzanja to Nathenje; Namitete to Likuni; and Chamtulo to Mkutumula corridor roads under the Millennium Challenge Corporation Second Compact.

In addition to the above, the Authority continued to monitor performance of the following research products under trial for Malawi:

i. Armaseal – a rapid breaking polymer modified, cationic bitumen emulsion especially formulated for chip seal road surfaces to "lock in" chippings on surface dressed carriageways to prevent aggregate loss, while reducing binder ageing, and providing appearance of a black macadam. The trial section is on the M018 between Chinkhoma and Santhe and after close to 2 years post application of the product, there has not been any progression of the initially observed defects and the section had not developed any potholes despite heavy ravelling on some sections.

ii. Claylock – a non-conventional soil stabilising agent. The trial section which is on the S137 (Chileka - Mpatamanga road) was laid on 12th April 2022 and is under a two-year monitoring period. The product has shown substantial progress and RA is planning on using it as a pilot.

iii. Ecoroads – a water-soluble bio enzyme-based soil stabilization product. A trial section which is on the access road to Area 21 Health Centre in Lilongwe was laid on 6th July 2023 and is under a two-year monitoring period.

5.2.1.1.2 Special Bridge and Road Programme

This programme targeted the sectional periodic maintenance and rehabilitation of the M001 section with financing from road user tolls and also the capacity improvement of the Kenyatta Road/Sharrar street, and Mzimba street with financing from a bond obtained by the Roads Fund

Administration (RFA).

By December 2024, 7.5 km of the M001 road between Zalewa and Chingeni has been completed. For the roads financed by the bond, capacity improvement of Mzimba Street was completed whereas the progress on Kenyatta Road and Sharrar Street is at 81 percent with the interchange at Kamuzu Central Hospital complete.

5.2.1.1.3 City and Municipal Roads Programme

The government has commenced the implementation of the reform of devolving management of all urban roads to the local councils. This is in line with the provisions in the Public Roads Act 2023, which gives the responsibility of managing district, community, and urban roads to local councils. The following councils were allocated the following resources for maintenance of the city and municipal roads, as detailed in Table 5.2.

TABLE 5.2: CITY AND MUNICIPAL ROADS PROGRAMME

Local Council	2024/25 Approved Budget (MK' million)	Total Certification (MK' million)	Total Certification for 2024/2025 (MK' million)	Total Certification (MK' million)
Blantyre City	3,000	3,000	1,251	1,251
Lilongwe City	3,000	3,000	384	384
Zomba City	2,000	2,000	55	55
Mzuzu City	2,000	2,000	338	338
Luchenza	1,000	1,000	77	77
Community roads (All districts)	1,000	1,000	464	464
Total	**14,000**	**14,000**	**2.580**	**2.580**

Source: Roads Authority Annual National Roads Programme

Slow progress was registered for the city and municipal programmes due to delayed procurement processes that have resulted in corresponding delays in the commencement of civil works planned for the year. By December 2024, the four councils of the cities of Blantyre, Lilongwe, Zomba, Mzuzu and Luchenza had certified a total of MK 2.6 billion.

5.2.1.1.4 Road Maintenance Programmes

Road maintenance activities are carried out continuously by the Roads Authority for road asset preservation and also to ensure that the roads remain passable at all times. The recurrent road maintenance programmes are funded by the fuel levy and road user charges. The total approved budget for recurrent road maintenance programme was MK57.8 billion of which MK14 billion was for the councils, MK5 billion for sectional rehabilitation of the M001 and MK24.4 billion for the Authority's programmes.

By 30th December 2024, procurement for works and supervision services was concluded but the award of these works and services could not proceed due to financial challenges. However, progress on carry over works from the 2023/24 FY budget was at 40 percent of the MK9 billion commitment. Progress on routine road maintenance programme has been significantly affected by financial constraints affecting the road sector.

TABLE 5.3: ROAD MAINTENANCE PROGRAMMES, BUDGET, COMMITMENT AND CERTIFICATION

Road Maintenance Programme	Approved Budget (MK' million)	Revised Budget (MK' million)	Total Commitment (MK' million)	Total Certification (MK' million)
Cyclic Maintenance	5,366.16	5,366.16	2,876.75	1,069.82
Grading / Reshaping	3,547.99	3,547.99	-	-
Pothole Patching on Paved Roads	2,407.80	2,407.80	2,045.43	1,229.55
Road Centre and Edge lines Marking	1,587.36	1,587.36	-	1,289.00
Accident Spots Improvement	371.80	371.80	179.40	109.77
Road Signs Replacement / Marking	119.58	119.58	-	103.00
Routine and Periodic maintenance (Tracks and Trails)	1,065.50	1,065.50		
Repair of major drainage structures	1,729.75	1,729.75	3,228.69	1,025.92
Sectional Periodic Maintenance of Paved Roads	4,326.51	4,326.51	-	
Sectional Rehabilitation of Paved Roads	970.84	970.84	-	
Shoulder Reconditioning of paved roads	-	-	-	
Rehabilitation of Unpaved Roads	-	-	-	
Upgrading of unpaved roads to LVSR	-	-	-	
Replacement of Timber and Bailey Bridges with Concrete Decks	884.61	884.61	554.34	180.51
Spot Repair Interventions	-	-	35.99	
Construction of road reserve markers	67.76	67.76	-	
Road Reserve Reclamation	-	-	-	
Spot gravelling	548.92	548.92	-	
Embankment Formation	53.63	53.63	-	
Concrete pads	363.72	363.72	-	

Road Maintenance Programme	Approved Budget (MK' million)	Revised Budget (MK' million)	Total Commitment (MK' million)	Total Certification (MK' million)
River training	16.51	16.51	-	
Lined drains	245.11	245.11	-	
Drainage Protection Works	157.7	157.7	-	
Total	**23.830**	**23.830**	**8.920**	**5.007**

Source: Ministry of Transport and Public Works

5.2.1.2 Development Programmes

The approved 2024/25 budget for development programmes was MK 276.5 billion, of which MK128.3 billion is for secured Development Partners' funded projects and MK90.4 billion is for Malawi Government counterpart financing and wholly Malawi Government funded projects. The World Bank, the African Development Bank, the European Union, the Kuwait Fund for Arab Economic Development (KFAED), the Saudi Fund, the Arab Bank for Economic Development in Africa (BADEA), the OPEC Fund for International Development (OFID), the Japanese Government and the Peoples' Republic of China are the development partners supporting the roads subsector development programmes.

The scope of planned works and their respective estimated budgets for the development programmes are presented in Table 5.4.

TABLE 5.4: DEVELOPMENT PROGRAMMES BUDGET 2023/24(MK' MILLION)

Programme	Development Partners	Government of Malawi Co-financing	Government of Malawi Wholly Funded	Total Development Budget
Upgrading/ Construction	-	-	58,268	58,268
Periodic Maintenance/ Rehabilitation	128.273	24,100	-	152,373
Feasibility studies and designs			8,022	8,022
Total	**128,273**	**24,100**	**90,390**	**218,663**

Source: Ministry of Transport and Public Works

Table 5.5 provides actual physical completion of road works against planned coverage for all the programmes for the period April, 2024 to March, 2025. As at 31st December 2024, certification in the year was MK20.6 billion for development programmes.

TABLE 5.5: PLANNED DEVELOPMENT PROGRAMMES VS. ACTUAL PROGRESS

Programme	Planned Annual Coverage (km)	Progress to Date (km)	% Progress to Date
Upgrading/ Construction	110	19.7	17.9 %
Periodic Maintenance / Rehabilitation	145	24.8	17.1 %
Total	255	44.5	17.5%

Source: Roads Authority

5.2.1.2.1 Road Upgrading and Construction

By 31st December 2024, 20km of the planned road projects had been upgraded and constructed against a target of 110km. The projects under this programme included the upgrading of Njakwa – Livingstonia road, Nsanje – Marka road, Thyolo-Thekerani-Makhanga road, Ntcheu-Tsangano Phase 1 and Phase 2, Mzimba-Ezondweni – Njakwa road, Nsanama-Nayuchi road, Ntchisi-Malomo Phase 1 and Phase 2 (Local Currency), Kawere-Mkanda-Kapiri, Ruo Bridge, Accident black spots under the Southern Africa Trade and Transport Facilitation Project, Kasungu municipal roads, Monkeybay-Cape Maclear road, Thuchila bridge, Chitipa - Ilomba under the Local Currency project funding and Dedza Boma Loop road. The 20 km realised during the period under review is mostly for upgrading, the M001 from Kanengo to Crossroads, the Kenyatta Road and Sharrar Street as well as the Mzimba Street, from single to dual carriageways (capacity improvement).

Remarkable progress was registered in terms of completion of upgrading of the 78 km Thyolo – Thekerani- Muona – Makhanga; 53.3 km of the Njakwa – Livingstonia – Phwezi, 10 km of Mkanda – Kapiri Phase II, 10 km of Phase of Nsanama – Nayuchi; 31 km of Nsanje-Marka Road; 10 km of Phase 1 of Monkey Bay – Cape Maclear road; 9 km of Phase 1 of the Ntcheu-Tsangano road and 1.8 km of the Kasungu Municipal road.

5.2.1.2.2 Periodic Maintenance/Rehabilitation

Projects under this programme included the rehabilitation of the M001 sections of KIA- Kasungu-Mzimba turn off, Kacheche – Chiweta and Crossroads – Kanengo with funding from the European Union and the European Investment Bank. With support from the AFDB, the programme also provided for the rehabilitation of the Kaphatenga-Nkhotakota-Dwanga M005 section with funding from the African Development Bank and the OPEC Fund.

While progress on these projects was mostly affected by delays in the relocation of services, works still continued on all M001 road projects. The section between Crossroads and Kanengo was completed by December 2024 whereas 24 km of the sections under EU/EIB between KIA Turn Off and Chiweta were completed.

5.2.2 Challenges

i. Delays in payment to Contractors and Consultant;
ii. Delays in processes of relocating buildings and project affected persons;
iii. Devaluation of the Malawi Kwacha against the United States Dollar has led to an increase in the cost of construction materials such as fuel, bitumen, cement and steel and this has led to contractors requesting for adjustments/changes in costs in contracts;
iv. Scarcity of forex as such contractors are facing challenges on imported key inputs such as such as bitumen and fuel;
v. Prolonged rainfall which prolonged implementation timeframes;
vi. Continued encroachment into the road reserve; and
vii. Continued vandalism of Armco culverts and road furniture.

5.2.3 Outlook for 2025

Looking ahead, significant progress is expected to be registered on the following projects:

i. Rehabilitation of the M001 road from Nsipe to Chingeni and the M08 road from Chingeni to Liwonde with funding from the African Development Bank together with the European Union;
ii. Rehabilitation of the M003 road from Liwonde to Matawale with funding from the World Bank;
iii. Construction of 8 bridges on the Mangochi – Makanjira road with funding from the World Bank;
iv. Capacity improvement of the Kaunda and Chendawaka roads in Lilongwe; and
v. Upgrading of the Rumphi-Nyika road.

In addition, the Government has secured funding for the Mangochi – Makanjira road from Saudi Fund, OPEC fund and Kuwait Fund. The Government is expected to commence procurement process with the available resources while advancing engagements with other financiers to close the financing gap.

A number of Feasibility Studies and Detailed Engineering Designs are set to commence in 2025 whereas others are set to be completed by the end of the year. The targeted roads for the studies include the Rumphi-Nyika, Lilongwe-Mchinji and Zalewa-Mwanza roads.

5.3 Road Traffic and Safety Services

The section below provides an annual summary of achievements and performance of the Directorate of Road Traffic and Safety Services (DRTSS) which regulates the road transport industry through law enforcement, development of policies, standards and practices, and provide civic education in order to ensure well-coordinated, efficient, reliable, safe and sustainable road transport system.

5.3.1 Performance in 2024/25

5.3.1.1 Revenue Performance

By the end of November 2024, the Directorate generated revenue amounting to MK7,899,271,276.00 against the annual target of MK12,109,131,872.09. This represents a 65 percent performance against the annual revenue target. In the year under review, the Directorate had no funding from vehicle road tax collected as fuel levy (which DRTSS only accounts for), as well as funds from the Roads Fund Administration (RFA) to support a range of road safety interventions.

TABLE 5.6: REVENUE PERFORMANCE

Revenue Source	2022/23 (Target)	2022/23 (Actuals)	2023/24 (Target)	2023/24 (Actual)	2024/25 (Target)	2024/25 (Actual as at Nov 2024)
Revenue from Road Traffic and Safety Services	9,800	9,700	11,213	9,280	12,109	7,899
Vehicle Road Tax Collected as Fuel Levy	5,600	1,800	5,580	2,009	5,580	0
Contribution from Roads Fund Administration	1,000	1,000	1,000	1,000	1,000	0
Total	**16,400**	**12,500**	**17,796**	**12,289**	**18,189**	**7,899**

Source: Ministry of Transport and Public Works

Within the financial year, the weighing station certification was successfully renewed by the Malawi Bureau of Standards (MBS) after it had expired in the first half of 2023/24, allowing weighbridges to resume operations. This significantly improved revenue collection in the 2024/25 financial year.

Nonetheless, the following are some of the additional factors which continue to affect revenue performance by the Directorate:

i. Lack of funding from vehicle road tax collected as a fuel levy as well as funding from the Roads Fund Administration (RFA). This pertains to the 2024/25 FY and the funding shortfall significantly affected the Directorate's to implement a range of key road safety interventions and procurements. The absence of these resources not only impacted operational efficiency but also limited the capacity to generate revenue through enhanced service delivery and enforcement measures;

ii. Non-linkage of Traffic MalTIS and the core MalTIS that has created a loophole which compromises offenders' obligations to service their dues, whilst further posing a threat to monitoring operations in weighbridges and their corresponding revenue sources; and

iii. Challenges in monitoring and enforcing levies collected from insurance companies, number plate importers and embossers, as well as private vehicle certificates of fitness service providers.

The Directorate is implementing several measures to mitigate the above challenges. The Directorate is in the process of developing systems to connect the weighbridge system to the core system, as well as linking the number plate importers and embossers, insurance companies, and vehicle inspection stations. In addition to addressing MalTIS related issues, the Directorate is implementing a reform area which seeks to establish and operationalise Vehicle Inspection Stations (VIS) in remote areas of the country. These VIS stations are being constructed in Karonga, Mangochi, and Ngabu (Chikwawa) through a collaboration between DRTSS and the Plant and Vehicle Hire & Engineering Services (PVHES) Department. The project will improve accessibility of vehicle inspection services and facilitate issuance of Certificate of Fitness (CoF) in remote districts. This is one of the key revenue generation streams for the department.

5.3.1.2 Vehicle Population

As of December 2024, the number of active vehicles in the Malawi Traffic Information System (MalTIS) was 381,945 with a further 31,167 motorcycles.

TABLE 5.7: MOTOR VEHICLE AND MOTORCYCLE POPULATION

	2020	2021	2022	2023	2024*
Number of New Vehicles Registered	50,964	23,280	32,275	17,078	20,427
Total Vehicle Population	288,885	312,165	344,440	361,518	381,945
Total Motorcycle Population	18,839	21,073	24,773	27,766	31,167

Source: Ministry of Transport and Public Works
Figures cover the period up to 23 December 2024

5.3.1.3 Protection of Road Infrastructure Enhanced

In order to preserve the road infrastructure, the Directorate continues to enforce regulations pertaining to vehicle and axle loading. The Directorate is in the process of reviewing the Vehicle Load Control Strategy (VLCS), which expired in 2021. In the meantime, works for the finalisation of the construction of the Dwangwa weighbridge station in Nkhotakota is expected to commence in the 2025/26 financial year. The station will be very crucial for the M5 road which is in bad shape and continues to deteriorate.

Construction of Kalinyeke Weighbridge Station under the Roads Fund Administration commenced and is expected to be completed in March 2025. This station is being constructed on both sides of the road in line with the regional regulations as well as the Tripartite Transport and Transit Facilitation Program (TTTFP). In addition, the Directorate has planned to procure land on each of the opposite sides of the road at Balaka and Lirangwe weigh stations for the installation of weighing scales to mirror the regional regulations as well as the Tripartite Transport and Transit Facilitation Program (TTTFP).

In addition to the permanent weighbridges, the Directorate is procuring 4 portable weighing scales using resources from the World Bank financed Southern Africa Trade and Connectivity Project (SATCP).

TABLE 5.8: LEVELS OF OVERLOADING

Vehicle	2020/21	2021/22	2022/23	2023/24	2024/25*
weighed	203,184	204,587	75,768	146,744	109,846
Overloaded				2,954	3,217
Degree of Overload(percent)	2.02	3.2	3.1	2.01	2.9

Source: Ministry of Transport and Public Works
*Figures cover the period up to September 2024

5.3.1.4 Establishment of Satellite Offices

The Directorate intends to bring services closer to the people by establishing satellite offices in strategic districts across the country. Four sites were identified in Mzimba, Kasungu, Salima, and Mulanje and these will complement the already existing sites in Mangochi, Karonga, and Ngabu. Ngabu satellite office is currently operational and the Directorate is working on operationalising the remaining three.

5.3.1.5 Road Safety Situation

In the first half of 2024, a total of 2,124 road accidents were reported compared to 2,627 reported for the same period in 2023. The statistics thus indicate a decline in road accidents by 19 percent. Enhanced enforcement of road safety regulations as well implementation of awareness and civic education programmes is attributed to this.

TABLE 5.9: ROAD SAFETY STATISTICS

YEAR	FATAL	SERIOUS	MINOR	DAMAGES	ANIMALS
2024	373	113	974	658	6
2023	542	197	1,619	1,487	11
2022	919	353	2,351	1,915	15
2021	1,226	498	3,897	3,861	24
2020	1,110	687	4,224	4,759	19

Source: Ministry of Transport and Public Works
*Figures cover the period up to July 2024

5.3.2 Challenges

The following constituted some of the challenges that have been faced this far in the 2023/24 financial year:

i. Non-linkage of Traffic MalTIS and core MalTIS affects revenue collection as there is a lot of revenue being unrealized through unpaid tickets which do not have any effect on the offender.
ii. Non-linkage of the weighbridge system to the core MalTIS has provided management with monitoring challenges that inadvertently have an impact on the revenue collected per station. The linkage of the system ensures that the stations are indeed collecting in accordance with the actual overload penalties issued to offenders.
iii. Due to the devaluation of Kwacha, budget expenditures have been negatively impacted by a sharp increase in the cost of services and raw materials required to maintain DRTSS operations.
iv. Lack of forex leads affects consistency in availability of key operational equipment such as security papers, blank cards, etc.

v. Delays in procurement processes.

5.3.2 Outlook for 2025

In the coming 2025/26 financial year, the Directorate plans to undertake the following to counter some of the challenges faced as well as improve efficiency and effectiveness of service delivery.

5.3.2.1 Construction of Dwangwa Weigh Station in Nkhotakota

The Directorate aims to finalize the construction of Dwangwa Weighbridge station with the construction of an access road and installation of the weighbridge equipment at the station, as the main deliverables. The Directorate is currently working on land acquisition processes for a new weighbridge across the existing uncompleted weighbridge with funding by African Development Bank. This will comply with TTTFP standards and requirements.

5.3.2.2 Dedza-Kalinyeke Weighing Station

The construction of Kalinyeke Weighbridge Station in Dedza, commenced in August 2023 with financing from the Roads Fund Administration (RFA) as well as technical support from the Roads Authority. Works reached 30 percent progress (2 offices foundations and excavation of lay bye roads) but were halted due to a lack of resources. Currently, weighing is being done using a mobile scale and focuses more on enforcement and surveillance activities.

5.3.2.3 Construction of other Weighbridges

The Directorate is working on constructing weighbridges at Bwengu in Rumphi, Mwanza as well as Liwonde. Land acquisition processes for all three sites are at various advanced stages.

5.3.2.4 DRTSS Satellite Offices (Rehabilitation of Offices)

Works to rehabilitate the identified existing offices in Kasungu, Mzimba, Salima, and Mulanje will commence in the next financial year including procurement of various equipment for the stations. The contractors have been identified and awaiting award of contracts after vetting from GCU and Ministry of Justice.

5.3.2.5 Construction of Vehicle Testing Station in Zomba

The Directorate is working to construct a Vehicle Testing Pit at its Zomba (Eastern) Office, as a way of improving service delivery especially on certification of vehicle fitness. Designs preparation is expected to be completed within 2024/25 financial year. Once the designs have been completed, the project will be done in two phases, building works and civil works (access road).

5.3.2.6 Expansion of E-Enforcement Programme

The Directorate will continue expanding the implementation of E-Enforcement by procuring additional PDAs and other equipment such as speed cameras.

5.3.2.7 Construction of DRTSS Head Office and Lilongwe Regional Offices

Land was identified along the Lumbadzi-Lilongwe Road for the construction of the DRTSS Office Park to accommodate the headquarters and Lilongwe regional office. Currently, the Directorate is working on payments for compensations for the land. In the year 2024/25, the plan is to complete designs for the office buildings and procure a contractor.

5.3.2.8 Expansion of the Mobile MalTIS Services

With Mobile MalTIS successfully tested and rolled out, the Directorate plans to procure additional equipment to be distributed to the four regional offices. This will help bring services closer to the people, improving efficiency and enhancing effectiveness in the service delivery as already championed within the reforms program.

5.4 Civil Aviation

Reforms in the civil aviation subsector aimed primarily at separating operations and regulatory functions undertaken by the department of Civil Aviation were substantially completed in 2024. This institutional arrangement brought limitations to the oversight function of the industry. The expected outcome therefore, is improved governance and provision of air transport services.

5.4.1 Performance in 2024/25

5.4.1.1 Restructuring of the Air Transport Industry

With the Civil Aviation Authority (CAA) operational from 23rd October 2023 to be regulatory body governing air transport activities in Malawi, the mandate of Airport Developments Limited (ADL) was also extended and the company now manages and operates all public aerodromes (airports, airfields, air strips) in the country.

Processes to restructure the Department of Civil Aviation to be responsible for aviation policy in the Ministry however continues. The process will result in the movement of human resources to where their skills and capabilities best fit and will be utilized most effectively and efficiently.

5.4.1.2 Passenger Traffic in 2024

There was an increase in departing passenger traffic levels in 2024, from that of 2023, between Chileka and Kamuzu International Airports, where the total traffic figures in 2023 was 217,789 and 244,664 in 2024 excluding the month of December, representing a 12 percent increase.

The passenger numbers are expected to increase as Malawi operationalizes Bilateral Air Service Agreements (BASA) recently initialled with DRC and Rwanda among others. This should result in the introduction of additional flights between Malawi and the aforementioned countries.

5.4.1.3 Revenue Performance in 2024

Revenue performance was positive in 2024 where aeronautical revenues collected between the period January and November, 2024, was MK3.8 billion, inclusive of all airport fees and passenger fees.

The Malawi-South Africa route continues to perform well with sustained operations of both Air-link and South African Airways in the light of the high passenger demand to travel on the route.

TABLE 5.10: PERFOMANCE OF CIVIL AVIATION

ITEM	2021	2022	2023	2024*
Passengers	204,587	435,872		389,979
Freight (KGs)	5,000	5,265		294,534
Number of Flights	6,700	9,006		9102
Revenue (000.000)	1,782.2	3,732	5,100	3,822*

Source: Ministry of Transport and Public Works

*Figures cover period up to November 2024

5.4.2 Outlook for 2025

5.4.2.1 Development of the New Mzuzu Airport

The feasibility study for developing a new airport in Mzuzu is expected to commence within the 2025/26 FY with funding from the Government of Malawi and the Arab Bank for Economic Development in Africa (BADEA with all procurement almost completed.

5.4.2.2 Rehabilitation of Mzuzu Airport

Rehabilitation of the existing Mzuzu airport commenced in 2024. Extension of the existing runway to accommodate the larger q400-type aircraft being operated by Malawi Airlines is underway. This will be complemented by the installation of modern communication and network equipment; whose procurement is underway**.**

5.4.2.3 Modernization of Kamuzu International Airport (KIA)

Resources have been allocated towards construction and certification of the airport as an International Airport, where some of the activities will include constructing new facilities, including taxiways, a runway, an apron, a passenger 30,000 m^2 terminal building, a 4,000 m^2 VVIP terminal building, a cargo terminal building, an 8,000m^2 administration block, a Fire station, a Control tower, an inflight catering building. To date, construction of the passenger canopy is nearing completion and this is to be followed by the refurbishment of the interior.

5.4.3 Challenges

Forex shortages and the unintended effects of devaluation are issues to be considered for 2025. The scarcity of forex has compromised the attractiveness of the Malawi market to airlines as they face challenges to remit their proceeds from Malawi. Government will continue to have dialogue with the airlines and other key stakeholders to ensure that airlines are able to remit their proceeds.

5.5 Railway Services Sub-Sector

One of the major strategic objectives of the transport sector is to shift cargo and passenger traffic predominantly using road to rail transport. In this quest, the sector through the railway services department is implementing a number of projects aimed at rehabilitating the rail network across the country.

5.5.1 Performance in 2024

i. Design, Upgrading and Rehabilitation of the Railway Section between Marka and Bangula. The project is rehabilitating and upgrading 72 km of the existing railway alignment between Marka and Bangula station. As of December 2024, Physical Progress was at 40 percent with 8 km of track layed. Marka station continue to receive trains from Beira port. The station received trains carrying fuel for NOCMA, molasses for Press Cane and EthCo, and trains carrying contractor's construction materials.

ii. Nkaya – Mchinji Railway Rehabilitation project. The project involves rehabilitation of 399 km of the existing railway alignment between Nkaya and Mchinji border and the upgrade of Nkaya-Salima section from 15 ton/axle to 18 ton/axle. Project being implemented by railway concessionaires Central East African Railways (CEAR). In 2024, Phase 1 of the project was completed and the country witnessed the resumption of train services between Blantyre and Lilongwe following the completion of rehabilitation of the

Nkaya – Lilongwe railway line. The rail line is playing a critical role in the transportation of coal from Moatize and strategic commodities such as fuel and fertilizer from the port of Nacala, in Mozambique to Kanengo.

iii. Limbe - Sandama Railway Rehabilitation project. The project involves rehabilitation and upgrade of 72 km of the existing railway alignment between Limbe and Sandama. Project being implemented by railway concessionaires CEAR. Works on this project stalled due to the impact of Cyclone Freddy having reached 66 percent physical progress.

TABLE 5.11: PASSENGER AND FREIGHT DATA

Indicator	Units	2023	2024 (Target)	2024(Actual)
Total Passengers (passengers)	Passengers	436,000	561,000	540,000
Total Freight (General Cargo)	Tonne	543,000	800,000	607,995
Total Freight (Coal from Moatize to Nacala)	Tonne	13,638,000	15,978,000	15,341,671

Source: Ministry of Transport and Public Works

At the end of 2024, the number of passengers carried had reached 96 percent of its target. Freight also performed well with general freight eclipsing its target by 12 percent while the coal freight from Moatize to Nacala had reached 96 percent of its target.

5.5.2 Outlook for 2025

The railways department will continue to implement the ongoing works under the Marka – Bangula project. Phase 2 of the Nkaya – Mchinji project is also expected to continue with works between Kanengo and Mchinji.

5.6 Water Transport Sub-Sector

The major project in the water transport subsector is the construction of Likoma Port. The project will greatly ease access for communities on the island and complement investments being made by the private sector in the area of tourism.

5.6.1 Performance in 2024

5.6.1.1 Likoma Port Construction;

Overall progress of works is at 90 percent as at 31st December, 2024. Construction is expected to be completed by 31st March, 2025.

5.6.1.2 Marine Training College

Completed training of 32 students at Advanced Diploma level and a 6-month course in Navigation and Marine Engineering for 40 Police Officers.

5.6.1.3 Port Operations

In the period under review, the Department carried out maintenance and servicing of Mphanga at Chilumba, Likoma island, Namalenje Island Salima light beacons. These are flashing lights that guide ships to locate and avoid hazardous and foul areas. Currently the three light beacons are working.

5.6.1.4 Safety Section

In order to ensure safety of passengers and cargo through the Inland Waters Shipping Act 1995 the Department managed to inspect 742 vessels/boats and approved two new vessel designs.

5.6.1.5 Maritime Programme Examination

The Department administered Competency Certificates examinations for 40 seafarers in December, 2024.

TABLE 5.12: PERFORMANCE IN THE WATER TRANSPORT SUBSECTOR

INDICATOR	2023 (TARGET)	2023 (ACTUAL)	2024 (TARGET)	2024 (ACTUAL)
TOTAL PASSENGERS (PASSENGER/KM)	2,910,200	2,173,829	2,901,200	2,301,744
TOTAL FREIGHT TONS/KM	11,000,000	5,819,781	11,000,000	6,701,519

Source: Ministry of Transport and Public Works

5.7 Plant and Vehicle Hire and Engineering Services

The Department of Plant and Vehicle Hire and Engineering Services (PVHES) provides plant and vehicle hire and allied engineering services to both the public and private sectors on a commercial basis. This is in line with the Malawi Government's policy of divestiture of public enterprises which is underpinned by various objectives which include the fostering of economic efficiency, increasing competition, promoting investment, increasing the participation of the Malawi public in enterprise ownership, and raising revenue for the Government.

5.7.1 Performance in 2024

5.7.1.1 Revenue Performance

By midyear of the 2024/25 FY, the Department collected MK763,041,708.89, which is 74.2 percent of the annual budget (MK1.02 billion). While initiatives encouraging upfront payments contributed to this increased revenue collection, a number of development programmes which have been implemented at PVHES stations across the country aimed at enhancing service provision further played a key role.

PVHES carried out maintenance and rehabilitation works at its workshops in Salima, Mzuzu, Dedza and Mulanje. This follows the acquisition and distribution of workshop tools carried out in 2023/24 FY.

5.7.1.2 Technical Performance

The technical performance of PVHES is measured through the provision of technical services related to engineering and allied services.

TABLE 5.13: TECHNICAL PERFORMANCE

Indicator	2023/24 Actuals	2024/25 Target	024/25* Actual	Performance (%)
Number of Vehicles and Plant Inspected	917	3,000	1,315	43.8
Number of Vehicles Commissioned	98	160	351	219.4
Number of Vehicle Number Plates Embossed	448	1,000	863	86.3
Number of Plant and Vehicles Maintained	114	750	142	18.9
Number of Mechanical Assets Valued	550	4,000	497	12.4
Average Mid-Year Performance				**76.2**

Source: PVHES

* Figures up September 2024

Number plate embossing performed well at over the 50 percent midyear expected target. It should be noted that PVHES ventured into number plate embossing to diversify its revenue generation streams. However, due to the limited capacity of workshops, motor vehicle maintenance performed poorly.

5.7.2 Outlook for 2025

Initiatives aimed at rehabilitating, maintaining and equipping workshops will continue in 2025. These initiatives sustain service provision to the public whilst also generating revenue for the department.

Chapter 6

MINING

6.1 Overview

Malawi boasts a diverse array of mineral resources, some mined for decades, while others hold untapped potential for medium to large-scale beneficiation. Since 2021, the sector has experienced steady growth, with a supportive legal and regulatory environment welcoming both local and international players. Recognizing its immense potential, Malawi 2063 prioritizes mining as a key driver for economic development, aiming to propel the country towards upper-middle-income status by 2063.

Despite its enormous potential, the mining sector currently contributes only 1 percent to the national income. To fully unlock its power, further policy reforms are necessary. These include streamlining the legal and regulatory framework, optimizing administrative procedures, enhancing oversight capabilities, and fostering local participation. Additionally, establishing robust support structures like reliable infrastructure and power supply is crucial to attract and retain investors.

Artisanal and Small-Scale Mining (ASM) dominates the sector, particularly in the production of precious minerals like gold and gemstones. To harness its potential and ensure legal and safe operations, the Ministry of Mining is actively formalizing ASMs through the formation of cooperatives. This initiative ensures legitimate livelihoods for these miners while boosting government revenue through license fees and royalties.

To guide the sector's growth, the Ministry of Mining has aligned its efforts with the "ATM” strategy Agriculture, Tourism and Mining which forms the cornerstone of Malawi's economic transformation agenda. Within this framework, mining is positioned as a catalyst for development, synergizing with agriculture and tourism to create an integrated and diversified economy. This holistic approach aims to leverage cross-sectoral linkages, ensure sustainable resource utilization, and maximize socio-economic benefits for all Malawians.

The Government in collaboration with stakeholders, is overseeing several promising projects for Rare Earth Elements (REEs), rutile, graphite, and uranium. These minerals enjoy high global demand due to their application in emerging green technologies. Extensive mineral reserve estimates indicate significant long-term production potential at medium and large scales. Feasibility studies are underway for some projects, while Mining Development Agreements are being negotiated with investors.

The Government, through the Ministry of Mining in the 2024/25 FY, finalized and signed two Mining Development Agreements with Lotus Resources Limited for the recommissioning of the Kayelekera Uranium Mining Project in Karonga district, and Lancaster Exploration Limited for the Songwe Hill Rare Earth Elements (REE) Mining Project in Phalombe district. Lotus has commenced refurbishing the processing plant, rehabilitating the water reticulation plant, tailing dams, and upgrading the Environmental and Social Impact Assessment (ESIA) report. As of 4th December 2024, 180 Malawians were working on the site, and the first-year uranium cake is scheduled for export by June 2025. Furthermore, the Ministry has granted Lindian Resources Limited a license to mine rare earth minerals at Kangankunde in Balaka. The Kangankunde Rare Earths Project is one of the world's largest rare earth deposits. Mining construction is expected to commence in the first quarter of 2025.

Following the repeal of the Mines and Minerals Act of 2019 and the enactment of the Mines and Minerals Act of 2023, the Mining and Minerals Regulatory Authority has been established and is operational. Further to this, the Malawi Mining Investment Company has been established and it will be fully operational in 2025/26 Fiscal Year.

Despite these positive developments, the sector faces challenges, including unreported income, smuggling, environmentally damaging practices, and health hazards associated with substandard mining methods, limited power supply, poor road and railway infrastructure, and other economic constraints elevate overhead and production costs, deterring investors and hindering sector growth. However, ongoing projects in the form of strategic roads, railways, and power plants, initiated in the 2022/23 financial year, offer a positive outlook for the coming years.

This chapter delves into the performance of Malawi's mineral sector in 2024/25 fiscal year, analyzing mineral production volumes, domestic sales value, and exports. It also provides an optimistic outlook for future production, sales, and potential investment opportunities, outlining initiatives planned by the government and other stakeholders. With continued efforts to address existing challenges and capitalize on its inherent potential, Malawi's mining sector is poised for dynamic growth in the years to come.

6.2 Revenue Collections and Projections

Table 6.1 shows revenue estimates for the 2024/25 FY and projections for 2025/26 FY and 2026/27 FY. As of 31st December 2024, the Ministry of Mining had collected MK453.7 million. In total, the Ministry was projected to collect MK1 billion in the 2024/25 FY. The deviation from the actual and projected revenue is huge because Mining Royalties commenced being collected by Malawi Revenue Authority in April, 2024. In 2025/26 FY and 2026/27 FY, the Ministry of Mining is expected to collect MK1.2 billion and MK1.5 billion in revenues, respectively due to the prospects of Oil and Gas in the country. Further to this, the Mining and Minerals Regulatory Authority is projected to collect MK2.2 billion and MK2.5 billion in 2025/26 FY and 2026/27 FY respectively.

TABLE 6.1: REVENUES

COST CENTER	2024/25 ESTIMATES	2025/26 PROJECTIONS	2026/27 PROJECTIONS
Ministry of Mining	453,714,424.58	1,220,681,437	1,464,819,725
Mining and Minerals Regulatory Authority		2,218,641,620	2,518,641,620
TOTAL	**453,714,424.58**	**3,439,323,057**	**3,983,461,345**

Source: Ministry of Mining

6.3 Mineral Production

Table 6.2 shows the mineral production levels and the respective monetary values for 2024/25 and projections and estimates for 2025/26 and 2026/27. The details of major mineral production levels during the period under review are explained in the subsequent subsections. It should be noted that the table presents actual production data for 2024/25 which was available during the compilation of the report and projections of mineral production for 2025/26 and 2026/27.

TABLE 6.2: MINERAL PRODUCTIONS AND MONETARY VALUES (2024-2025)

Production Type	**Quantity (tonnes)**	**2024/25 (Actual) Value (K'million)**	**Quantity (tonnes)**	**2025/26 (Estimates) Value (K'million)**	**Quantity (tonnes)**	**2026/27 (Projection) Value (K'million)**
Coal	32,495	29,530	35,745	3,248.3	43,252	39,304
Cement limestone	515,448.2	1,300	566,993.02	1,430	623,692.32	1,573
Iron Ore	2,944.64	95,406.5	3,124	102,324	3,564	120,452
Other						
Uranium Concentrates	0	0	95	165	120	181
Phosphate	0	0	3	1,523.25	7	5,282.24
Rock aggregate	135,675.00	3,065	149,242. 5	3,372	164,166.75	3,709
Gold (assayed)*	0.097	14,122.67	0.16	18,142.458	0.57	26,457.45
Precious & Semi-Precious Stones	1,279.58	1,028.9	1,407.52	1,131.7	1,548.30	1,244

Source: Ministry of Mining

* Gold is mostly weighed in grams due to the small recovery percentage. The figures here are in tonnes and 1 gram = 0.000001 tonnes.

TABLE 6.3: MINERAL PRODUCTION 2023/24 ACTUAL VS 2024/25 ACTUAL

Production Type	2023/24 Actual Quantity (tonnes)	2024/25 Actual Quantity (tonnes)	Percentage Change
Coal	64,250.8	32,495	-49.4%
Cement limestone	216,397.8	515,448.2	138.2%
Iron Ore	639.3	2,944.6	360.4%
Hydrated & Agricultural Lime	27,763.2	0	-100%
Uranium Concentrates	0	0	0
Phosphate	0	0	0
Rock aggregate	318,729.7	135,675.0	-57.4%
Gold (assayed)	0.06	0.0965	60.8%
Precious & Semi-Precious Stones	793	1,279.6	61.4%

Source: Ministry of Mining

* 0.1 tonnes before assaying

6.3.1 Coal Production

Coal is the most mined energy mineral in the country, a key driver of various industrial processes such as tobacco curing, cement manufacturing, brewing of alcoholic beverages, and food processing. The country has over 22 million tons of proven coal reserves, with the most viable coalfields being Livingstonia and Ngana in the northern region. The producing mines currently are Kasikizi, Kaziwiziwi, Mchenga, and Chombe coal mines. Total production was recorded at 32,495 tonnes in 2024, marking a sharp decline from 64,250.8 tonnes in 2023 (-49.42 percent). The decrease was attributed to stricter environmental regulations.

6.3.2 Uranium Concentrates Production

In 2024, there was no uranium production and the Kayelekera Uranium Mine, commissioned in 2009, had been under care and maintenance since 2012 due to low global uranium prices. However, Lotus Resources, the new owner of the mining rights and uranium exploration licenses, has undertaken technical work to facilitate the re-opening of the mine. The feasibility study conducted in 2022 ranked Kayerekera as one of the lowest capital-cost uranium projects globally. Lotus Resources has also negotiated a Community Development Agreement (CDA) with the Kayerekera community and a revised Mining Development Agreement was signed with the Government of Malawi (GoM).

The company expressed the company's focus on restarting production by mid of 2025. The company emphasizes that with uranium prices sustaining above USD60 per pound and global demand forecast to grow, Kayerekera is well-positioned to meet rising uranium requirements when production commences in 2025. This optimistic outlook is supported by several factors contributing to the strengthening demand for uranium, including more reactors under construction globally, especially in China, existing reactors in the US and Europe extending operating lives, and growing interest in smaller modular reactors (SMRs) in Canada, China, and Europe. The latest World Nuclear Association (WNA) demand forecast has been revised up to 3.6 percent growth.

6.3.3 Cement Limestone and Iron Ore Production

In the Cement Industry, Shayona Cement Corporation, Cement Products Limited (CPL), and Lafarge Cement (Malawi) Limited remain the only producers of cement in Malawi. However, only Shayona Cement Factory based at Chamama in Kasungu District, and Cement Products Factory in Njeleza, Mangochi District, are currently using locally mined limestone and iron ore to produce cement in Malawi.

During the period under review, the two companies produced 515,448.2 tonnes from the 216,397.8 tonnes of limestone produced in the previous year, representing a 138.22 percent increase in production compared to the previous reporting period. Similarly, iron ore production increased by 360.39 percent, with 2,944.64 tonnes from 639.34 tonnes produced in 2024. This was largely driven by the increase in demand for limestone and iron ore.

6.3.4 Agricultural, Calcitic, and Hydrated Lime Production

Zalewa Agriculture Lime Company was the main producer in 2024, with total production decreasing from 478 tonnes in 2023 to 150 tonnes in 2024 representing a 69 percent decrease. The decline in production of Calcitic Lime was because of the high production costs amidst high inflationary pressure.

6.3.5 Rock Aggregate Production

Quarrying is used to produce rock aggregate in the country. The sub-sector is vibrant owing to the presence of vast outcrops of granitic rocks and the high demand for rock aggregates from the civil construction industry. Quarries are classified into two groups: commercial quarries, which produce rock aggregate products for sale to various clients; and project quarries, which are operated by contractors to supply rock aggregate products for national civil construction projects in conjunction with the Ministry of Transport and Public Works. Both types of quarries pay royalties and fees to the Ministry of Mining.

Out of 29 active quarries in the year, 18 were commercial quarries, whereas 11 were project quarries. Despite awarding more mining licenses in the reporting period, production declined by 57 percent. A total of 135,675.00 tonnes were produced in 2024 compared to 318,729.74 tonnes in 2023. This is because a number of the new quarries were in the construction phase and hence, they had not commenced quarrying activities. Furthermore, some project quarries are delayed to commence production due to shifting timelines of civil construction projects. However, rock aggregate production is expected to increase in 2025 as more civil construction projects are in the pipeline and the general public continues to embrace concrete products such as cement blocks due to their durability and cost-effectiveness.

6.3.6 Gold

Alluvial gold deposits exist in the country, notably in Balaka/Neno (Lisungwi), Machinga (Nsanama), Mangochi (Makanjira), Kasungu (Matongwe), Nkhatabay (Tukombo), and Nkhotakota (Bowa, Dwangwa and surrounding areas). Some deposits were also reported in Ngabu between Chikwawa and Nsanje. No significant discoveries have been made to date, hence there are no medium to large-scale gold mining operations in the country; instead, alluvial gold is entirely mined by Artisanal and Small Miners (ASMs). Gold is a high-value precious metal, with 1 gram fetching as high as USD92.04 on world markets. Random gold discoveries, popularly the termed 'gold rush' has occurred frequently in the last five (5) years, which has driven more and more Malawians into the mining and trading of gold. Gold miners are one of the target groups for the government's formalization drive.

The Reserve Bank of Malawi (RBM) through its subsidiary Export Development Fund (EDF) launched the Gold Buying Initiative in 2021 to purchase gold from ASMs in the main gold hotspots areas in the country. RBM through the Reserve Bank Act of 2018 is mandated to buy gold and other financial assets. According to the data EDF presented to the Ministry of Mining, as of December, 2024, total purchase of gold from ASMs and other licensed traders were 293 kilograms, at a total purchase cost of MK34 billion.

6.3.7 Precious and Semi-Precious Stone Production (Gemstones)

Malawi has one of the most diverse ranges of colored gemstones in the SADC region. Most gemstones are mined locally by artisanal and small-scale miners, whereas some are introduced into the market through international trade, especially from neighboring countries such as Zambia and Tanzania. The Ministry of Mining compiles production data for gemstones, however, there are several hurdles that impede collection of accurate production data. To begin with, while the mining legislature requires license holders to declare their production, it is difficult to enforce as most artisanal and small-scale miners lack the literacy and technical know-how to fulfill this obligation. Secondly, most of the local sales are unmonitored especially as there are many unregistered middlemen on the market. Lastly, gemstones are subject to rampant smuggling for illicit uses such as money laundering. The Ministry is only able to monitor production from registered cooperatives, other small-scale miners who have the technical know-how and means to comply with reporting obligations, and ultimately, exporters who acquire permits through the Ministry.

In 2024, 1,279.6 tonnes of gemstone was produced reflecting an increase of 61 percent compared to the 2023 production, the increase in production was due to rising global demand. Gemstones produced included aquamarine, amethyst, citrine, garnet, rhodolite and ruby. Despite high gemstone production, value addition is still very low.

6.3.8 Export Sales of Minerals

Export sales in 2024 were dominated by gemstones, ornamental stones, and rock samples. Major export markets included Asia (China, India, Thailand), Europe (UK, Italy, Switzerland), and the USA.

TABLE 6.4: MINERAL EXPORTS

Production Type	Quantity (tonnes)	2024/25 (Actual) Value (K'million)	Quantity (tonnes)	2025/26 (Estimates) Value (K'million)	Quantity (tonnes)	2026/27 (Projection)Value (K'million)
Coal	32,495	29,530	33,000	31,567	33,650	31,590
Uranium Cake	0	0	105	62,000	152	98,456
Gemstones	1,279.58	1,028,297	1,820.00	1,462,589	2,240.14	1,800,222
Water Sample	2,241.0	576.8	2,450.0	631	2,680.0	689.79
Calcitic Lime Products	150	11,443	175	13,350	291.0	15,257
Rock Chip Samples	20.25	26,468	25	32,676	33	43,133
Soil Samples	27.93	13,584	33	16,049	37	17,995
Rock Samples	8.23	210	11	280.68	17	433.78

Source: Ministry of Mining

TABLE 6.5: MINERAL EXPORTS 2023/24 ACTUAL VS 204/25 ACTUAL

Production Type	2023/24Actual Quantity (tonnes)	2024/25 Actual Quantity (tonnes)	Percentage change
Coal	0	32,495	100%
Uranium cake	0	0	0%
Gemstones	793	1,279.6	38.0%
Calcitic Lime Products	478.0	150	-68.6%
Rock Chip samples	21.2	20.25	-4.5%
Soil Samples	20.0	27.9	39.7%
water sample	0	2,241.0	100%

Source: Ministry of Mining

6.3.9 Export Destinations and Trends

Gemstones continued to be exported primarily to Asia (India, China, Thailand, Sri Lanka, Hong Kong), the United States, England, Italy, and South Africa. Additional exports were made to Poland, the Netherlands, and Switzerland.

Lime products, such as hydrated lime and poultry grit, were exported to Mozambique and South Africa for agricultural use. However, lime exports declined in 2024, with only 150 tonnes exported compared to 478 tonnes in 2023. The reduction was attributed to increased local demand due to challenges in accessing fertilizer and other agricultural inputs, as well as high production costs caused by inflation.

Rock samples (chips, bulk samples, and cores) and soil samples were exported to laboratories in Australia, South Africa, India, the United States, China, and Japan for analysis. Several mining and exploration companies, along with the Geological Survey Department and academic institutions, exported samples for laboratory testing due to the lack of accredited laboratories in Malawi. The Ministry of Mining assessed the value of these samples and collected royalties accordingly.

Water samples were primarily sent to South Africa for analysis. Additionally, industrial zircon was exported to China, while coal exports were directed to Qatar.

Calcitic lime powder was exported to Mozambique by Zalewa Agriculture Lime Company. However, exports declined in 2024, with only 150 tonnes exported compared to 478 tonnes in 2023. This decline was attributed to increased local demand for calcitic lime due to fertilizer shortages, as well as high production costs linked to inflation.

Soil and rock samples were exported to various international institutions, including those in the United Kingdom, China, South Africa, the United States, and Zambia, primarily for educational and research purposes. Several mining and exploration companies, along with the Geological Survey Department and academic institutions, facilitated these exports.

6.4 New Mining Operations and Licenses

During the year under review, the Government, through the Ministry of Mining, granted various licenses to prospecting mining companies and individuals as presented in Table 6.8.

TABLE 6.6: NEW MINING AND PROSPECTING LICENSES ISSUED IN 2024/25

TYPE OF LICENSE	Number Issued	MINERAL (S)
	Small-Scale Operators	
Non-Exclusive Prospecting Licenses	59	All minerals
Small-Scale Mining Licenses	149	Gemstones, gold, limestone, graphite, mica, kaolinitic clay,
Reserved Minerals License	240	Gemstones, gold
	Large and Medium-Scale Operators	
Exploration License	58	Cobalt, columbite, gold, nickel, platinum, heavy mineral sands (HMS), precious metal, base metals, gypsum, graphite, lead
Medium-Scale Mining Licenses	20	Rock aggregate, coal, sodalite
Large-Scale Mining Licenses	Non	
Retention Licenses	Non	
Reconnaissance License	Non	

Source: Ministry of Mining

6.5 Petroleum (Exploration and Production)

The Ministry of Mining is responsible for the upstream petroleum sector, which involves exploration and drilling (production) of petroleum. The middle stream and downstream sector, which involves refining, transporting, packaging, storing and marketing petroleum and its products, is handled by the National Oil Commission of Malawi (NOCMA) and the Malawi Energy Regulatory Authority (MERA).

Malawi has no history of petroleum production but geological literature and previous exploration indicate that the country has potential petroleum resources of economic value. Previously, the country was demarcated into six (6) petroleum exploration blocks, which were acquired by international companies until 2022 when they were relinquished due to financial constraints and COVID-19 that undermined the viability of investment. The Ministry is working on revising the exploration blocks by reducing them in size and adjusting their locations towards areas that indicate more petroleum potential. In general, the Ministry's strategy is to provide a conducive environment for comprehensive petroleum exploration which will enable exploration companies to carry out operations in Malawi. This will yield substantial geological information, thus reducing the risk of investment (de-risking) and attracting investors to venture into petroleum production in Malawi.

6.6 Mining Investment Opportunities

6.6.1 Mineral Potential of the Country

Malawi has a diverse mineral resource base consisting of energy minerals – coal, uranium, oil, and gas; industrial minerals – REEs, bauxite (source of Aluminum), and heavy mineral sands bearing titanium; construction materials – rock aggregates (such as granite), clay, a Limestone; and precious metals and stones mainly Gold and Gemstones respectively. Many of the mineral resources have previously been explored and evaluated by Government and private investors. Therefore, a wealth of geological data is available for investors to work with to develop economically viable mining operations.

REE exploration is showing significant potential as alluded to in the introductory section. In addition to the exploration programmes which are at advanced stages, exploration work at Kangankunde Hill in Balaka is showing tremendous potential for rare earth oxide since exploration work was revamped by the ASX-listed Lindian Resources in 2022. This provides opportunities for investors into the project as well as other sites around the project that may have mineral potential. A maiden REE resource is also being explored by investors in Chambe Basin in Mulanje.

Several gold discoveries have been made by artisanal or small-scale miners in recent years. Exploration work is yet to conclusively define a significant gold resource viable for medium to large-scale operations. However, the currently known deposits will be sufficient to support small-scale mining. The licensing regime is open to local individuals and registered bodies interested in participating in the sector, while the Ministry of Mining will continue to facilitate the formalization of existing small-scale mining groups.

Other notable mineral resources under development are rutile found in Lilongwe, which is a source of Titanium; heavy mineral sands located in the lakeshore area of Mangochi and Salima, bearing Titanium, Zircon, and other industrial minerals; and Graphite in Lilongwe, which has vast industrial applications for example in batteries and lubricants.

More information on current known mineral resources is shown in Table 6.10

TABLE 6.7: KNOWN MINERAL DEPOSITS, RESERVES, AND GRADE

DEPOSIT	**LOCATION**	**DELIANATION RESERVES (Million tonnes/ grade)**
Bauxite	Mulanje	28.8/43.9% Al2O3
Uranium	Kayelekera	12,5/0.2% Ur3O8
Monazite/ Strontianite	Kangankunde	11/ 8% Strontianite and 60% REO
Rutile	Kasiya – Lilongwe	1.3% rutile
Corundum	Chimwadzulu-Ntcheu	Not conclusive
Graphite	Katengeza-Dowa	8.0/75.6gm per m^3
Limestone	Malowa Hill-Bwanje	15/48% CaO, 1.2% MgO
	Chenkumbi-Balaka; Chikoa-Livwezi-Kasungu	10/46.1% CaO, 3.5% MgO
Titanium bearing Heavy Mineral Sands	Nkotakota-Salima	700/5.6% HMS
	Chipoka	680/6.0% HMS
	Mangochi-Halala(Lake Chilwa)	15/6.0 % HMS
Vermiculite	Feremu-Mwanza	2.5/4.9% (Med+Fine)
Coal	Mwabvi-Nsanje	4.7/30% ash
	Ngana-Karonga	15/21.2% ash
	Mchenga	5/17% Ash, 0.5% Sulphur, and calorific value of 6,800kcal/kg
Phosphate	Tundulu-Phalombe	2.0% P2O5
Pyrite	Chisepo-Dowa	34/8% S
	Malingunde-Lilongwe	34/18% S
Glass Sands	Mchinji Dambos	1.6/97% SiO2
Dimension Stone	Chitipa,	Blue, Black, Green, and Pink Granite
	Mzimba, Mangochi, Mchinji	Numerous pegmatites and volcanic
Gemstones	Mzimba, Nsanje, Chitipa, Chikwawa, Rumphi, Ntcheu	

Source: Geological Surveys Bulletins and Private Companies Mineral Exploration Reports

6.7 Major Planned Programmes/Projects to be Implemented in 2025/26 FY and Their Planned Achievements

In the 2025/26 FY, the Government will undertake a number of interventions to foster productivity, transparency, and accountability of the sector so that it contributes significantly to inclusive wealth generation and economic growth in line with the Malawi 2063. The Ministry of Mining has outlined several key programmes and projects for the 2025/26 financial year which include;

i. Operationalize the Malawi Mining Investment Company: The company is expected to be fully operationalized once adequate resources are made available;
ii. Conduct Geological Mapping: Detailed maps and reports will be produced at various scales to highlight potential mineralization of critical and high-value minerals;
iii. Conduct Mineral Exploration & Evaluation: New mineral deposits will be discovered and mapped, with high-value minerals delineated and quantified;
iv. Carry out Applied Geoscientific Research & Laboratory Services: Efforts will focus on achieving import substitution, promoting production and export through secondary industries, and procuring exploration equipment, including drilling rigs;
v. Conduct Geo-Information Sciences: GIS, Remote Sensing, and GDMIS: All GDMIS workstations will be connected to the documentation center, and maps and information will be managed effectively. Services offered by GSD will be publicized;
vi. Enhance Artisanal and Small-Scale Mining Administration: Twelve new cooperatives will be formalized, and local miners will be trained in sustainable mining practices and mineral value addition;
vii. Enhance the hosting and Support Service of the Mining Cadastre System: Update and upgrade the system to enhance transparency and accountability in awarding and managing mineral tenements/licenses;
viii. Conduct Mineral Processing Research and Analytical Laboratory Services: Critical laboratory equipment will be procured, enabling most mineral analyses to be conducted locally;
ix. Carrying Out Mining Investment Promotion: Malawi's minerals and projects will be showcased at forums such as the Malawi Mining Investment Forum, Diaspora events, and Africa Mining Indabas;
x. Promote Mining Sector Open Governance Partnership and Sector Working Group: Efforts will aim to enhance service delivery and the implementation of projects and programs;
xi. Facilitate the Development of a Mining Sector Statistical Database: This database will store comprehensive statistical data for the mining sector;
xii. Undertake Devolution of the Ministry's Function to the District Council: Management guidelines and standards will be developed, and core functions will be delegated to district councils;
xiii. Finalize Draft Regulations: The regulatory framework will be enhanced, and stakeholder

collaboration improved;

xiv. Undertake Comprehensive Enforcement and Inspections in the Mining Sector: Compliance will be improved, environmental protection will be enhanced, and safety conditions in mining operations will be advanced;

xv. Conduct Country-wide Awareness Campaigns to curb illegal mining: Public awareness will be increased about the legal, economic, and environmental consequences of illegal mining, reducing such activities;

xvi. Undertake Mineral Tenement Administration: Licensing systems will be made more efficient, transparency will be improved, and government revenue will increase through effective collection processes;

xvii. Developing the Mining Monitoring Transaction system using the Blockchain Based technology. The system will be tracking Mineral production from Mining sites to the end user, thereby controlling under-declaration of royalties, taxes and other mining fees;

xviii. Develop the MMRA Strategic Plan: A clear roadmap for the MMRA's operations will be established, aligning with national and sectoral development goals.

Chapter 7

ENERGY

7.1 Electricity

In 2023/24, ESCOM sold 2,242.09 GWh of electricity compared to 2,151.3 GWh recorded in the 2022/23 financial year (See Table 7.1).

TABLE 7.1: ELECTRICITY GENERATION AND CONSUMPTION (2015-2023)

YEAR	2015	2016	2017	2018	2019	2020	2021	2022	2023
Installed Hydro Capacity (MW)	351	351	351	351	351	369	401.85	401.85	467,05
Maximum (Peak) Demand (MW)	335.26	328.26	322.56	317	299.6	348.53	329.65	368.02	375.69
Energy generation (GWh)	1,975.02	1,976.99	1,808.64	1,792	1,887	1,826	2,171.3	2,240.5	2,342.53
Number of Consumers	312,857	344,953	395,923	413,816	439,187	523,793	557,104	622,851	642,051
Consumption Domestic (GWh)	699.03	766.3	693.33	642.6	568.2	643.5	644.03	773.23	910,75
General (GWh)	150.30	117.4	62.2	156.6	292.5	289.3	334.02	364.34	477.83
Energy Demand (GWh)	620	620	552.84	620	620	620	745.91	796.5	821.54
Export (GWh)	21.85	24.43	20.43	19.3	19.9	18.94	15.29	20.87	11.3
Total Consumption GWh)	1491.18	1,854.82	1,328.8	1,477	1,576	1,587	1,739	2,151.3	2,242.09

Source: ESCOM Limited

7.1.1 Electricity Generation

TABLE 7.2: ELECTRICITY GENERATION IN KWH (JAN- DEC 2024)

ENERGY GENERATED (kWh)	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024
NKULA A	15,190,000	16,077,200	16,468,500	18,619,500	18,951,800	12,761,600	14,641,300	17,554,800	16,792,800	13,172,400	13,311,700	17,359,900
NKULA B	38,592,180	39,674,910	38,254,050	39,078,840	43,107,660	47,183,700	46,060,770	48,006,510	47,222,250	49,915,440	47,445,210	49,122,720
TEDZANI I & II	10,418,700	9,732,000	14,144,040	15,262,260	15,665,100	19,311,120	20,137,560	18,375,660	18,877,860	18,266,280	18,760,080	19,639,260
TEDZANI III	31,822,000	31,502,400	34,084,000	32,141,200	34,799,000	33,488,600	36,034,800	35,240,200	34,315,800	35,960,600	31,616,800	20,639,200
TEDZANI IV	3,960,500	3,647,670	1,983,530	3,356,910	5,320,890	5,380,090	4,712,060	5,898,240	4,951,720	4,222,040	4,494,350	4,753,240
KAPICHIRA	58,071,400	58,059,000	64,039,800	60,910,400	64,461,600	62,617,000	65,183,200	67,730,800	60,261,200	65,511,800	64,492,800	65,747,600
WOVWE	1,893,870	1,909,200	1,926,770	1,970,580	2,145,560	2,242,590	2,171,040	2,143,250	2,154,110	2,434,100	2,453,800	2,280,540
KANENGO	180,980	77,940	314,260	334,130	319,000	398,250	485,920	395,490	478,530	416,410	312,310	413,640
LILONGWE A	-	-	-	-	-	-	-	-	-	-	-	-
LIKOMA DIESEL	64,240	48,110	93,780	86,390	50,190	45,580	42,050	43,010	41,330	51,740	36,090	58,870
LIKOMA SOLAR	62,788	79,178	42,658	52,569	87,737	87,409	96,158	92,641	92,126	95,854	100,507	98,494
CHIZUMULU DIESEL	14,934	10,321	10,524	21,339	31,312	31,301	32,578	31,943	33,342	34,988	30,408	37,133
CHIZUMULU SOLAR	13,299	17,732	17,974	9,537	-	-	-	-	-	-	-	-
LUWINGA	53,880	36,000	81,360	88,500	82,140	147,540	163,260	267,900	284,040	248,520	64,080	312,540
MAPANGA	135,000	39,770	256,660	224,880	186,000	248,880	328,900	225,270	270,680	247,990	138,580	355,700

Source: EGENCO

During the year 2024, there was a reduction in electricity production from Hydro under EGENCO compared to 2023 due to a fault on Tedzani IV unit and Tedzani III unit at different times of the Year. Table 7.3 shows a generally constant generation trend of electricity in Malawi between 2015 and 2024.

TABLE 7.3: ELECTRICITY GENERATION IN KWH (2015 – 2024)

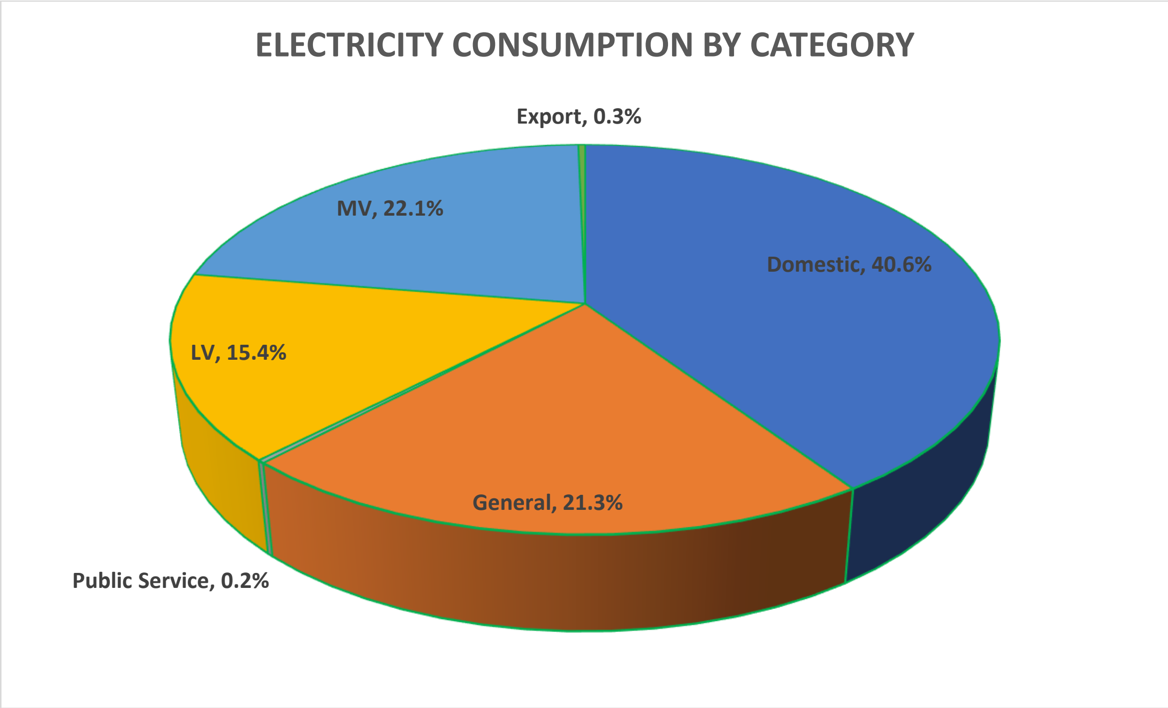
ENERGY GENERATED (kWh)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
NKULA A	116,837,700	126,263,300	9,134,450	71,298,900	166,791,500	124,424,800	140,793,300	221,499,500	200,377,300	190,901,500
NKULA B	526,387,900	494,625,242	573,653,151	470,966,920	438,710,770	540,245,950	587,247,480	674,735,730	575,711,730	533,664,240
TEDZANI I & II	304,903,500	277,659,500	205,906,889	125,818,800	256,615,440	174,649,600	127,585,380	279,993,060	209,592.240	198,589,920
TEDZANI III	284,949,000	221,155,000	281,980,880	328,864,160	183,930,400	343,130,040	425,713,800	387,114,600	377,200,000	391,634,600
TEDZANI IV	0	0	0	0	0	0	62,368,043	101,472,430	62,006,170	52,681,240
KAPICHIRA	697,783,000	701,904,000	707,285,800	635,348,800	674,860,200	633,067,000	803,009,600	31,330,600	535,084,089	757,086,600
WOVWE	21,470,720	28,978,400	29,353,780	34,305,130	32,661,770	32,105,700	19,771,760	25,970,880	27,244,600	25,725,410
KANENGO	0	4,557,936	5,760,245	5,659,383	14,708,579	17,031,539	9,598,790	10,127,040	5,297,470	4,126,860
LILONGWE A	0	0	3,340,416	5,381,167	1,430,694	0	0	0	0	0
LIKOMA	0	506,887	891,264	900,469	786,356	945,329	368,786	474,856	1,600,543	1,649,499
CHIZUMULU	0	118,617	203,863	188,983	210,865	93,753	1,028,665	979,715	353,424	378,663
LUWINGA	0	0	0	3,445,507	5,062,933	251,040	60,705	124,741	1,270,440	1,829,760
MAPANGA	0	0	0	627,804	8,853,081	0	163,824	190,542	5,590,150	2,657,310

Source: EGENCO

7.1.2 Electricity Sales by Customer Category

In terms of sales of electricity by customer category, 40.6 percent was sold to domestic customers while the general category accounted for 21.3 percent of the sales. While industries in the Low Voltage (LV) and Medium Voltage (MV) customers' categories accounted for 15.4 percent and 22.1 percent respectively. A total of less than 1 percent was exported to the neighbouring countries in the year under review as is shown in Figure 7.1.

FIGURE 7.1: ELECTRICITY CONSUMPTION



Source: Ministry of Energy

7.1.3 Review of 2017 Integrated Resource Plan

Ministry of Energy secured funding from Global Alliance for People and Planet to review the Integrated Resource Plan of 2017. The review exercise includes production of the updated Demand Forecast, Loss Reduction and Energy Efficiency Strategies, Generation, Transmission as well as Distribution Master Plan. In the reported period, the work to update entire 2017 Integrated Resource Plan was finalized. The updated 2022 Integrated Resource Plan is now ready for implementation.

7.1.4 Electricity Tariff Developments

As an on-going monthly tariff reviews activity, in December 2023, MERA adjusted electricity tariffs for ESCOM by 40.92 percent. This followed the devaluation of Malawi Kwacha by the Reserve Bank of Malawi on 9th November 2023 which triggered the automatic tariff adjustment mechanism through the Automatic Tariff Adjustment Formula (ATAF). This adjustment moved the average tariffs from MK123.26/kWh to MK173.70/kWh. This is the average tariff (MK173.70/kWh) that has been ruling during the period under review. However, due to the economic environment that prevailed during this period, Government directed that all domestic customers be exempted from the ATAF-based tariff increase till further notice.

The Malawi Energy Regulatory Authority (MERA) approved a four-year base tariff increase of 50.8 percent in 2023. Implementation of the new base tariff was split and segmented into four annual branches as follows:

TABLE 7.4: THE 2023-27 BASE TARIFF TRANCHES

Year	Base Year	2023/24	2024/25	2025/26	2026/27	Average
Tariff (MK/kWh)	104.46	123.26	142.98	160.14	174.55	157.50
% Increase	-	18	16	12	9	50.8

Source: MERA

The first-year base tariff tranche of 18 percent, moved the average tariff from MK104.46/kWh to MK123.26/kWh. This became effective on 1st September 2023. The base tariff is in its second year of implementation where ESCOM is implementing the 16 percent tariff increase as approved by MERA effective 1st February 2025. This tariff increase moved the average tariff from MK173.70/kWh to MK201.49/kWh across all customer categories. The adjustment was supposed to be undertaken on 1st September 2024; however, it was delayed as MERA and ESCOM were discussing the performance outcome on the key performance indicators (KPIS).

7.2 Malawi Rural Electrification Programme (MAREP)

The Ministry of Energy is implementing Malawi Rural Electrification Programme (MAREP). The purpose of MAREP is to increase access to electricity for the rural and peri-urban communities with the objective of transforming the rural economies and reducing poverty amongst the rural masses thereby contributing to the Government’s agenda on poverty reduction. The programme started in the 1980s with the Electricity Supply Corporation of Malawi (ESCOM) Ltd as the implementing agent using donor and own resources. Following the reforms in the electricity sector in 1998, ESCOM Ltd was commercialized and mandated to operate as a commercial entity. ESCOM Limited found that rural electrification was not economically viable and could thus not continue implementing the Rural Electrification Programme. Faced with the obligation to provide social services to the rural communities, Government took over the responsibility of implementing Rural Electrification and named the programme MAREP. The Department of Energy Affairs was then mandated to plan and implement MAREP. Funding for the programme as of now, is through energy sales levy under well-established fund called the Rural Electrification Fund.

The programme is implemented in phases. The Department started implementation of MAREP in its fourth phase. In phase 3, the program installed a 4.5MW Wovwe power plant in Karonga district, in phase 4, a total of 98 sites were electrified, in phase 5, a total of 27 sites were electrified, in phase 6 a total of 89 sites were electrified while in phase 7 a total of 136 sites were electrified.

The Ministry is currently implementing MAREP phase 9 which will electrify 575 sites across the country.

7.2.1 Implementation of MAREP Phase 9

MAREP phase 9 which is underway intends to electrify 575 sites across the country. The phase has been delayed due to procurement of materials which faced several challenges.

7.2.1.1 Progress of MAREP Phase 9 Power Line Construction

The Ministry contracted nine companies to construct power lines under MAREP phase 9 in twenty-seven (27) districts except Likoma which is fully electrified. Out of the MAREP Phase nine's 575 sites, contract to construct power lines, 70 sites were awarded to ESCOM. Overall progress of construction works is now at 77 percent. Table 7.5 shows sites that have been completed and commissioned.

TABLE 7.5 MAREP PHASE 9 LOT 28 COMPLETED AND COMMISSIONED SITES

MAREP PHASE 9 SCOPE - LOT 28

Region	District	Site Name	Status
NORTHERN	**Chitipa**	Kavomolo	Completed & Commissioned
		Kafola	Completed & Commissioned
		Chisankhwa	Completed & Commissioned
		Ngoya PS	Completed & Commissioned
		Namuyenda	Completed & Commissioned
		Kasaghala	Completed & Commissioned
		Bukanga	Completed & Commissioned
	Mzimba	Baula TC	Completed & Commissioned
		Bwabwa TC	
		Kapoli	Completed & Commissioned
		Mayula	Completed & Commissioned
		Mkamaumoza TC	Completed & Commissioned
		Thunduwike	Completed & Commissioned
		Emvuyeni	Completed & Commissioned
		Kandezu	Completed & Commissioned
		Mchirawengo	Completed & Commissioned
		Luvwere PS	Completed & Commissioned
		Zombwe	Completed & Commissioned
		Kalwera PS	Completed & Commissioned
		Box Hunga	Completed & Commissioned
		Emthuzini	Completed & Commissioned
		Rukulu	Completed & Commissioned
		Choma	Completed & Commissioned
		Vwandamire	Completed & Commissioned
		Vyeyo PS	Completed & Commissioned
		Chindindindi TC	Completed & Commissioned
		Makulande	Completed & Commissioned
		Luviri TC	Completed & Commissioned
		Njuyu TC	Completed & Commissioned
		Chigoga	Completed & Commissioned
		Lukwelukwe	Completed & Commissioned
		Kamchocho TC	Completed & Commissioned
		Thale	Completed & Commissioned
		Chasefu TC	Completed & Commissioned

		Chibandauka TC	Completed & Commissioned
		Kamphambe	Completed & Commissioned
		Mathandani PS	Completed & Commissioned
		Manyenyezi PS	Completed & Commissioned
		Buhera TC	Completed & Commissioned
		Vazala	Completed & Commissioned
		Thumbi TC	Completed & Commissioned
		Hola	Completed & Commissioned
	Nkhata-Bay	Chigwere	Completed & Commissioned
		Biya	Completed & Commissioned
	Rumphi	Chozoli PS	Completed & Commissioned
		Jalira SS	Completed & Commissioned
		Chiyekete Vge	Completed & Commissioned
		Chitanga PS	Completed & Commissioned
	KARONGA	Ngerenge CDSS	Completed & Commissioned
		Chikutu PS	Completed & Commissioned
		Musumbe HC	Completed & Commissioned
	Kasungu	Chisazima TC	Completed & Commissioned
		Kamwala TC	Completed & Commissioned
CENTRAL		Chimaliro	Completed & Commissioned
		Kapyanga	Completed & Commissioned
		Kamdidi	Completed & Commissioned
	LILONGWE	Mchitanjiru	Completed & Commissioned
		Tikumane	Completed & Commissioned
		Chitukula	Completed & Commissioned
		Mbetayasamba	Completed & Commissioned
		Chimbalanga	Completed & Commissioned
		Namilaza	Completed & Commissioned
		Chowo	Completed & Commissioned
		Chimbizi TC	Completed & Commissioned
		Chimbalanga	Completed & Commissioned
	MCHINJI	Pitala PS	Completed & Commissioned
		Gomani	Completed & Commissioned
		Liwerezi MDF Farm	Completed & Commissioned
	NKHOTA-KOTA	Khuyu	Completed & Commissioned
		Katete TC	Completed & Commissioned

	Kapando 1	Completed & Commissioned
	Chimungu	Completed & Commissioned
	Ngala Fisheries	Completed & Commissioned
	Dambolawana	Completed & Commissioned
SALIMA	T/A Kalonga	Completed & Commissioned
	Chana/Chapita PS	Completed & Commissioned
	Kaphirintiwa	Completed & Commissioned
	Matumba	Completed & Commissioned
	Mgwere	Completed & Commissioned
	Msanza	Completed & Commissioned
	Naluva	Completed & Commissioned
	Kalole	Completed & Commissioned
	Thembwe	Completed & Commissioned
Dowa	Ngoyi/Chimseu	Completed & Commissioned
	Kaufa	Completed & Commissioned
	Tendekuti	Completed & Commissioned
	Maweru	Completed & Commissioned
	Chuzu TC	Completed & Commissioned
	Chuzu PS	Completed & Commissioned
	Njatizani	Completed & Commissioned
	Nalunga	Completed & Commissioned
	Chikudzo	Completed & Commissioned
Dedza	Kabango	Completed & Commissioned
	Kaboola TC	Completed & Commissioned
	Mwenje TC	Completed & Commissioned
	Phokera	Completed & Commissioned
	Kaname TC	Completed & Commissioned
	Chimamba TC	Completed & Commissioned
	Chimbizi TC	Completed & Commissioned
	Kaphuka	Completed & Commissioned
Ntcheu	Sitolo Vg	Completed & Commissioned
Ntchisi	Nkhala TC	Completed & Commissioned
	Tchale	Completed & Commissioned
	TA Malenga HQR	Completed & Commissioned
Balaka	Chidalala TC	Completed & Commissioned

		Mzimundirinde TC	Completed & Commissioned
	Mangochi	Nkope Admarc	Completed & Commissioned
		Mpita TC & PS	Completed & Commissioned
		Kasankha	Completed & Commissioned
SOUTHERN		Kalenjeka	Completed & Commissioned
		Nankhwali CDSS	Completed & Commissioned
		Kanyenga Village	Completed & Commissioned
		M'bwana village	Completed & Commissioned
		Luchichi TC	Completed & Commissioned
		Liwesa	Completed & Commissioned
		Mtimabi	Completed & Commissioned
		Malamya	Completed & Commissioned
		Fort Maguire	Completed & Commissioned
	Mulanje	Chigwembere	Completed & Commissioned
		Chanje PS	Completed & Commissioned
		Dyanyama Village	Completed & Commissioned
		Zipangani	Completed & Commissioned
		Mitumbira village	Completed & Commissioned
	Chiradzulu	Makande T-off	Completed & Commissioned
		Chandimbo	Completed & Commissioned
		Chelewani	Completed & Commissioned
		Chisombezi Court	Completed & Commissioned
		Khukhumula TC/Namache	Completed & Commissioned
		Makuwa CDSS	Completed & Commissioned
		Mbulumbuzi PS	Completed & Commissioned
		Mbunda TC	Completed & Commissioned
		Samikwa PS	Completed & Commissioned
		Chanza PS	Completed & Commissioned
	Chikwawa	Nyasa TC	Completed & Commissioned
		Mbiya PS	Completed & Commissioned
		Thabwa	Completed & Commissioned
		Chingondo	Completed & Commissioned
		Kajuni	Completed & Commissioned
		Mphonde CDSS	Completed & Commissioned

	Chapomoka PS	Completed & Commissioned
	Kambondera	Completed & Commissioned
	Kutulo 1&2	Completed & Commissioned
	M'bande	Completed & Commissioned
	Mpama	Completed & Commissioned
	Mphedza Village & EPA	Completed & Commissioned
	Nchacha 1&2	Completed & Commissioned
	Nkhongono TC	Completed & Commissioned
	Nkudzi TC & PS	Completed & Commissioned
	Pende PS	Completed & Commissioned
	Phanda PS	Completed & Commissioned
	Tsapa TC	Completed & Commissioned
Blantyre	Bondo PS	Completed & Commissioned
	Makumano PS	Completed & Commissioned
	Nsambamwali PS	Completed & Commissioned
	Mzedi Village	Completed & Commissioned
	Mwayi PS	Completed & Commissioned
Machinga	Joho TC	Completed & Commissioned
	Lazaro TC	Completed & Commissioned
	Mataka TC	Completed & Commissioned
	Chindamba	Completed & Commissioned
Zomba	Mluwira	Completed & Commissioned
	Chilumpha Village	Completed & Commissioned
	Namikango TC	Completed & Commissioned
	Machinjiri HC	Completed & Commissioned
	Malonje PS	Completed & Commissioned
	Mombo Village	Completed & Commissioned
	Likhomo Village	Completed & Commissioned
Phalombe	Chisungulu CDSS	Completed & Commissioned
	Mwangala	Completed & Commissioned
	Gogodera	Completed & Commissioned
	Nyambalo	Completed & Commissioned
	Miseu 4 TC	Completed & Commissioned
Nsanje	Nguluwe	Completed & Commissioned

	Mbenje	Completed & Commissioned
	Osiyana	Completed & Commissioned
Neno	Chikungulu PS	Completed & Commissioned
	Kamoto	Completed & Commissioned
	Nazanga PS	Completed & Commissioned
Mwanza	Chatha	Completed & Commissioned
	Dzilima	Completed & Commissioned
	Kagonamwake	Completed & Commissioned

Source: Ministry of Energy

7.2.2 Supply and Delivery of Materials for MAREP Phase 9 and Ndawala II

The supply and delivery of power line construction materials for MAREP Phase 9 and Ndawala II was at 88 percent. This was due to foreign currency shortages which led to some suppliers failing to fully supply, while others were unable to commence delivery at all.

7.2.3 Review of MAREP Masterplan

The Ministry established that there were significant demand changes in the old Masterplan sites affecting 1,826 sites. As such, all old masterplan sites will be reviewed and carried over to the 2025-2030 MAREP Masterplan.

7.2.4 Development of Mini-Grids

MAREP planned to develop three (3) mini-grids across the country and these were; Usingini (Hydro), Kasangazi (Hydro) and Gumulira (Solar). Meanwhile, construction of the control room for Kasangazi by Press Trust was completed and UNDP had completed the delivery of overhead power line materials. The total budget for Kasangazi Mini-Grid is MK350 million. Further construction works awaits financing and approvals of studies by Malawi University of Science and Technology (MUST). For Usingini, a consultant has already been awarded the contract and the works awaits financing. The total budget for Usingini Mini-Grid is MK1.7 billion and the paper works for the MK1.1 billion Mchinji- Gumulira Solar Mini-Grid project are at an advanced stage. Key remaining works include the verification of the Environmental Impact Assessment report on the project before the actual work commences.

7.2.5 Digitisation of MAREP Assets and Concession Agreement with ESCOM

The Ministry, through ESCOM, is undertaking a digitisation process of all MAREP Assets. The process will enable the Ministry to develop a comprehensive concession agreement not only with ESCOM but any other concessionaire, when all assets have been captured in GIS format.

7.2.6 Preparation of MAREP Phase 10

The Ministry plans to implement MAREP phase 10 by the year 2025 which intends to electrify 703 sites across the country. All planning processes for the phase which include: selection of sites from the MAREP masterplan, detailed designs to identify tapping points, high voltage route lengths and structures, medium voltage route lengths and structures, identification of transformer positions and sizing; generation of Bills of Quantities (BoQs) and review of technical specifications were completed. The Ministry is now waiting for the availability of funds to proceed with the procurement processes.

7.3 Petroleum

7.3.1 Fuel Importation

During the year (2024) under review, overall imports of petroleum products increased by approximately 12 percent above that of last year 2023. This increase in demand is largely driven by increased economic activities registered in the economy. Furthermore, the importation of individual petroleum products such as petrol and diesel, increased and decreased by 6 percent and 5 percent, respectively. On the other hand, importation and demand for paraffin decreased by 26 percent in 2024 as compared to last year's imports (Table 7.6).

TABLE 7.6: FUEL IMPORTS (LITRES) 2015 TO 2024

Year	Petrol	Diesel	Jet A-1	Paraffin	Avgas	Total
2015	133,103,655	166,402,223	8,766,307	506,304	176,058	308,954,547
2016	166,190,150	190,395,240	8,841,768	851,795	176,206	366,455,159
2017	184,831,438	226,596,033	9,653,413	632,559	176,714	421,890,157
2018	209,053,949.2	273,288,620.9		472,207		
2019	247,234,190.4	256,553,902.6	5,570,403	365,037	175,644	509,899,176.9
2020	292,741,865.7	308,453,219	1,865,837	687,949	214,357	603,963,227.7
2021	251,860,748.8	195,517,243.9	4,794,936	780,359	44,271	452,997,558.7
2022	263,806,486	238,903,420		304,849		503,014,755
2023	296,659,684	262,186,723	11,666,995	340,618	115,939	570,969,959
2024	316,675,000	249,658,000	18,913,000	270,000		585,516,000

Source: Malawi Energy Regulatory Authority (MERA)

7.3.2 Fuel Import per Route

Malawi has three main routes for importation of petrol, diesel, and paraffin namely Beira, Dar es Salaam and Nacala. The main route for importation in 2024 was Dar es Salaam through which approximately 61 percent of the petroleum products were imported followed by Beira and Nacala at 30 percent and 9 percent respectively.

In comparison with 2023, total volumes of petroleum imports hauled through all the 3 routes increased in 2024 by 6 percent. Individually, product imported through each of the routes Nacala increased by 31 percent, Beira increased by 17 percent whilst Dar-es-Salam decreased by 4 percent. Table 7.7 illustrates the increasing trend in Malawi's fuel importation through the various routes from 2015 to 2024.

TABLE 7.7: MALAWI FUEL IMPORTS PER ROUTE 2015 – 2024

	ROUTES						
Year	Beira	Nacala	Dar-es-Salaam	Mbeya	Gweru	Masasa	Total
2015	233,479,738	6,250,367	69,224,442				308,954,547
2016	213,462,494	15,172,473	104,462,494			32,967,457	366,455.159
2017	232,769,004	12,343,079	158,285,510			17,788,779	421,890,157
2018	241,070,521.6	5,260,913.5	236,826,687				483,158,122.
2019	246,610,787.7	1,978,980	258,636,865.5			2,672,543.78	509,899,176.9
2020	303,240,277.7	6,413,392	294,309,558				603,963,227.7
2021	221,606,225.3	5,340,971.7	226,050,361.7				452,997,558.7
2022	148,796,036	12,402,854	339,402,645	2,413, 221			503,014,755
2023	165,505,719	19,870,363	373,810,964				559,187,045
2024	198,523,600	28,998,540	360,480,000			4,161,000	592,163,140

Source: Malawi Energy Regulatory Authority (MERA)

The 2024 total volumes of 559,187,045.00 litres imported from the three ports namely: Beira, Nacala and Dar-es-Salaam, is only for petrol, diesel, and paraffin and does not include Jet A-1 and Avgas.

7.3.3 Fuel Imports by Oil Marketing Companies (OMCs)

There were two major importers of fuel in 2024 namely National Oil Company of Malawi Limited (NOCMA) and Petroleum Importers Limited (PIL). NOCMA is a Government of Malawi-owned company while PIL is a limited company owned by private fuel importers. In 2024, NOCMA and PIL imported approximately 64 percent and 31 percent of the fuel respectively, while other importers contributed about 5 percent of fuel imports. This is an increase in importation by NOCMA as compared to the previous year when they imported 59 percent, whilst there was a drop in importation by PIL from 40 percent to 31 percent and an increase by private importers from 1 percent to 5 percent.

TABLE 7.8: PERCENTAGE OF FUEL IMPORTED BY OMCS IN 2024

Oil Marketing Company	Percentage
NOCMA	64
PIL	31
Mount Meru	1.7
Puma	2.9
Best Oil	0.4
Total	**100**

Source: Malawi Energy Regulatory Authority (MERA)

7.3.4 Petroleum Pricing

The Energy Regulation Act mandates the Energy Pricing Committee (EPC) to handle all energy pricing issues. For petroleum pricing, the Automatic Pricing Mechanism (APM) is the main methodology that is used in determining pump prices. This mechanism links pump prices to procurement costs and exchange rate movements with a ±5 percent trigger band. The formula is managed under a multi-sector Energy Pricing Committee (EPC), which meets once every month to assess changes in the parameters that constitute the In-Bond-Landed Cost (IBLC) and the value of the Malawi Kwacha against the US dollar.

During the period under review, fuel prices were generally stable primarily due to the relatively lower international Free On-Board (FOB) prices compared to those in 2023. Nonetheless, in November 2023, pump prices were adjusted upwards following a 44 percent devaluation of the Malawi Kwacha against the US dollar by the Reserve Bank of Malawi. Furthermore, 2024 saw the prices of fuel remaining stable as the Automatic Pricing Mechanism was not fully implemented. The retail price of petrol, diesel and paraffin remained at MK 2,530 per litre, MK 2, 734 per litre and Mk 1, 910 per litre respectively

7.3.5 Fuel Ethanol

Malawi has two ethanol producing companies namely; PressCane Limited and Ethanol Company Limited (EthCo). In 2024, both companies produced a total of 5.7 million litres of fuel ethanol, with PressCane producing 5.3 million litres and EthCo producing 0.4 million litres. A total of 5.5

million litres were distributed to oil marketing companies during the year under review. Table 7.9 depicts fuel ethanol production and sales in the last ten years.

TABLE 7.9: FUEL ETHANOL PRODUCTION AND SALES TO OMCS (2015-2024)

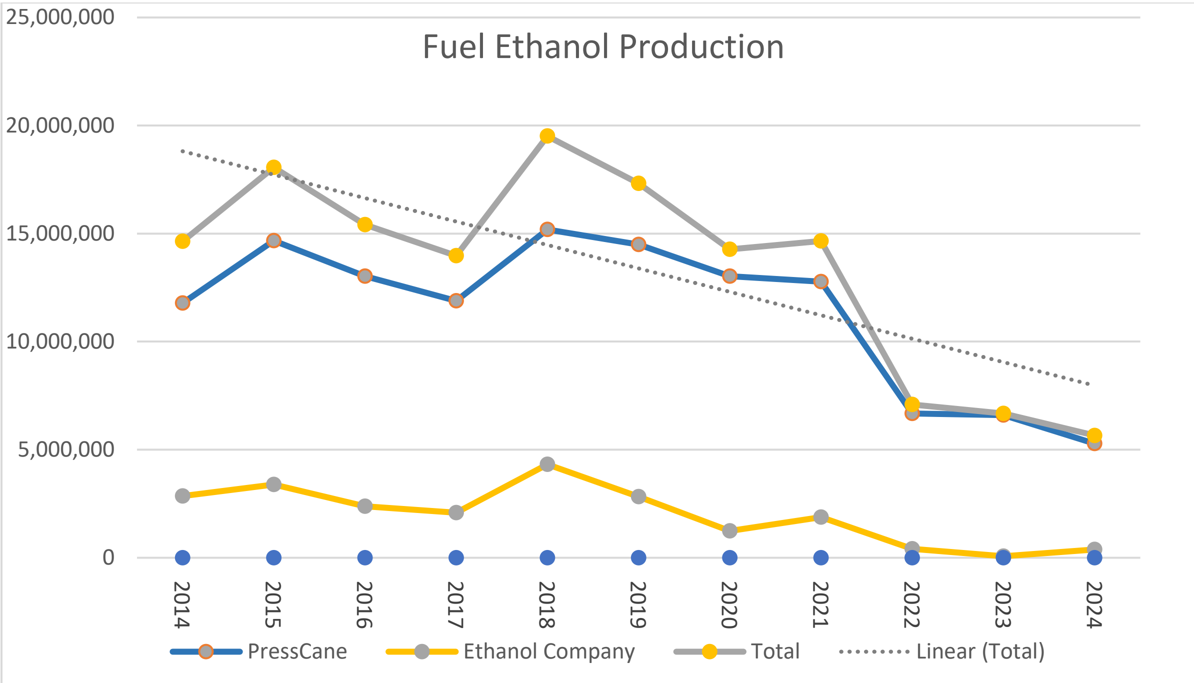
	Year	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
	PressCane	14,671,560	13,025,144	11,892,849	15,186,420	14,491,022	13,025,090	12,782,616	6,673,266	6,602,459	5,280,597
Production	**Ethanol Company**	3,394,034	2,380,993	2,084,146	4,319,783	2,828,803	1,241,560	1,880,651	415,987	70,082	379,505
	Total	**18,065,594**	**15,406,137**	**13,976,995**	**19,506,203**	**17,319,825**	**14,266,650**	**14,663,267**	**7,089,253**	**6,672,541**	**5,660,102**
	Press Cane	15,943,710	14,047,557	11,707,063	15,256,434	14,512,407	12,911,500	12,512,500	6,987,642	6,377,000	5,156,568
	Ethanol Company	3,417,417	2,426,067	1,938,423	4,374,657	2,655,830	1,267,411	1,628,716	354,090	589,805	375,475
Sales	**Total**	**19,361,127**	**16,473,624**	**13,645,486**	**19,631,091**	**17,168,237**	**14,178,911**	**14,141,216**	**7,341,732**	**6,966,805**	**5,532,043**

Source: Press Cane Limited and Ethanol Company Limited

Figure 7.2 shows a downward trend in total fuel ethanol supply on the market between 2018 and 2024. In 2019, declining margins on fuel ethanol compelled the companies to increase production of other products to mitigate financial risks and ensure business sustainability. In 2024, total production was at its lowest in the period under review because of a couple of challenges namely:

i. The availability of feedstock was low due to several factors. Molasses supplies were lower than expected, stemming from reduced cane yields in the sugar mills impacted by environmental effects, along with a shortage of foreign exchange needed to import feedstock,
ii. Interruptions in the national grid's electricity supply and a fuel shortage affecting the operation of standby generators,
iii. Prioritization of other higher margin products in order to fund strategic projects that are currently underway and are aimed at maximizing utilization and increasing fuel ethanol production by over 100 percent in the next 3 years.

FIGURE 7.2: FUEL ETHANOL PRODUCTION



Source: Ministry of Energy

Fuel ethanol is blended with gasoline/petrol for use by motor vehicles in the transport sector at mandatory blending ratios of 20:80, fuel ethanol to petrol. It is mandatory that all petroleum fuel companies should be buying fuel ethanol for blending with petrol, though compliance to this mandate is not yet at 100 percent. The other challenge Malawi is facing in attempt to successfully implement the 20:80 fuel ethanol to petrol blending ratio is the low levels of production due to seasonality and inadequacy of bioethanol raw materials.

In 2020, MERA delinked the ethanol pricing model from landed cost of petrol and the industry now uses a cost-plus margin model. The revised model is a stimulus for ethanol producing companies to increase their production capacity in order to minimize the country’s fuel ethanol supply gap. Both companies have invested in effluent treatment plants as the first step in their strategy to improve effluent management in line with recent global good practice, in readiness for expansion. The next phase of this strategy involves the installation of syrup processing mills. PressCane is currently at the construction stage of its syrup processing mill, and the mill is expected to be in operation in the last quarter of 2025. Meanwhile, EthCo's syrup mill project is still in the planning phase, with a target commissioning date set for 2027. The syrup will be used to supplement molasses as feedstock for maximising capacity utilization for the companies which currently stands at 68 percent for both PressCane and EthCo.

7.4 Energy Sector Projects Currently in Progress

7.4.1 Kam'mwamba Coal Fired Plant

Initially, Government planned to implement the project through a loan from the EXIM Bank of China. However, by 2019, the arrangement had not materialized despite working on it for over 3 years. Government therefore decided to engage Electricity Generation Company (EGENCO) to proceed with the project, as such, EGENCO had to restart the whole process. In the reported period, EGENCO concluded the feasibility study revision. The EPC cost for the project is USD600 million. Project construction awaits PPPC to procure a joint venture for EGENCO to partner with a 50:50 possible share of the project cost between EGENCO and the joint venture partner. In the reported period, PPPC started the process to procure a consultant to conduct a PPP feasibility study for the project. The project is expected to be completed by 2030.

7.4.2 The Mozambique-Malawi Interconnector Project

The Mozambique-Malawi 400kV Interconnector is expected to come on line in mid-2025 after missing the December 2023 deadline due to a number of challenges faced by the project.

Progress made on the project in 2024/25 includes:

i. Tower foundations - 299 foundations done out of 336 for Mozambique and on Malawi side 189 out of 190 foundations done.
ii. Tower erection -220 tower erected out of 337 towers on Mozambique side, and on Malawi side 182 towers have been erected out of 190.
iii. Power line stringing- 28.5 km done out of 141 km on Mozambican side and on Malawi side 55 km of conductor (Power line) has been strung out of 77 km.
iv. Works at Phombeya and Mathambo substations are underway.
v. Overall project progress is at 66.9 percent.
vi. The project will allow our country to import 50 MW of power from Mozambique.

7.4.3 The Malawi - Zambia Interconnector Project

The project aims at providing an additional 400kV transmission interconnection to the SAPP by connecting into the Zambian Electricity Grid. In the reporting period, a joint feasibility study between ESCOM and ZESCO had been initiated with facilitation of SAPP for the Malawi-Zambia Interconnector covering: technical feasibility studies, Environmental and Social Impact Assessment (ESIA) and Resettlement and Compensation Action Plan (RCAP).

In the reporting period, draft technical feasibility studies were concluded. In the initial phase, the line is planned to inject 50MW into the Malawi electricity grid, which could be ramped up depending on the projected power requirements.

7.4.4 Mpatamanga Hydropower Project

Government is implementing 361MW Mpatamanga Hydropower Project under Public Private Partnership arrangement. Key milestones achieved in 2024/25 fiscal year include:

i. Basic designs for 2 power plants (main dam and regulating dam) completed in July, 2024;
ii. Draft ESIA report finalized in July, 2024;
iii. Parts for the Bailey Bridge were procured in August, 2024 and were delivered;
iv. 3 EPC contractors for WP1 (civil works), 3 EPC contractors for WP2 (electromechanical works), and 3 EPC contractors for WP3 (transmission lines and substations works) shortlisted in October 2024.

The expected commercial operations date for this remarkable and magnificent hydropower plant is 2030.

7.4.5 20MW Battery Energy Storage System Project

Government is installing a 20MW (30 MWh) Battery Energy Storage System at Kanengo Substation. The project is financed through a grant by Global Energy Alliance for People and Planet (GEAPP) with a project cost of USD24 million. This initiative addresses the instability concerns of our national grid due to the integration of variable renewable energy sources such as solar. This project, slated for completion in 2025, promises a stronger and more resilient network, ensuring reliable power supply to all Malawians. In the period under review (2024/25), procurement of Engineering, Procurement and Construction Contractor (EPC), and Owners Engineer had been concluded; preliminary works have commenced; detailed designs are underway; all conditions precedents for first disbursement have been fulfilled with GEAPP; and the project was launched in November, 2024 at Kanengo Substation.

7.4.6 Construction of 50 MW Nanjoka Solar Power Plant

To enhance power generation for the nation, EGENCO, has embarked on the construction of the 50MW Nanjoka Solar Power Plant in Salima district. Following the completion of a comprehensive feasibility study and environmental assessment approved by Malawi Environmental Protection Authority (MEPA) in December 2022, compensations to affected communities have been concluded in the year 2024.

Civil works commenced in preparation for installation of the initial 10MW. By December 2025, we anticipate its completion, with successive installations of 10MW and then 30MW reaching a total of 50MW by 2029.

7.4.7 4.5MW Extension of Wovwe Hydropower Station

EGENCO plan to upgrade the Wovwe Hydropower Station from 4.5MW to 9MW. In the reporting period, the 4.5MW extension has received approval from MEPA, and negotiations for the Power

Purchase Agreement (PPA) are in the final stages. Once the PPA is approved, construction will promptly commence after securing financial resources, marking a crucial stride towards a more resilient energy future for Malawi.

7.4.8 IPP Projects

In the reporting period, ESCOM signed Power Purchase Agreement with Press Corporation for a 50MW solar PV grid connected to be developed at Nkhoma in Lilongwe. ESCOM further successfully negotiated the following Power Purchase Agreements now pending MERA's approval: Aspin 142MW Gas powered project in Phalura Balaka, Aza 75MW Gas Powered Project in Salima, Mzuzu University 20MW Solar in Mzuzu, Raiply 10MW of Solar in Chikangawa and Nyika 51MW hydro in Rumphi. In the 2025/26 financial year, Ministry of Energy through ESCOM shall continue facilitating implementation of these Investments and engage other IPPs in the power generation sub sector.

7.4.9 Project: Malawi Fuel Transportation Infrastructure Projects

7.4.9.1 Transportation Infrastructure

The Government of Malawi through the Ministry of Transport embarked on the refurbishment of railway lines across the country. This has necessitated diversification in fuel lifting which now includes rail transportation of the commodity in a bid to ensure security of supply in the country. This is strategic, considering the cost advantage and improved efficiency compared to road transportation.

In 2024, the Government has resumed fuel transportation from Nacala to Lilongwe by rail. Further to this, the Government has also resumed fuel transportation by rail from Beira to Marka in Nsanje using Sena Corridor. This has seen an increase of fuel being ferried by rail to 15 percent from the 13.7 percent in the previous year. Construction of railway line from Marka to Blantyre is currently underway and once completed fuel will be lifted from Beira to Blantyre and Lilongwe through rail thereby having a significant increase of fuel being lifted using the cost-effective mode of transportation of fuel.

7.4.9.2 Strategic Fuel Reserves

The Malawi Government is in the process of increasing the capacity of strategic fuel reserves from the current 60 million litres to 120 million litres. Procurement of the construction contractor was completed in the reporting period and construction is yet to start.

In addition to the strategic reserves the government embarked on the refurbishment of Chilumba and Chipoka fuel deports in the reporting period. When finished, this will see an increase of fuel being stored in the country.

7.4.9.3 Government to Government Fuel Procurement Method

To ensure security of supply of fuel Government of Malawi through the Ministry of Energy has introduced Government to Government (G to G) mode of procurement in the reporting period. This has reduced the forex risk which has greatly affected the procurement of the products. So far, 51 million litres have been procured through G to G in order to fill up the strategic fuel reserves.

7.4.10 Malawi Electricity Access Project (MEAP)

Government through the Ministry of Energy with support from the World Bank is implementing MEAP which will run from 2020 to June 2025. The main objective of the project is to increase access to electricity through both grid and off-grid solutions. The Ministry of Energy and ESCOM Limited are the 2 implementing agencies of the project. MEAP has a total budget of USD100 million in form of credit and a grant. The project has three components: grid electrification, off-grid market development fund, and technical assistance and capacity building. MEAP is targeting 180,000 households to be connected to the grid, and 200,000 houses to be connected using off-grid solutions.

In the period under review, ESCOM customers' connections to the grid reached, approximately 90,550 households. Looking ahead, the project aims to connect the remaining 89450 households to the grid by June, 2025.

On off-grid space, in 2024/25, the Ministry of Energy through off-grid solar companies who are being given loans and result based financing also reached out to 224,915 households through the stand-alone solar home systems. It is expected that by the end of this project in June, 2025, total household connections will reach 263,542, over achieving original target of 200, 000.

7.4.11 Access to Clean and Renewable Energy Project

Access to Clean and Renewable Energy (ACRE) is a four-year project running from January 2020 to December 2024. The project is being implemented by the Ministry of Energy with funding from UNDP. The goal of the ACRE Project is to increase access to clean, affordable, reliable, and modern energy by enhancing the sustainability, efficiency and cost effectiveness of energy technologies. The project was extended to December 2024 to allow it to complete construction of Chisi and Mwansambe mini grids.

7.4.11.1 Clean Energy Mini Grids

Output one of the ACRE project aims at expanding electricity generation capacity through scale up of clean energy mini grids targeting productive users in rural areas. Under this output, the project was supposed to develop three greenfield mini grids at Chisi Island, Mwansambe and

Malidadi in Zomba, Ntcheu and Mzimba respectively. To date, the project has managed to construct and commission a 46.2Kwp solar photovoltaic (PV) mini grid on Chisi Island in Zomba district. At the same time, construction works for the Mwansambe mini grid are underway, with works currently at household wiring and PV plant site preparation. However, construction of the Malidadi mini grid in Mzimba will be implemented in the upcoming energy program, scheduled to start in 2025.

The project has also supported the development of two brownfield mini grids namely Kasangazi mini grid in Mzimba and Chipopoma Hydro in Rumphi. At Kasangazi, the project supported the construction of an electricity distribution network, an effort that was complemented by Press Trust and MAREP towards the construction of a control room and power house respectively.

7.4.11.2 Support to Collectively Respond to the Climate Emergency and Establish Resilient Development Pathways for Sustaining Human Security and Green Transformation

As an extension to the Leveraging Nationally Determined Contributions (NDCs) to achieve net-zero emissions and climate-resilient development, in response to the climate emergency (JSB project), the UNDP and Japanese Government funded the Transformation of Agriculture through building Resilience and Harnessing Green Opportunities (TARGO) project which aimed at responding to the humanitarian crisis caused by the sharp rise of energy and food prices and the cost of living due to the war between Russia and Ukraine through the enhancement of access to clean energy and the capability to improve agricultural productivity.

The project will address food insecurity in Malawi in the short term and contribute to Malawi achieving its NDC goals and targets. The project has installed solar home systems (SHSs) in Nkhotakota and Zomba districts. Installing the solar home PV systems is expected to help the country meet its mitigation targets by reducing greenhouse gas emissions from use of kerosene and wood for lighting. The project has also managed to install solar street lights in selected trading centers in Nkhotakota and Zomba districts. These street lights, mainly targeting fresh produce farmers will prolong the trading hours of the fresh produce sellers, thereby increasing their household incomes.

7.4.11.3 The Africa Mini-grids Program (AMP)

The Ministry of Energy is implementing the AMP project with funding from the Global Environmental Facility (GEF) through the UNDP. This is a 48-month project with the GEF grant of USD396,125 and a co-financing of USD2,948,270. Other responsible parties to the project include the University of Strathclyde (UoS). The project aims at supporting access to clean energy by increasing the financial viability and promoting scaled-up of commercial investment in mini-grids in Malawi. The project has three components namely: policy and regulations; business model innovation with private sector engagement and digital; knowledge management, and monitoring and evaluation.

In the year under review, project conducted a geo-mapping exercise of potential minigrid sites in Malawi. The activity will lead to the creation of a Geographical Information System (GIS) based map that will visualise all energy related information for all the minigrid sites, thereby making the useful information available to potential investors. The project also entered into a memorandum of understanding (MoU) with the University of Malawi (UNIMA) for the development of an information clearing house, a website that will be a one stop centre for all minigrid related information and resources in Malawi.

Chapter 8

INDUSTRY AND TRADE

8.1 Overview

The trade and manufacturing sector performance faced significant challenges in 2024. The main issues were shortage of foreign exchange and fuel scarcity. These challenges greatly affected manufacturing companies, which rely heavily on imported raw materials. The shortage of foreign exchange made it difficult for companies to import these materials, while fuel shortages also had a significant impact, disrupting the transportation of raw materials and finished products. This, along with electricity shortfalls, led to reduced production levels. Despite these challenges, the government implemented measures to stabilize the sector and promote growth. The government continues to work on improving the sector and driving recovery and growth. This chapter therefore, provides an overview of trade and industry sector performance in 2024 and offers estimates for 2025.

8.2 Manufacturing Sector Performance in 2024

8.2.1 Overall

The manufacturing sector experienced a decline in 2024 due to challenges such as foreign exchange shortages, increased fuel costs and shortages. According to October 2024 report from the National Accounts and Balance of Payments (NABOP) Committee, the 2024 sector's growth was estimated at 0.3 percent[4].

8.2.2 The Index of Industrial Production

The Index of Industrial Production (IIP) captures the average movements in the volume of goods or services produced by various industries in an economy over time. The industrial production experienced an average decline of 14.4 percent between the first quarters of 2023 and 2024, in sharp contrast to the 17.0 percent increase recorded in the same period between 2022 and 2023.

The manufacturing sector faced a notable contraction with output falling by 9.3 percent, while utilities suffered a significant drop of 38.2 percent. All manufacturing subsectors experienced declines, except for the production of beverages, tobacco products, and rubber and plastics, which experienced an increase of 2.4 percent, 14.9 percent, and 21.5 percent respectively. Despite a tough start in 2024, the first half of the year suggested a gradual stabilization and recovery in industrial production. From January to May 2024, industrial production showed substantial volatility, with

[4] Detailed Manufacturing growth performance is in Chapter 2

severe declines followed by rebounds. After a sharp drop in January, the economy experienced a recovery in February, though it faced another downturn in March. However, by April, it began to stabilize, and by May, further improvements were observed.

TABLE 8.1: VOLUME OF INDUSTRIAL PRODUCTION

ISIC 2 Digit	Description	2023	(Q1) 1st Quarter – 2023	(Q2) 2nd Quarter – 2023	(Q3) 3rd Quarter – 2023	(Q4) 4th Quarter - 2023	(Q1) 1st Quarter-2024	Q1(2024) on Q1(2023) average % Change	Q1(2024) on Q4(2023) average % Change
10	Manufacture of food products	151.0	156.2	157.3	144.5	146.0	105.8	**-32.3**	**-27.5**
11	Manufacture of beverages	81.5	73.6	87.2	79.3	85.9	75.4	**2.4**	**-12.2**
12	Manufacture of tobacco products	76.0	71.3	32.6	80.6	119.7	81.9	**14.9**	**-31.6**
20	Manufacture of chemicals and chemical products	82.4	77.9	92.4	85.9	73.2	64.7	**-17.0**	**-11.7**
22	Manufacture of rubber and plastics products	76.6	62.5	44.5	85.2	114.3	76.0	**21.5**	**-33.6**
23	Manufacture of other non-metallic mineral products	74.9	74.2	67.5	103.8	53.8	37.6	**-49.3**	**-30.2**
QUARTERLY TOTAL VOLUMES			**515.7**	**481.5**	**579.3**	**592.9**	**441.4**	**-14.4**	**-25.6**

Source: National Statistical Office

8.2.3 Major Achievement in 2024

8.2.3.1 Establishment of Special Economic Zones

The Government continues to foster industrial development by advancing the establishment of industrial parks across the nation through the special economic zones program. For Area 55 in Lilongwe and Matindi in Blantyre, the Government has entered into an agreement with ARISE Integrated Industrial Limited through Afrexim Bank to develop the sites. Currently, significant progress has been made at Chigumula site, where both water and electricity connections have been established. Construction of access roads, waste water management and the development of Environmental and Social Management Plan is currently underway. Compensation assessments have been done for Matindi and Dunduzu sites. Following the launch of the Magwero Industrial Park in Lilongwe Area 55, the Magwero Industrial Park Limited has been established, where the people of Malawi hold shares, and the private sector is invited to participate through equity.

Furthermore, several companies in various sectors, including macadamia nuts, cannabis, and carbon dioxide, have been approved under the Export Processing Zones (EPZ) program.

8.2.4 Policy Interventions

8.2.4.1 Special Economic Zones Act

The Ministry facilitated the passing of the Special Economic Zones (SEZ) Act and the development of its subsequent regulations have been finalized and is expected to be gazetted shortly. The Act provides for the declaration, designation, development, promotion and operation of special economic zones in Malawi which will encourage both local and foreign investment.

8.2.4.2 National Industrial Policy

The National Industry Policy has been revised waiting for approval processes.

8.2.5 Challenges Facing the Manufacturing Sector

The key challenges faced by the sector during the review period were as follows:

i. Foreign exchange shortages affected sourcing of imported raw materials by manufacturing companies which led to reduction in production levels
ii. Fuel shortages affected transportation of finished products and raw materials as well as running of generators during times of low electricity supply.

8.2.6 Expected Performance in 2025

The 2025 prospect manufacturing growth rate is expected to be 3.9 percent with anticipation of improved foreign exchange situation, enhanced agricultural productivity, consistent power supply, and consistent fuel availability. The inflow of budgetary support from the donor community is also expected to normalise the foreign exchange situation in the country. Stabilisation of the foreign exchange issue is expected to lead to a more stable fuel supply, which will have a significant positive impact on the sector.

8.3 Trade Performance

8.3.1 Merchandize Trade Overall Performance

Malawi continues to register a negative trade balance. Figure 8.2 indicates that the deficit has been increasing slowly since 2021.

FIGURE 8.1: MALAWI'S TRADE BALANCE BETWEEN 2021-2024

Source: National Statistical office - Statistical Yearbook 2023

Malawi recorded a trade deficit of MK356,958.60 million in October of 2024. First preliminary statistics report from Reserve Bank of Malawi Monetary Policy Committee (MPC) in 2024 indicated that the merchandise trade balance improved to a deficit of USD495.8 million in the fourth quarter of 2023 from a deficit of USD528.6 million in the third quarter of 2023 and compared to a deficit of USD532.5 million recorded in the fourth quarter of 2022. The report observed that the outturn emanated from a sharper decline in imports compared to a decrease in exports during the fourth quarter of 2024. In 2023, trade deficit stood at USD2.18 billion, compared to USD2.10 billion in the previous year. In 2024, merchandise trade deficit was projected to remain unchanged at USD2.2 billion.

In October 2024, total imports increased to USD288.5 million from USD264.4 million in October 2023, representing a 9.1 percent increase. Total exports declined, reaching USD84.6 million in October 2024 from USD133 million in October 2023, representing a 36.4 percent decline. Therefore, the trade balance expanded to a deficit of USD203.9 million in October 2024, compared to a deficit of USD131.5 million in October 2023, indicating a 55.1 percent increase in the trade deficit between Malawi and the rest of the world.

TABLE 8.2: MERCHANDISE TRADE IN MALAWI KWACHA

YEAR/MONTH	TOTAL IMPORTS	TOTAL EXPORTS	TRADE BALANCE
2024^{p}	2,985,985,964,304	591,694,221,549	- 2,394,291,742,755
2023^{p}	3,667,568,692,736	1,136,577,294,363	- 2,530,991,398,373
2022	2,867,313,431,937	874,634,474,358	- 1,992,678,957,579
2021	2,626,103,471,282	808,958,388,392	- 1,817,145,082,889

Source: International Merchandise Trade Data -National Statistical Office-Statistical Yearbook 2023

8.3.1.1 Malawi Major Import and Export Products

The export basket of Malawi continues to be dominated by agricultural products with tobacco, tea and sugar being the highest export commodities. For instance, for third quarter of 2024, tobacco, tea and sugar accounted for over 70 percent of export earnings. Nevertheless, exports are expected to improve in 2025 as Malawi utilizes the preferential scheme with China to export soya beans, black teas, macadamia nuts and beans. On the other hand, the import basket is mainly dominated by fuel, machinery, and fertilisers.

8.3.1.2 Export Diversification Efforts

Guided by the National Export Strategy II Malawi has made strides to diversify foreign trade into non-traditional products and markets. To this effect, protocols for exporting Soya and Groundnuts to China have been signed, marking an important step forward in expanding Malawi's export markets. Soya has remained at 5th position on the Malawi's top 10 export list, penetration to the Chinese market is expected to increase its exports with the signing of protocols.

Mango exports to the Middle East have increased substantially, from USD47,855.7 in 2021 to USD147,759 in 2024, with countries such as Israel, Kuwait, Oman, and Qatar being key destinations. Other notable successes include Mzuzu Coffee's export of four containers to Taiwan and Japan, demonstrating the global recognition of Malawi's products. Poultry and poultry product exports have also seen remarkable growth, becoming one of the country's top ten exports, with a significant increase from USD1,594,100 in 2021 to USD9,558,888 in 2024, primarily exported to Mozambique and the DRC.

Furthermore, dry leguminous crops have seen a 32 percent increase in exports. The volume of Pigeon Peas exports to India reached 49,050 Metric Tons in 2024, valued at approximately MK60 billion, making it Malawi's 4th forex earner and ensuring the country's commitment to utilizing the agreed quota. Bell peppers are also being exported to the Republic of South Africa through Shoprite, with 8-10 tons exported weekly, and there is potential for increased exports of broccoli and cauliflower.

8.3.2 Trade Agreements

The Government of Malawi recognizes the importance of trade in boosting its economy. To achieve this, the country has joined various trade agreements to increase market access for its products. Malawi has bilateral agreements with neighbouring countries like Mozambique, South Africa, and Zimbabwe. At regional level, Malawi is part of several economic communities, including the Common Market for Eastern and Southern Africa (COMESA), Southern Africa Development Community (SADC), Tripartite Free Trade Area (TFTA), and the Africa Continental Free Trade Area (AfCFTA). On a global scale, Malawi has been a member of the World Trade Organization (WTO) since 1995. The WTO helps create a fair and stable international trade environment, which is crucial for Malawi's economic growth and development.

8.3.3 Major Achievements in 2024

In the year 2024, the Government of Malawi negotiated various trade agreements aimed at improving availability of Malawi goods and services across the borders. The following are some of the interventions:

8.3.3.1 Implementation of Simplified Trade Regime (STR)

Malawi has signed Simplified Trade Regime (STR) Framework with Mozambique which seeks to boost small scale cross border trade between the two countries by creating new economic opportunities for the entrepreneurs and enhancing regional economic integration. A common list of products was agreed upon and the STR will allow cross-border traders to import goods worth up to USD3, 000 duty-free, provided the goods originate or were manufactured in SADC. This is the first agreement in SADC region. In complementing this initiative, Mchinji Border Market is being constructed through the Common Market for Eastern and Southern Africa (COMESA) initiative which is 20 kilometers from the Mchinji Border Post and is expected to address critical trade infrastructure gaps by proving market shelters, warehouses, shops, offices, and sanitary facilities.

Furthermore, Malawi is also in the process of negotiating a Simplified Trade Regime with Tanzania.

8.3.3.2 Trade Facilitation

The Government through the Ministry of Industry and Trade has made significant strides in enhancing cross-border trade as follows:

8.3.3.2.1 Establishment of One Stop Border Posts

Malawi has registered remarkable progress in completing One Stop Border Posts (OSBPs). Mchinji, Dedza and Mwanza OSBPs are now operational whereas construction of Songwe OSBP is now in progress. These facilities are designed to streamline border processes, reducing waiting times and increasing efficiency.

The impact of these efforts is already being felt and these state-of-the-art facilities are revolutionizing border operations, as evidenced by Mchinji OSBP, where passenger clearance times have dropped from two hours to less than one hour, and cargo clearance has improved from two days to just two hours. In addition to this, Dedza OSBP alone has recorded a 334 percent revenue increase. Mchinji and Mwanza have also shown significant growth, with increases of 116 percent and 217 percent, respectively. These numbers demonstrate the effectiveness of the OSBP initiative in facilitating trade and promoting economic growth. The Mchinji-Mwami OSBP, for example, has reduced waiting times for truck drivers and streamlined processes for cross-border traders, making it easier to conduct business between Malawi and neighbouring countries.

8.3.3.2.2 Establishment of a National Electronic Single Window

The Government is in the process of developing a National Electronic Single Window. The Malawi National Single Window (MNSW) which will allow for a single submission of data and electronic processing, streamlining the clearance process for goods in trade. Thus far, ESCOM Data Centre commenced hosting preparations such as creation of virtual machines and credentials, once installed, the System will undergo a User Acceptance Testing (UAT) phase which will inform the actual piloting of the system.

8.3.4 Policy Interventions

8.3.4.1 Investment and Export Promotion Act

Investment and Export Promotion act was assented to by His Excellency the State President. The Act formally establishes the Malawi Investment and Trade Centre under statute. This critical piece of legislation further assures SEZ'S operations including investor management and other planning operations pertaining to the Parks development. The Regulations for the Investment and Export Promotion Act is currently underway.

8.3.4.2 Investment Facilitation

Following the investment and trade forums conducted and participated by Malawi at all levels, from 2021 to 2024, there have been 146 companies that have shown interest in investing or have made their establishments in the country in almost all sectors. Out of these, 108 companies are new investments whereas 38 companies expanded their operations mainly in the first four sectors of energy, manufacturing, mining, and agriculture.

Total investment levels are over USD5 billion and have employed over 70,000 people. The energy sector tops the investment levels with over USD2 billion, followed by the Manufacturing sector withUSD1 billion. The mining sector comes third at USD700 million, and the agriculture sector with USD650 million.

8.3.4.3 Economic Empowerment

Malawi has made significant strides in economic empowerment, particularly through initiatives supporting Micro, Small, and Medium Enterprises (MSMEs). A major milestone was achieved with the passing of the MSMEs Act on September 17, 2024, which is expected to foster the formalization and growth of MSMEs. Furthermore, training programs have been implemented, with 1,841 MSMEs receiving training in entrepreneurship and business management, and 1,085 in value addition through the Small and Medium Enterprises Development Institute (SMEDI). These efforts have enabled businesses to produce a range of value-added products, including tomato puree, mango juice, peanut butter, cooking oil, and polished gemstones.

In addition to training, access to finance has been facilitated, with MK 63 billion provided to 47,088 SMEs through programs such as NEEF, AGCOM, and FiNES. Notably, 31,125 of these beneficiaries are women, 7,038 are men, and 8,925 are youth. The government has also partnered with the Malawi Defence Force to facilitate the local production of 1,300 boots, reducing imports and promoting the Buy Malawi initiative. The review of COGA regulations has included additional products such as chilies, peanut butter, sweets, sugar, and PVC pipes, aiming to empower local industries.

8.3.5 Challenges Facing the Trade and Private Sector Development

The main problem facing the sector is a lack of foreign exchange, making imports hard. Other challenges include kwacha devaluation, making imports expensive and fuel scarcity, causing logistical problems.

Chapter 9

EDUCATION, SCIENCE AND TECHNOLOGY

9.1 Overview

The Malawi 2063 aims to transform Malawi into an inclusively wealthy and self-reliant industrialized upper middle-income country by the year 2063. The Education sector under Human Capital Development pillar, therefore envisions Malawi to be a highly knowledgeable people with relevant quality education that incorporates a strong element of academic excellence and technical and vocational skills fit for the labour market, entrepreneurship and implementation of the Vision. Developing human capital through education, skills and health of the population should play a pivotal role in the transformation of the economy. It is therefore important that the availability, accessibility and quality of education at these levels be improved so that learning outcomes are equitable and the productive skills of the youth are developed.

The National Education Policy (NEP) and National Education Sector Investment Plan (NESIP) 2020-2030 guide programming in the education sector in alignment to the Malawi Implementation Plan-1 of the Vision 2063. The implementation of NESIP is also aligned with the Sustainable Development Goals 4 whose focus is to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

The subsequent sections highlight key developments registered in Education sector in the year 2023-2024 financial year. It sets out key sector indicator performance and sector achievements including budget performance as well as implementation of development projects. The report is organised into heading and sub-heading - key indicator performance and achievements that includes Primary education subsector, Secondary education subsector, Higher education subsector, Budgetary achievements and Development projects

9.2 Key Indicator Performance and Achievements

9.2.1 Primary Education Subsector

In Malawi, primary education is crucial in determining the future of both individual children and the country. Their academic career and general development are founded upon it. The Malawian government has put laws and policy frameworks in place to ensure that primary education is accessible and of high quality because it recognizes how important it is. Some of the legal and policy frameworks include: the Education Act of 2013, National Education Policy (2016), Free Primary Education policy, the National Education Standards and Readmission policy among others. The Directorate of Basic and Secondary Education (DBE) oversees primary education and works in partnership with other Ministries, Departments and Agencies (MDAs) and DPs, CSOs, and the local community to overcome obstacles and guarantee the success, quality, and inclusiveness of primary education in Malawi.

The Primary subsector aims to promote access and equity, as well as quality and relevance, in primary schools across the country. The movement in a number of NESIP 2020-30 indicators at both the outcome and levels is used to measure the subsector's year-on-year performance. Table 9.1 shows some of the important indicators that the Ministry uses to track the progress of its programs and projects. The information used came from the existing Education Management Information System (EMIS) 2024.

TABLE 9.1: PRIMARY SCHOOL INDICATORS

Key Performance Indicator	2024	2023	Percentage Change (%)
Enrolment (public)	5,222,759	5,120,080	2.0
Percentage of Special Needs Enrolment (Primary)	4	3.7	8.1
Gender Parity Index	1.0	1.0	0.9
Pupil-Permanent-Classroom ratio	105	102.5	2.4
Repetition rate	26	26	0.0
Completion rate	45	48	-6.3

Source: Ministry of Education

9.2.1.1 Improved Equitable Access and Participation in Primary Education

9.2.1.1.1 Gender Parity Index

The Gender Parity Index (GPI) measures the relative access to education of males and females, calculated as the ratio of females to males in education. A GPI of 1.0 indicates perfect gender parity in education participation, suggesting an equal number of males and females are enrolled, a value less than 1 indicates a disparity in favor of males and a value greater than 1 indicates a disparity in favor of females.

GPI in the primary education sector in 2024 reached 1.04 in favour of girls, underscoring the effectiveness of targeted educational support for girls. The GPI has consistently exceeded the National Education Sector Implementation Plan target of 1.02, reflecting a slight advantage for girls in school enrolment.

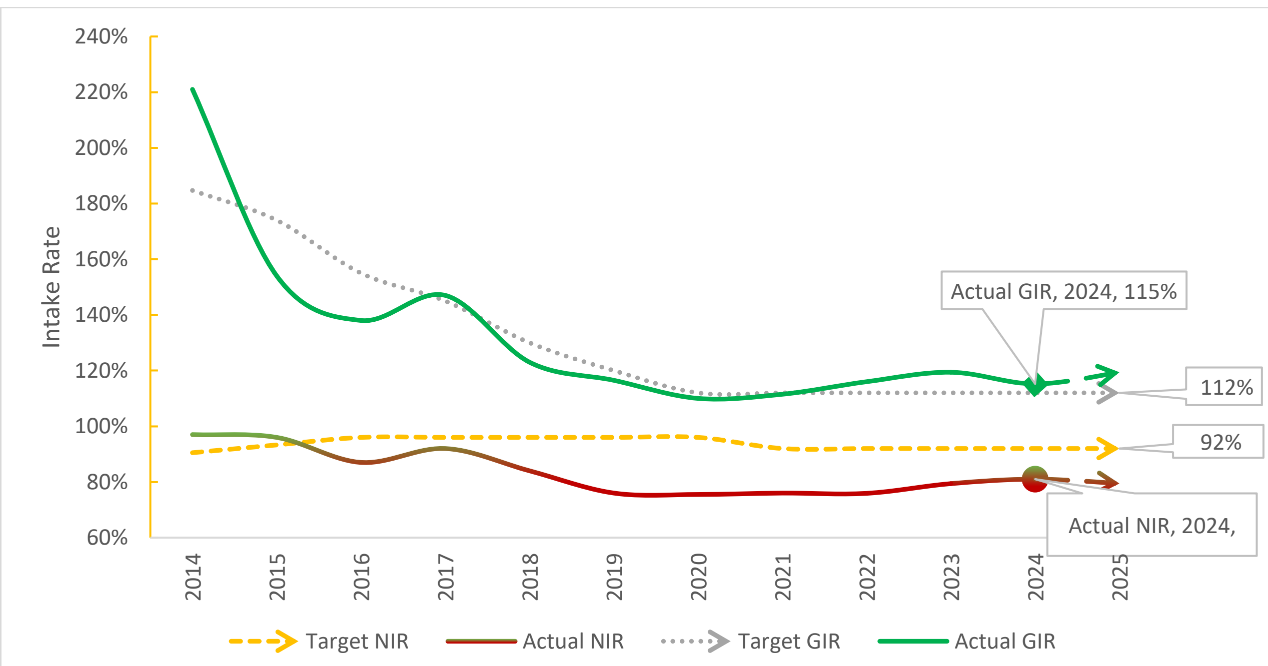
9.2.1.1.2 Net Intake and Gross Intake Rates

Both the Net Intake Rate (NIR) and the Gross Intake Ratio (GIR) are critical indicators for assessing the entry of new learners into Standard 1 of primary school. The NIR provides a precise measure by focusing on the intake of students at the official entry age of six, while the GIR offers a broader perspective by including all enrolled students, regardless of age.

In 2024, the NIR in the primary education subsector continued its upward trend, rising to 81.2 percent (boys: 80.7 percent, girls: 81.2 percent) from 79.4 percent (boys: 78.8 percent, girls: 79.9 percent) in 2023. The slight stagnation and decline observed between 2019 and 2021 were likely due to the disruptions caused by the COVID-19 pandemic, which significantly impacted access to learning facilities. Pandemic-related restrictions, such as school closures and challenges with remote learning, likely hindered students' enrollment and attendance rates. However, the steady recovery in the NIR from 2022 to 2024 reflects the effectiveness of initiatives aimed at mitigating these disruptions and restoring progress.

The GIR, which measures the enrollment of all students regardless of age, also showed significant improvement. It decreased from 119.4 percent in 2023 to 115.2 percent in 2024, representing a reduction of overage and underage enrollments. This progress brings the GIR closer to the NESIP target of 112 percent by 2025.

FIGURE 9.1: TREND AND ANTICIPATED TARGETS OF NIR AND GIR BETWEEN 2014 AND 2025



Source: EMIS 2024

The current trends in NIR and GIR, as illustrated in the Figure 9.1, highlight the ongoing commitment to improving the quality and relevance of primary education intake in Malawi. Efforts to drive these improvements include enhancing early childhood education, improving the accuracy of birth registration data, and increasing community awareness about the importance of enrolling children in school at the appropriate age. These targeted strategies aim to foster a more inclusive and efficient education system.

9.2.1.1.3 Net Enrolment and Gross Enrolment Rates

The Net Enrolment Rate (NER) is a key indicator for measuring organized, on-time school participation. It provides a more precise assessment of school enrolment by focusing on the proportion of students within the official school-age group who are enrolled.

In 2024, the NER experienced a slight decline, falling from 91 percent in 2023 to 89 percent. This trend was observed across both genders, with a more notable decrease among boys, whose NER dropped from 88 percent to 86 percent. For girls, the decline was smaller, moving from 93 percent in 2023 to 92 percent in 2024. This reduction highlights challenges in maintaining age-appropriate school attendance, likely stemming from the lingering effects of previous disruptions in educational access. However, projections indicate that the NER may improve by 2025 as interventions are implemented to address these challenges.

The Gross Enrolment Rate (GER), in contrast, measures total enrolment across all ages as a percentage of the official school-age population. It reflects the overall level of participation in primary education and is considered a broader, though less precise, measure of access. GER values often exceed 100 percent because the calculation includes both underage and overage students.

In 2024, Malawi's GER for primary education continued to rise for both genders. For girls, it increased from 130 percent in 2023 to 132 percent, while for boys, it rose from 126 percent to 127 percent. These high GER values suggest significant enrolment but also point to inefficiencies in the education system, such as the inclusion of students outside the official age group. This indicates challenges in achieving age-appropriate enrolment and retention.

The current GER values remain well above the NESIP 2025 targets of 111 percent for girls and 107 percent for boys, underscoring the need for coordinated efforts among stakeholders. Strategies must focus on promoting age-appropriate enrolment and enhancing internal efficiency to align with NESIP targets and improve the overall quality and effectiveness of primary education.

9.2.1.1.4 Dropout Rate and Percentage of Dropouts Re-admitted.

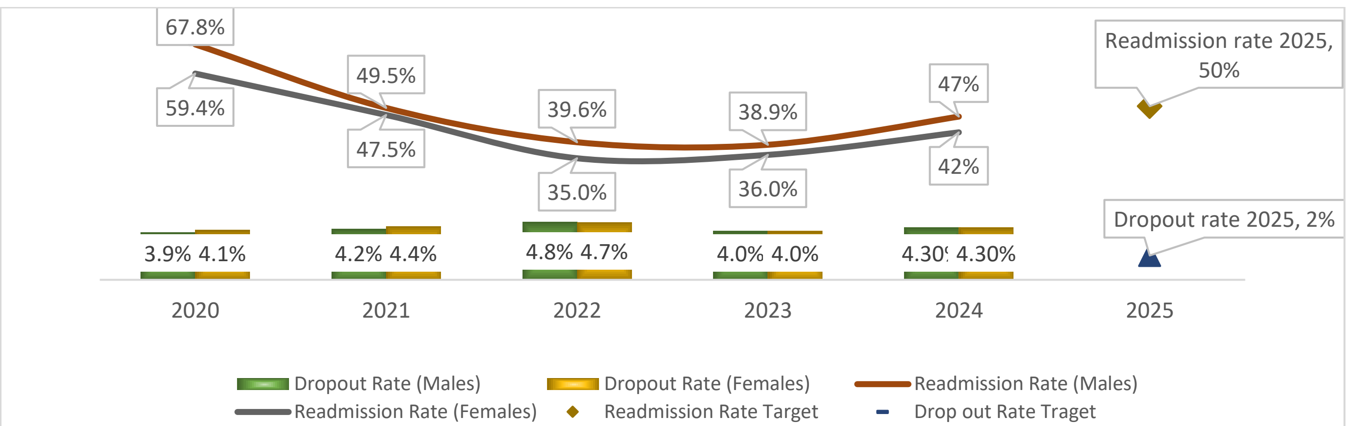
The UNESCO Institute for Statistics defines dropouts as learners who do not complete an academic year and are no longer enrolled in school the following year. In Malawi, determining whether a learner is officially considered a dropout involves follow-ups by the school committee to understand the reasons for leaving and to verify if the learner is attending school elsewhere.

The dropout statistics for Malawi in 2024 reveals a troubling trend. Both male and female dropout numbers increased compared to 2023. Male dropouts rose from 97,978 in 2023 to 112,311 in 2024 a significant increase by 14,333. Similarly, the number of female dropouts grew from 103,670 in 2023 to 114,791 in 2024, marking an increase of 11,121.

This rise in dropout rates underscores the urgent need for targeted interventions to address the root causes. Factors such as poverty, child marriage, teacher shortages, and other social and economic challenges likely contribute to this issue.

Despite the rise in dropouts, there has been a notable improvement in readmission rates, which measure the percentage of students returning to school in the current year after dropping out the previous year. Female readmission rates increased from 42 percent to 49 percent, while male readmission rates rose from 47 percent to 51 percent. These improvements reflect the mixed outcomes of educational policies aimed at reducing dropout rates and encouraging re-engagement among students.

FIGURE 9.2: TREND AND PROJECTIONS BETWEEN READMISSION AND DROPOUT RATES FOR MALES AND FEMALES BETWEEN 2020 AND 2025



Source: EMIS 2024

9.2.1.1.5 Repetition Rate

The repetition rate measures the percentage of students who remain in the same grade for two or more consecutive years due to either leaving the class prematurely or retaking the grade multiple times. When a student repeats a grade, they consume more public resources than originally allocated.

Between 2019 and 2024, the average repetition rate has continued to rise, despite variations across different grade levels. There is a notable upward trend in the percentage of learners repeating lower grades, particularly in Standard 1 (STD 1), compared to those in higher grades like Standard 8 (STD 8).

STD 1 consistently records the highest repetition rates each year, peaking at 37 percent in 2024, up from 36.4 percent in 2023. Conversely, STD 8 has the lowest repetition rates, which dropped from 18 percent in 2023 to 17 percent in 2024.

9.2.1.1.6 Primary School Completion Rate

The primary school completion rate serves as a measure of internal efficiency, reflecting the education system's ability to minimize resource waste while supporting students to progress seamlessly through the curriculum. High completion rates indicate an effective system, while low rates highlight inefficiencies and barriers that prevent learners from completing their education.

Analysis of primary school completion rates from 2019 to 2024 reveals challenges in achieving the 2025 target of 60 percent. In 2024, the average completion rate stood at 45 percent, with male learners at 43 percent and female learners at 46 percent. This represents a decline from the 2023 rates, which were 46 percent for males and 50 percent for females.

9.2.1.1.7 Number of Low-Cost Community Led Classrooms Constructed

Community-led classrooms involve local communities in addressing the shortage of school infrastructure by actively participating in the planning, construction, and management of classrooms. These initiatives are driven by community members and promote accessible learning environments through collaboration with the government. Such partnerships enable cost-sharing, resource mobilization, and active involvement of the communities in maintaining the facilities.

Progress toward the target of constructing 20,000 community-led classrooms by 2025 has been slow. Annual performance has fluctuated significantly, with the highest achievement of 627 classrooms recorded in 2024 and the lowest of 31 classrooms in 2023. At the current pace, meeting the 20,000-classroom target by 2025 seems unlikely.

However, resources secured for the primary education sub-sector have targeted the construction of 10,900 cost-effective classrooms by 2025, representing a 68 percent achievement rate toward the mid-term goal. Additional resources and concerted efforts will be essential to meet the National Education Sector Investment Plan (NESIP) mid-term target.

9.2.1.2 Improved Quality and Relevance of Teaching and Learning in Primary School Education

9.2.1.2.1 Pupil Teacher Ratio and Pupil Qualified Teacher Ratio

When evaluating both qualified and untrained teachers, the Pupil Teacher Ratio (PTR) and Pupil Qualified Teacher Ratio (PqTR) provide valuable insights into the teacher-student balance and the availability of competent educators in the primary education system. The PTR considers all teachers, regardless of their qualifications, and has shown consistent improvement over time, decreasing from 69:1 in 2013 to 62:1 in 2024.

Similarly, the PqTR, which specifically accounts for certified and adequately trained teachers, has also improved, though with some fluctuations. It declined from 76:1 in 2013 to 65:1 in 2024, reflecting progress in increasing the proportion of qualified teachers in primary schools. This advancement is a positive step toward enhancing the quality of education provided to students.

9.2.1.2.2 Pupil Textbook Ratio (English and Chichewa)

The number of textbooks available in primary schools contributes to the quality performance of learners. NESIP targets an achievement of 2:1 pupil textbook ratio for English, Chichewa and Mathematics by 2025.

The pupil textbook ratios for English and Chichewa at various standard levels in 2024 is as follows:

i. English: In the lower standards, the ratio starts relatively low, with 1.62 in Standard 1 and 1.59 in Standard 2, indicating better textbook availability. However, for higher standards, the ratio rises sharply, peaking at 10.89 in Standard 5 before gradually improving to 3.82 for Standard 8 which.
ii. Chichewa: The ratios follow a similar trend to English as they are at 1.66 in both Standards 1 and 2, increasing to 11.75 in Standard 5, and then decline to 4.26 by Standard 8.
iii. Mathematics: standard 1 and 2 have Pupil textbook ratios of 4.70 and 4.79 respectively and the ratio increases to 5.92 for Standard 3. This ratio slightly decreases, reaching 4.46 in Standard 8.

The data indicates that textbook availability is relatively adequate in the early standards for English and Chichewa, but there are shortages or increased demand reflected in the rising ratios in the middle standards. The situation is more concerning in the higher standards, where the ratios are higher vis avis the NESIP targets for 2025. It is worth noting that the Government of Malawi, with support from Development Partners, had printed and distributed Chichewa and English textbooks for standards 1 to 4 on a 1:1 ratio hence relatively low ratio in these standards. Printing and distribution of these textbooks is continuing to replenish and revert to the targeted 1:1 ratio.

Government with support from Development Partners is also printing and distributing Mathematics textbooks for standard 1 to 2 with the aim of reducing the ratios for these classes to 1:1.

9.2.1.2.3 Primary Pupil: Permanent Classroom Ratio

The provision of adequate infrastructure in schools continues to be challenge in the education sector across the country. The Ministry is therefore implementing a number of initiatives to address the issues of open-air classrooms and large classrooms with PpCR above 90.

The number in permanent classrooms grew from 50,420 in 2023 to 51,631 in 2024. The PpCR has continued to decline from 115.3 to 105.0 between 2020 and 2024. However, there is a slight increase in the classroom ratio in 2023 (102.5) and 2024 (105.0). The rising enrolment figures place additional strain on existing infrastructure, exacerbating the issue of overcrowded classrooms.

9.2.1.2.6 Primary School Leaving Certificate of Education Pass Rate

The overall pass rate slightly decreased in 2024, at 86.2 percent down from from 87.7 percent registered in 2023. However, these pass rates showed significant gender disparities. Out of the 217,708 candidates that passed the PSLCE, 106,907 (49.1 percent) were girls, while 110,801(50.9 percent) were boys. This indicates that in 2024, boys outperformed girls, with a pass rate significantly higher than both the female rate. This result highlights a persisting gender disparity in terms of performance between boys and girls.

Looking at the trend in pass rates from 2016 to 2024, results show pass rates maintained consistently above 75 percent, increasing the likelihood that the NESIP 2025 target of 88 percent for the PSLCE pass rate will be achieved.

9.2.1.2.7 Percentage of Children Achieving Minimum Proficiency in Literacy and Numeracy at Std 2, Std 4 and Std 8

Common Zonal Test (CZT) results are used to evaluate minimum proficiency in literacy and numeracy in Malawi. The CZTs are currently supported under the Malawi Education Reforms Program (MERP) and focus on standards 3 and 4 in literacy (English and Chichewa) and numeracy (Mathematics). The NESIP indicator, however, aims to cover standards 2, 4, and 8 in literacy and numeracy. In this context, standard 4 is directly covered by the CZT, while standard 8 proficiency can be inferred from Primary School Leaving Certificate Examination (PSLCE) results as a proxy. Standard 2 is currently not covered by the CZT or any other standardized test.

For English in standard 4, proficiency increased from 30 percent in 2023 to 43 percent in 2024, moving closer to the NESIP target of 50 percent. Similarly, Chichewa in standard 4 reached the target of 50 percent in 2024, demonstrating significant gains from 38 percent in 2023. For standard 3, English and Chichewa proficiency also saw incremental improvements from 2023 to 2024.

In Mathematics, standard 3 showed a considerable improvement, with proficiency increasing from 22 percent in 2023 to 32 percent in 2024. However, proficiency in Mathematics for standard 4 declined slightly, from 26 percent in 2023 to 23 percent in 2024, highlighting the persisting need for targeted intervention to reverse this trend and strive towards the 80 percent target.

Overall, the results reflect meaningful progress in literacy and numeracy for standard 3 and 4 learners, although specific challenges remain, particularly in standard 4 Mathematics, which still require focused efforts to address the gaps that remain.

9.2.1.3 Efficient Governance, Management, and Accountability of Primary Education Service Delivery

9.2.1.3.1 Percentage of Schools Meeting the Minimum Construction Package

Through an extensive consultative process, the Ministry has developed a draft of the Essential School Infrastructure Package Guidelines. These guidelines are specifically designed to raise the standards in the development of inclusive school infrastructure, ultimately leading to improved teaching and learning environments. By adhering to these guidelines, the sector will be able to establish standardized infrastructure that supports the delivery of quality education and creates an optimal learning environment for students.

At the current pace, it is highly likely that the 2025 NESIP target of having all primary schools achieve compliance to the minimum infrastructure package by 2025 may not be met. It is unlikely that all schools will successfully renovate their facilities to reach the necessary requirements within the given timeframe. The availability of sufficient resources to enable infrastructure development in schools is one of the key challenges that need to resolved.

9.2.2 Secondary Education Subsector

Secondary education in Malawi plays a critical role in preparing students for higher education, technical training, and the workforce. It builds on the foundational knowledge and skills acquired in primary education, aiming to produce well-rounded, informed, and skilled individuals. The Secondary subsector also aims to promote access and equity, as well as quality and relevance, in all secondary school categories across the country. The movement in a number of NESIP 2020-30 indicators at both the outcome and levels is used to measure the subsector's year-on-year performance.

9.2.2.1 Increased Equitable Access to Secondary Education with Particular Attention to Girls, Vulnerable Groups and those from Rural Areas

Significant progress has been made in improving equitable access to secondary education, particularly for marginalized learners, through key priority initiatives.

i. Priority 1: Expanding Secondary School Infrastructure
   The first priority is the expansion of secondary school infrastructure to enhance accessibility. Over the review period, 30 new schools were completed, with 44 out of 51 schools achieving a completion rate of over 73 percent. This aligns with the government's goal of constructing 284 schools by 2025, surpassing the NESIP mid-term target of 235 schools. Additionally, 103 secondary schools are undergoing upgrades, with 40 percent of the work completed during the reference period. These efforts are supported by substantial external financing and domestic resource mobilization, including funds allocated for the construction of 34 Schools of Excellence.

ii. Priority 2: Expanding Open and Distance e-Learning (ODeL)
The second priority focuses on expanding Open and Distance e-Learning (ODeL) for secondary education. This initiative plays a crucial role in improving accessibility. Progress includes the development of the ODeL Policy and the Open Secondary School Strategy, both aligned with the government's vision for a more inclusive education system. Instructional materials are also being developed for 15 subjects to support this effort.

iii. Priority 3: Supporting Vulnerable Students
The third priority targets expanding access for vulnerable students. During the review period, bursaries were awarded to 25,086 students, but the NESIP target for 2025 is 40,000 students. This gap highlights the need for continued commitment to supporting this demographic.

These interventions are expected to significantly improve equitable access to secondary education. Recent admission statistics reveal that out of 170,000 applicants, 96,112 students were admitted, reflecting a 56 percent admission rate.

9.2.2.1.1 Number of New Public Secondary Schools Constructed

The government, in partnership with development partners, has launched an ambitious plan to build 284 new secondary schools across the nation. In 2022, 30 urban Community Day Secondary Schools (CDSSs) were upgraded, and 30 new rural CDSSs were built and opened in January 2023. In the 2023/24 fiscal year, 51 new schools will begin construction, and 8 rural CDSSs will be completed by the end of 2023. The Ministry has also identified sites for 34 Secondary Schools of Excellence in the six pilot districts: Chikwawa, Phalombe, Mangochi, Lilongwe, Nkhotakota, and Rumphi. A consultant is finalizing detailed plans, with construction expected to begin in the 2023–2024 fiscal year.

Given the ongoing construction projects progress and the planned expansions, it is likely that the mid-term target of 235 schools by 2025 will be met.

9.2.2.1.2 Number of Classrooms Constructed in Existing Schools

Since 2019, when there were 6,379 permanent classrooms, Malawi has made significant progress in expanding its educational infrastructure. By the end of 2024, the total number of permanent classrooms will reach 7,742, marking an increase of 1,363 classrooms. This represents an 11 percent growth over five years, reflecting a proactive response to educational needs.

However, the rise in temporary classrooms, from 322 in 2019 to 513 in 2024, indicates ongoing space challenges. The addition of 194 temporary classrooms during this period, including 93 between 2023 and 2024 alone, highlights the continued need for facilities to accommodate a growing student population.

9.2.2.1.3 Number of Beneficiaries for Bursaries for Needy Students

The number of secondary school bursary applications and awards from 2020 to 2024 underscores the challenge of meeting the NESIP target of 40,000 bursary recipients by 2025. In 2024, the number of applications peaked at 68,422, up from 113,348 in 2023, yet only 24,605 bursaries were awarded, down slightly from 25,086 in 2023, resulting in an acceptance rate of about 36 percent. The decline in the acceptance rate may be attributed to factors such as limited funds, strict eligibility criteria, or increased competition for a smaller number of available bursaries. This sharp rise in demand highlights the growing importance of financial aid for secondary education.

9.2.2.1.4 Gender Parity Index

From 2020, the Gender Parity Index (GPI) in secondary schools has steadily improved, rising from 0.94 in 2020 to 0.97 in 2023 and reaching 0.99 in 2024. This suggests near gender parity in secondary education, though it still falls short of the target GPI of 1.1 by 2025. The target aims to slightly favor female enrolment to correct historical imbalances and reflect demographic trends where there are typically more females than males in the eligible age group.

9.2.2.1.5 Gross and Net Enrolment Rates

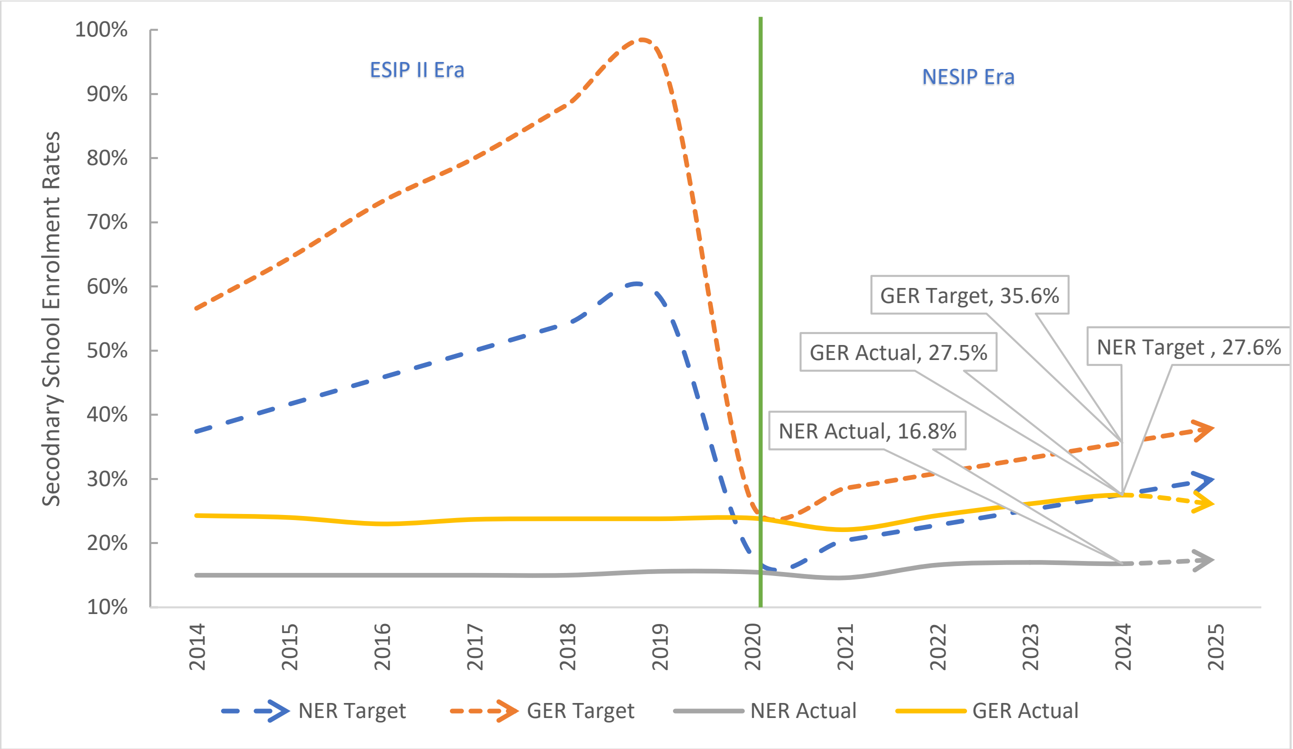
The Gross Enrolment Rate (GER) measures total enrolment in secondary education, regardless of age, as a percentage of the eligible official school-age population. It reflects overall participation in secondary education and can highlight the extent of over-age and under-age enrolment.

In contrast, the Net Enrolment Rate (NER) focuses on students within the official age range of 14 to 17 years for secondary education. The NER provides a clearer picture of on-time school participation.

In 2024, the NER stands at 16.8 percent, a slight decrease from 17 percent in 2023, significantly below the target of 27.6 percent. This suggests that approximately 83.2 percent of the eligible age group lacks access to secondary education. Similarly, the GER for 2024 is 27.5 percent, up slightly from 26.1 percent in 2023, but still below the target of 35.6 percent.

This disparity between actual and target enrolment rates illustrates the ongoing challenges in increasing both the number of age-appropriate students (NER) and overall student participation (GER) in secondary education.

FIGURE 9.3: TREND AND PROJECTIONS OF GER AND NER BETWEEN 2014 TO 2025



Source: Ministry of Education

9.2.2.1.6 Primary to Secondary Transition Rate

UNESCO defines the Transition Rate as the percentage of students admitted to the first grade of a higher level of education each year, relative to the number of students enrolled in the final grade of the lower level of education in the previous year. This indicator measures the degree of access or transition from one educational level to the next, such as from primary to secondary school.

In 2024, the transition rate increased to 49.7 percent, up from 47.2 percent in 2023. Female students had a slightly higher transition rate of 49.9 percent, compared to 49.6 percent for their male counterparts.

9.2.2.1.7 Dropout Rate

Overall, the secondary school dropout rate in 2024 was 4.9 percent, showing a slight decrease from the 5 percent rate recorded in 2023. The male dropout rate stood at 4.1 percent, a slight increase from 4.1 percent in 2023, while the female dropout rate decreased to 5.8 percent, down from 5.9 percent the previous year. The gender disparity in dropout rates had slightly narrowed, with males dropout rates now standing at 4.1 percent and females at 5.9 percent.
The primary reason for dropouts in 2024 was the inability to pay school fees, affecting both males and females. A total of 6,490 females and 6,055 males dropped out due to financial constraints.

This highlights the urgent need for targeted financial support programs to reduce dropouts caused by economic barriers.

Pregnancy was a gender-specific factor contributing to dropouts, with 3,092 girls affected. This underscores the significant challenges girls face in continuing their education due to early or unintended pregnancies.

Marriage also emerged as a major cause of dropout for females, with 2,491 girls leaving school for this reason, compared to only 720 boys. This stark contrast highlights the cultural pressures placed on girls, where early marriages significantly disrupt their educational paths.

9.2.2.2 Improved Quality and Relevance of Secondary Education

9.2.2.2.1 Priority Initiatives

Reflecting on the progress of key priority actions, the outcomes reveal a mixed landscape of achievements and pending initiatives.

Firstly, regarding the review and revision of curriculum implementation guidelines and practices, significant strides have been made despite delays. The Malawi Institute of Education (MIE) has conducted key activities, including a needs assessment, a curriculum benchmarking study tour, a national education conference, surveys, and literature reviews. In 2024, MIE organized a symposium and conceptualized the new secondary school curriculum, marking a critical milestone in curriculum reform.

In addressing the priority action of improving the Student-Qualified Teacher Ratio (SqTR), particularly in STEM subjects, significant challenges persist, with SqTR exceeding 200 in Science and Mathematics. To address this, the Ministry recruited 2,681 secondary school teachers in 2024 and promoted 2,258 primary school teachers to secondary school positions, aiming to reduce high SqTRs and enhance teaching quality.

Regarding the provision of Teaching and Learning Materials (TLMs), commendable progress was achieved in 2024. Additional English and Chichewa textbooks are being procured for schools implementing the Double Shift system since September 2024. Furthermore, new textbooks for subjects such as Computer Studies, Home Economics, Clothing and Textiles, and Technical Drawing are being distributed to 76 schools introducing technical education. Schools without designated Cost Centre status are also receiving laboratory equipment and chemicals to support science education.

9.2.2.2.2 Percentage of Secondary Schools with Student Qualified Teacher Ratio Greater than 40:1

In 2024, 32 percent of secondary schools have a Student Qualified Teacher Ratio (SqTR) greater than 40:1. However, about 3 percent of schools lack qualified teachers altogether. At this achievement level, the midterm target set by the NESIP to ensure that no more than 40 percent of schools exceed a SqTR of 40:1 has been already met.

9.2.2.2.3 Secondary Student Qualified Teacher Ratio (Mathematics, Physical Science and English)

In 2019, the baseline student-to-teacher ratio (SqTR) for English was 190. By 2022, this ratio had risen to 212, a significant deterioration. It has since remained at 208 in both 2023 and 2024. With a NESIP target of 90 set for 2025, it is clear that significant improvements in teacher availability are required to achieve this goal.

For Mathematics, the baseline ratio in 2019 was 158. However, the situation worsened in the following years, with the SqTR reaching 269 in 2023 and 2024. This represents a widening gap between the number of math students and available teachers. The achievement of 2025 target of 75:1, 260:1, 90:1 for maths, physical science and English respectively demands urgent action to drastically reduce the student-to-teacher ratio and improve the quality of mathematics instruction.

In the case of Physical Science (including Physics and Chemistry), the baseline ratio in 2019 was 561. This alarmingly surged to 1109 by 2022, highlighting severe shortages of qualified teachers. Although there has been some progress, with the ratio decreasing to 983 in 2023 and further to 860 in 2024, the 2025 target of 260 underscores the urgent need for substantial progress.

To address these challenges, the Ministry has actively engaged in training a dedicated cohort of secondary school teachers in collaboration with higher education institutions, including NCE, DCE, UNIMA, MZUNI, and MUBAS. These initiatives aimed to enhance the skills of 1,244 teachers from 13 districts in the subjects of science and mathematics, covering biology, chemistry, and physics

9.2.2.2.4. Secondary Student Classroom Ratio

Between 2013 and 2023, there have been fluctuations in both the Secondary Student Classroom Ratio (SCR) and the Student Permanent Classroom Ratio (SpCR). The SpCR reflects the number of students per permanent classroom, while the SCR includes both permanent and temporary classrooms.

From 2020 to 2024, the SpCR has shown a steady increase, rising from 63.0 to 70.0. This trend indicates growing congestion in permanent classrooms, suggesting that infrastructure expansion has not kept pace with student enrollment. The SCR follows a similar upward trend but remains slightly lower than the SpCR due to the use of temporary classrooms. For example, in 2024, the SCR increased to 65.0 from 61.4 in 2023, while the SpCR rose to 70.0 from 64.9 in 2023.

Since 2021, both ratios have consistently risen, and the NESIP mid-term target of a 50:1 ratio has therefore been exceeded in 2024. This highlights the Ministry's progress in working toward the SCR target set for NESIP 2025.

9.2.2.2.5 Percentage of Schools with ICT Lessons

The percentage of schools offering ICT lessons serves as a key proxy indicator for assessing the extent of ICT integration within secondary schools. This indicator measures the inclusion of ICT lessons in the curricula of secondary schools across various districts in 2024, revealing significant disparities in ICT integration levels, ranging from 0 percent to 27 percent, with a national average of approximately 11 percent percent. However, much remains to be done to achieve the NESIP goal of 40 percent ICT integration by 2025.

9.2.2.2.6 Percentage of Schools Meeting Minimum Standards in Secondary Education Curriculum Reforms and Assessment Practices

A major milestone in the reform of secondary education has been the development of continuous assessment guidelines, which are now being implemented in secondary schools. These guidelines lay the groundwork for incorporating continuous assessment scores into the national examination results for subjects such as Mathematics, English, and Biology. The initiative includes the provision of specialized educational materials and teacher training to ensure successful implementation.

Although the system's launch is awaiting government approval, the forthcoming introduction of the continuous assessment system holds great potential for improving education quality. However, it is important to note that its full implementation is contingent upon official approval from the government.

9.2.2.2.7 Malawi School Certificate of Education (MSCE) Pass Rate

The 2024 Malawi School Certificate of Education (MSCE) results show a modest improvement in performance, with a national average pass rate of 54.8 percent, up from 54.4 percent in 2023. While this increase is encouraging, it still falls short of the NESIP Midterm Target of 70 percent. The number of candidates has steadily risen, reaching 177,434 in 2024, the highest number during the period under review. This increase reflects a recovery from the decline in candidate numbers seen after 2020.

However, performance disparities based on gender and school type persist. Male candidates continue to outperform females, with a pass rate of 60.9 percent for males compared to 48.2 percent for females in 2024. This ongoing gender gap highlights the need for targeted support for female students. Special Needs Education (SNE) candidates have seen slight improvements, with a pass rate of 55.9 percent, surpassing the national average. However, male SNE candidates still perform better than their female counterparts.

The results also reveal significant differences in school performance. National Secondary Schools achieved an outstanding 96.6 percent pass rate in 2024, far outpacing other school types. District Boarding Schools and City Day Schools also performed well, with pass rates of 88.7 percent and 81.9 percent, respectively. In contrast, Community Day Secondary Schools had a much lower pass rate of 49.9 percent.

While the 2024 MSCE results show some improvement, particularly in the number of candidates and pass rates, the national average remains significantly below the 70 percent target. To reach this goal by 2025, there is an urgent need for more aggressive educational reforms, increased resources for underperforming schools, and targeted efforts to close the gender gap.

9.2.2.3 Improved Governance and Management of Secondary Education

In the year under review, 76 percent of public secondary schools established Boards of Governors (BoGs), a significant increase from 24 percent in 2023 and a remarkable leap from almost no BoGs in 2019. This progress exceeds NESIP's 2025 target of 70 percent and highlights substantial improvements in school governance. The ultimate NESIP goal is to have functional BoGs in all public secondary schools.

The rollout of annual Secondary School Improvement Plans (SSIP) began with 13 pilot districts and has now expanded to include 11 additional districts, bringing the total to 25 out of 34 education districts. These plans aim to prioritize resources toward initiatives that enhance learning outcomes. However, most schools are not implementing SSIPs due to financial constraints. There are however, plans to financially support more schools to implement SSIPs in ISEM II.

Concerning the decentralization of the secondary school subsector, the Ministry has launched a school-based data collection initiative, including the procurement of tablets for all public secondary schools to facilitate data collection at the school level. Training programs are being implemented to ensure that Cluster Education Management Information System (CEMIS) Officers and headteachers are proficient in using tablets for data collection.

The secondary school sub-sector has seen significant improvements in the administration of the Malawi School Certificate of Education (MSCE) and Junior Certificate of Education (JCE) examinations. The processes for registering students for examinations, selecting students for secondary schools, and disseminating results have all been automated. For instance, MSCE results are now available online, and results dissemination has improved significantly, with results accessible before the start of the following academic year—a marked improvement over previous years.

9.2.3 Higher Education Subsector

In line with the vision of the Ministry of Education, which is to provide quality education that produces learned individuals for a prosperous nation, the higher education sub-sector seeks to achieve three strategic goals namely; to increase access to higher education, to improve skills, quality and relevance of higher education for industry or market and to establish efficient and effective governance and management systems in higher education. These three things are very critical in the realization of the country's vision as encapsulated in the Malawi 2063 and the MIP-1. The NESIP outlines several strategies for the realization of the sub-sector's aspirations. This subsection presents an analysis of the performance of the sub-sector in the year and review.

9.2.3.1 Increased Equitable Access for Students in Higher Education

The higher education sub-sector seeks to increase equitable access for students to higher education from the baseline of 30,790 in 2019 to a minimum of 85,000 by 2030 in both public and private higher education institutions. Some of the indicators tracked by the high-education subsector include the following:

9.2.3.1.1 Gender Parity Index (for Enrolment in Public University)

In the year under review, the Gender Parity Index (GPI) for public universities and colleges stood at 0.67, with a total enrollment of 24,485 male students compared to 16,543 female students. However, the target set by the National Education Sector Investment Plan (NESIP) for 2025 is 0.8. For Open and Distance e-Learning (ODeL) students in public universities, the GPI was 0.78, in contrast to 0.67 for traditional (generic) students.

In private higher education institutions (HEIs), the GPI was 0.88, based on an enrollment of 6,534 female students and 7,390 male students. For ODeL students in private universities, however, the GPI was 0.56, significantly lower than the 0.88 GPI for their generic counterparts.

9.2.3.1.2 Number of New Public Universities Established

To enhance access and equity in university education, the Ministry aims to establish an additional seven public universities by 2030, with at least four set to open by 2025. A key development under the National Education Sector Investment Plan (NESIP) was the restructuring of the University of Malawi (UNIMA), which resulted in the creation of three new universities in 2021: the Kamuzu University of Health Sciences (KUHeS), formed through the merger of the College of Medicine and Kamuzu College of Nursing; the Malawi University of Business and Applied Sciences (MUBAS), formerly known as the Malawi Polytechnic; and the University of Malawi, previously Chancellor College. This restructuring not only expanded access to higher education but also improved the governance and management of public universities.

9.2.3.1.3 Total University Enrolment (Public and Private)

Efforts to increase access to higher education have been bolstered by new programs, the expansion of Open, Distance, and eLearning (ODeL) opportunities, the establishment of new campuses, infrastructure development, and the introduction of weekend classes, all of which are being implemented by both public and private Higher Education Institutions (HEIs). As a result, university enrolment has continued to rise, from 63,533 in 2023 to 74,414 in 2024.

Private HEIs play a crucial role in expanding educational opportunities, particularly for students seeking flexible or diverse learning options. However, enrolment data from 2023 to 2024 reveals a slight decline in female enrolment, dropping from 14,272 to 13,332, and male enrolment, which decreased from 14,206 to 11,887. This decline could be attributed to several factors, including affordability issues, a reduction in scholarship opportunities, and challenges students face in balancing education with other responsibilities. Despite these setbacks, private HEIs remain essential in broadening access and providing education to students who might not otherwise be reached by public institutions.

9.2.3.1.4 Percentage of Girls and Disadvantaged Students Enrolled and Retained in Different Programs, Including STEM

One of NESIP's key targets for 2025 is to ensure that 40 percent of girls and disadvantaged students are enrolled and retained in various programs, including STEM. By 2024, a cumulative proportion of 45 percent had already been achieved, surpassing the mid-term target for 2025.

However, further analysis reveals that the participation of students with special needs, who fall within the disadvantaged category, remains low. In the 2020/21 fiscal year, 133 students with special needs were enrolled in public and private institutions. This number dropped to 112 in the 2021/22 fiscal year, indicating a decline in the enrollment of Special Needs Education (SNE) students in higher education. Encouragingly, in the 2023/24 fiscal year, enrolment rose to 331 learners, up from 202 in 2022/23, representing a 63 percent increase from the previous year.

9.2.3.1.5 Total Number of Students Receiving Loans

The high cost of higher education continues to limit access for disadvantaged and vulnerable students. To address this, the provision of loans and scholarships remains a key strategy for ensuring equitable access to higher education. An analysis of available data shows a consistent increase in the number of students receiving loans across both public and private institutions.

In 2024, the total number of students receiving loans rose to 25,978, up from 22,423 in 2023, reflecting an increase of 15.9 percent. Of the 25,978 loan beneficiaries, 24,245 were from public institutions, while 1,733 were from private institutions. This growth suggests that the government is on track to meet its 2030 target of 32,500 loan beneficiaries. By 2021, the mid-term target of 17,065 beneficiaries had already been exceeded, with 18,424 students receiving loans that year.

In 2024, the loan approval rate for males was 93.7 percent, while the approval rate for females was slightly lower at 92.8 percent. These high approval rates for both genders suggest that the loan system is generally inclusive and effective in reaching both male and female students. The slight gender difference in approval rates may be due to factors such as the number of applications submitted by each gender. Nevertheless, the approval process itself is equitable, and the need for a more sustainable and inclusive loan program remains to better support a broader range of students in achieving their educational goals.

9.2.3.2 Improved Skills, Quality, and Relevance of Higher Education for Industry or Market

From 2020 to 2030, the Ministry aims to improve the skills, quality, and relevance of higher education to better align with the needs of industry and the market. Several strategies outlined in the NESIP 2020-2030 include the accreditation of both public and private HEIs, the training of lecturers to Masters and PhD levels, encouraging institutions to publish research, promoting innovation and technology incubation centers, establishing centers of excellence, and strengthening quality assurance systems, including the establishment of quality assurance units within institutions.

While a variety of indicators are used to measure sector performance in enhancing skills, quality, and relevance at all educational levels, this report focuses on indicators specific to the higher education sub-sector.

9.2.3.2.1 Number of Research Areas Published

The Ministry recognizes the importance of research in promoting evidence informed policy and decision making. What is also critical is the role of universities in increasing the stock of knowledge and generating innovations in various fields. Hence, one of the indicators in improved skills, quality, and relevance of higher education for industry or market between 2020 and 2030 is the number of research papers published.

TABLE 9.2: TREND RESEARCH AREAS PUBLISHED AND PROPORTION OF RESEARCH CATEGORIES BETWEEN 2021 TO 2024

Publications	2021	2022	2023	2024
Total	615	617	211	473

Source: EMIS

The cumulative number of research papers published during the period exceeds the 198 research publications target set for 2025 and the 300 publications target set for NESIP 2020-2030. This accomplishment shows that higher education institutions' have strong dedication to research and knowledge creation.

9.2.3.2.2 Number of Business Innovation and Technological Incubation Centers Established

Establishment of Business Innovation and Technology Incubation Centres is one of the strategies to improve skills, quality, and relevance of higher education for industry or market. As such, the Ministry aspires to establish a total of seventeen (17) such centres between 2020 and 2030. At the baseline year in 2019, the Ministry recorded zero number of established business and technology incubation centers. To date, the Ministry has recorded eight (8) such centers established in higher education institutions as detailed in Table 9.3.

TABLE 9.3: BUSINESS INNOVATION AND TECHNOLOGICAL CENTRES

No	Business Innovation and Technological Centre	Host University
1	University Innovation Pod (UniPod)	MUBAS
2	Business Incubation Centre	MUBAS
3	Design Studio	MUBAS
4	Innovation Hub	MUBAS
5	African Drone and Data Academy (ADDA)	MUST
6	MUST Technology & Innovation Garage	MUST
7	Centre for Artificial Intelligence & STEAM	MUST
8	ICT Incubation Centre	MZUNI
9	Tourism SMEs Incubation Centre	MZUNI
10	Test and Training Centre for Renewable Energy	MZUNI
11	TACE Agri-Business Hub	LUANAR
12	Centre of Excellence in Pharmaceutical Research and Manufacturing	KUHeS
13	Technology and Innovation Support Centre (TISC)	UNIMA

Source: DHE

These centres play a vital role in fostering entrepreneurship, driving innovation, and creating a supportive ecosystem for start-ups. By serving as hubs for collaboration between academia and industry, they address the critical need for universities to act as key drivers of knowledge creation and entrepreneurial growth.

The total number of established business innovation and technological centres in 2024 shows that the Ministry is on target towards meeting a total of nine (9) such centres by 2025.

9.3 Budget Achievements

The approved budget for the Ministry of Education Vote 250 for the 2024-25 fiscal year (FY) was MK338.4 billion, which was a 60 percent increase over the 2023/24 FY budget which was at MK211.5 billion. Out the total budget of MK338.4 billion, a total of MK128.8 billion representing

38 percent of the total budget were for recurrent budget, out of which MK77.2 billion was for Personal Emoluments and MK51.5 billion was for Other Recurrent Transactions.

In the 2024/25 FY a total of MK209 billion allocated toward development expenditures, up by 112 percent compared to the MK101.2 billion which was allocated in the 2023/24FY. Development Part 1 and Part 2 increased by 112 percent and 81 percent respectively in the 2024/25 FY as compared to 2023/24FY. However, by Mid-Year Development Part 2 was reduced by 70 percent from MK29 billion to MK8.9 billion.

Table 9.4 shows the budget performance for the first 9 months of the financial year, thus from April, 2024 to 31st December, 2024.

TABLE 9.4: 2024/25 VOTE 250 BUDGET PERFORMANCE AS OF 31ST DECEMBER 2024

Budget Category	2023/24 Approved Budget	2023/24 Revised Budget	2024/25 Approved Budget	2024/25 Revised Budget	Funding	Expenditure	Budget Utilization	Funding Utilization
Recurrent Budget								
PE	74,744,076,481	75,895,653,418	77,223,827,350	106,294,650,560	88,792,711,585	88,766,894,809	84%	100%
ORT	34,572,214,964	34,475,417,854	51,531,609,385	50,531,609,385	29,810,655,646	23,313,442,991	46%	78%
Recurrent Total	**109,316,291,445**	**110,371,071,272**	**128,755,436,735**	**156,826,259,945**	**118,603,367,231**	**112,080,337,800**	**71%**	**95%**
Development								
Part I	43,188,785,595	84,832,842,177	180,101,733,162	180,101,733,162	47,472,254,823	47,472,254,823	26%	100%
Part II	13,200,000,000	16,340,457,965	29,500,000,000	8,898,037,511	7,188,054,687	7,124,036,380	80%	99%
Development Total	**56,388,785,595**	**101,173,300,142**	**209,601,733,162**	**188,999,770,673**	**54,660,309,510**	**54,596,291,203**	**29%**	**100%**
Vote 250 Total	**165,705,077,040**	**211,544,371,414**	**338,357,169,897**	**345,826,030,618**	**173,263,676,741**	**166,676,629,003**	**48%**	**96%**

Source: Ministry of Education

The funding and expenditure percentages for the Education vote 250 were 48 percent and 96 percent, respectively. Under recurrent budget, Personal Emoluments was funded 84 percent of the revised amount and utilized 100 percent of the funded resources; while Other Recurrent Transaction was funded 71 percent of the revised amount and utilized 95 percent of the funded amounts.

A total of MK7.19 billion in Development Budget resources under Part 2 (financed by the government) was funded, and MK7.12 billion was spent, representing a 99 percent utilization rate against the revised budget; whereas for Development Budget resources under Part 1 (financed by Development Partners), a total of MK47.5 was funded and the same amount was spent, representing a 100 percent utilization rate.

9.4 Key Implementation Challenges

Some of the key challenges faced by the Ministry in this year under review are as follows:

i. Limited spaces in secondary education, which denies young learners from accessing secondary school education services. Currently the transition rate for secondary school is at 49.8 percent indicating that about 50.2 percent of primary school learners do not have access to secondary school education.
ii. Insufficient internet network distribution and prohibitive data costs limit both students and teachers their accessibility of e-books and other learning and teaching materials over the internet.
iii. Understaffing in science subjects like physical science, large class sizes and inadequate numbers of classrooms in schools and resource centres
iv. Lack of special needs resource rooms in primary and secondary schools
v. Limited capacity of teachers on inclusive education hence need to expand training programmes on inclusive education.
vi. Inadequate provision of TLMs and assistive technologies

9.5 Science, Technology and Innovation

The Government of Malawi remains steadfast in its commitment to Science, Technology, and Innovation (STI) as a cornerstone for sustainable development. This commitment is evident through strategic systems, targeted activities, and progressive policy decisions implemented during the 2024/25 fiscal year, all aimed at enhancing the role of STI in driving the country's economic transformation. This section highlights key achievements resulting from the collaborative efforts of the Government and various stakeholders in the STI sector. These milestones underscore the critical role of STI in fostering societal well-being, industry competitiveness, and overall economic growth in Malawi.

9.5.1 National Innovation Portal (NIP)

On 20th December 2024, Ministry of Education launched the National Innovation Portal (NIP) marking a significant advancement in Malawi's Science, Technology, and Innovation (STI) landscape.

The NIP is a centralized digital platform designed to bridge the gap between innovators, researchers, financiers, and industry experts. It aligns with the goals of Malawi 2063 and STI Pillar 2, which focuses on industrialization, by providing a virtual marketplace for innovators to showcase their work, connect with stakeholders, and foster collaborations. The innovation portal will serve several functions such as providing a platform for innovators to showcase innovations; Identifying market needs; Connecting innovators with industry partners; Presenting industry Challenges; Exploring funding opportunities; Networking and Collaboration; Tracking progress and making informed decisions

The main benefits of NIP include the ability of innovators and entrepreneurs to showcase their technological innovations, attract business partners and investors, access funding opportunities, and collaborate with a community of researchers and industry experts. Companies can explore market-ready innovations, engage with researchers, address industry challenges, and stay competitive by leveraging new technologies. Funders can gain access to high-potential innovative projects, support groundbreaking research, and monitor progress and impact effectively. Government will be able to support high impact innovations to support implementation of national development programmes.

By strengthening the linkages between research outputs and market needs, the NIP is expected to stimulate economic growth, job creation, and capacity building in Malawi. The portal’s collaborative nature will enhance STI's contribution to Malawi's socio-economic development. The portal can be accessed through the URL https://www.innovations.ncst.mw.

9.5.2 The Adoption of AU-EU Innovation Agenda and Malawi’s Ascension to Chairship of AU-STC-EST 5

The AU-EU Innovation Agenda was adopted by the African Union on 19 July 2023 and is focused on strengthening Research and Innovation (R&I) cooperation between the African Union (AU) and the European Union (EU). This idea of strengthening R&I is a key priority, as it contributes to sustainable and inclusive development, economic growth and job generation, thereby reducing poverty and inequalities. The Global Gateway is the main EU platform for financing the implementation of the Agenda. The first AU-EU Innovation Agenda focusses cooperation efforts on four priority areas, namely:

i. Public Health,
ii. Green transition,
iii. Innovation & Technology, and
iv. Capacities for Science.

It is expected that AU member states will fully domesticate the AU-EU Innovation Agenda in their national development strategies. NCST, which was chosen as the country’s focal point in the implementation of the AU-EU innovation agenda is coming up with strategies for domesticating and implementing the Agenda in Malawi.

9.5.3 The Launch of University Innovation Pod (Unipod)

The United Nations Development Programme (UNDP) in Malawi, in collaboration with the Malawi University of Business and Applied Sciences (MUBAS) launched the University Innovation Pod (UNIPOD) in 2024.The launch followed a grant to NCST of MK90 million to enable UNIPOD conduct the first experiment in renewable energy components manufacturing. The Timbuktoo UNIPOD Programme is a flagship innovation programme for UNDP Africa. The UNIPOD is a USD2.5 million UNDP and MUBAS investment, the first of its kind public university innovation space in the country. Therefore, the launch of UNIPOD marks a significant milestone in promoting innovation, interdisciplinary research, and nurturing the next generation of innovators and entrepreneurs within the university setting. Innovators from the public and private sectors, and the general public will also have a space to nurture and develop their ideas, refine innovations, and turn them into viable products for the market.

9.5.4 The Malawi National Framework for Higher Education Institutions (HEIs) and Industry Engagement: 2025-2030: *Fostering Dynamic Partnerships for Research, Innovation and Knowledge Sharing for Economic Growth and Development.*

Malawi Government through the Transforming Higher Education Systems (THES) project is implementing Systems Level Initiative Grand Challenge 3.4 “Improving the Policy Environment to Promote Research and Innovations in Malawian HEIs.

In 2024/25 FY, THES engaged NCST to lead the process of identifying a Consultant. Terms of Reference were developed and approved by THES project and the consultant was finally engaged. The development of the Higher Education Institution (HEI) and Industry Engagement Framework shows Government’s commitment towards developing and implementing innovative systems for translating the Malawi 2063 and its First Ten Year Implementation Plan (MIP-1) into practice in the higher education sector and research eco- system.

The framework has been developed through both intensive and extensive consultations with different stakeholders particularly from the universities, industries, government ministries, departments and agencies (MDAs) and civil society organizations (CSOs). Preliminary finding indicated the challenges in HEI-industry engagements which include skills mismatch between industry and university, lack of research infrastructure and absence of long-term capacity building initiatives between universities and industry.

9.5.5 Implementation of Science Granting Council Initiative Projects

The National Commission for Science and Technology (NCST) is participating in Phase II Plus of the Science Granting Councils Initiative (SGCI) for Sub-Saharan Africa. In this phase, NCST is collaborating with the Research Council of Zimbabwe to support research in agricultural biotechnology, fisheries and aquaculture and renewable energy.

9.5.6 Appropriate Technology – Organo Mineral Fertilizer

The National Commission for Science and Technology (NCST) with support from the World Intellectual Property (WIPO) and UNDP are implementing a project on facilitating the transfer of appropriate technology in Malawi for community development through universities and research institution. The main aim of the project is to provide support to Malawi towards addressing development challenges and to contribute to its technological capacity building especially with the use of patent information to conduct research and development. The project will facilitate and support the building of national capacity in the use of technical and scientific information contained in patent information, assist in the identification of an appropriate technology for local application and facilitate the development, adaptation, delivery and deployment of the identified appropriate technology to the beneficiary communities.

Chapter 10

TOURISM

10.1 Overview

Tourism continues to play a pivotal role in the growth of the global economy. The sector accounted for 9.1 percent of the global Gross Domestic Product (GDP). In 2022, the sector provided 9.0 percent of the world's jobs. By 2023, the sector provided 330 million global jobs, nearly catching up with the pre-pandemic employment levels. The sector is projected to contribute about 10 percent to both global GDP and global employment in 2024. In Malawi, tourism is aptly prioritized in long-term development strategy, the Malawi 2063 (MW2063), in light of its marked contribution to socio-economic development, job creation, and poverty reduction. Parallel to its direct positive impacts on GDP, foreign exchange earnings, and employment at the national level provides unique livelihood opportunities for women, youth, and other vulnerable groups in the country. It also induces indirect gains through its supply chain linkages with other sectors. The performance metrics for the tourism sector before the advent of COVID-19 in the country were on a positive trajectory. The impact of the pandemic substantially depressed the performance, especially in 2020, but there has been an upturn in the performance since 2021 when the impact subsided.

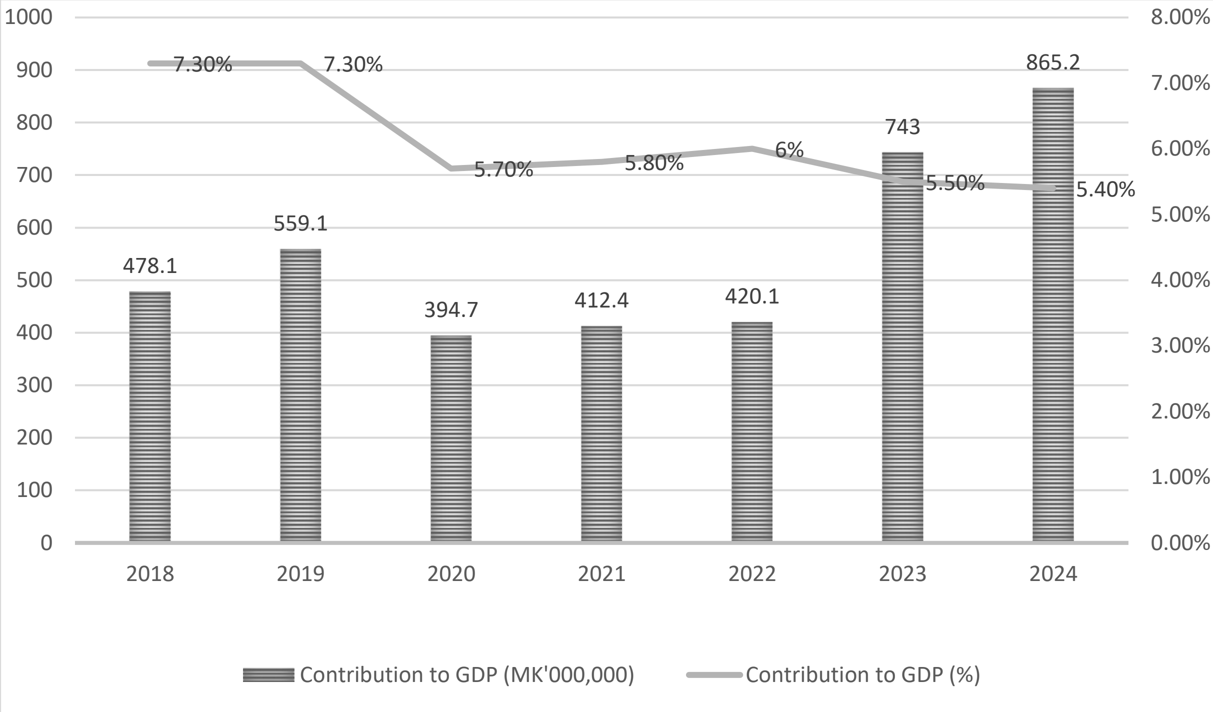
10.2 Performance of the Tourism Sector in Malawi

The performance of the tourism sector in 2023 and 2024 show steady progress towards the same level of performance reported in 2019 before the onset of the COVID-19 pandemic which disrupted the performance of the sector.

10.2.1 Contribution of Travel and Tourism to Gross Domestic Product (GDP)

Figure 10.1 shows the contribution of the Travel and Tourism sector to GDP between 2018 and 2024. The contribution of travel and tourism to the GDP in real terms declined to MK394.7 billion in 2020 from MK478.1 billion following the COVID-19 pandemic impacts before it picked up to MK420.1 billion in 2021 as the tourism sector began to recover from the impacts. By 2023, the total contribution of travel and tourism to the GDP was at MK743 billion and was projected to increase to MK865.2 billion in 2024. The performance underscores the recovery of the tourism sector as it continues to make steady progress and has surpassed the contribution of MK559.1 billion registered in 2019 before the onset of COVID-19.

FIGURE 10.1: CONTRIBUTION OF THE TRAVEL AND TOURISM SECTOR TO GDP



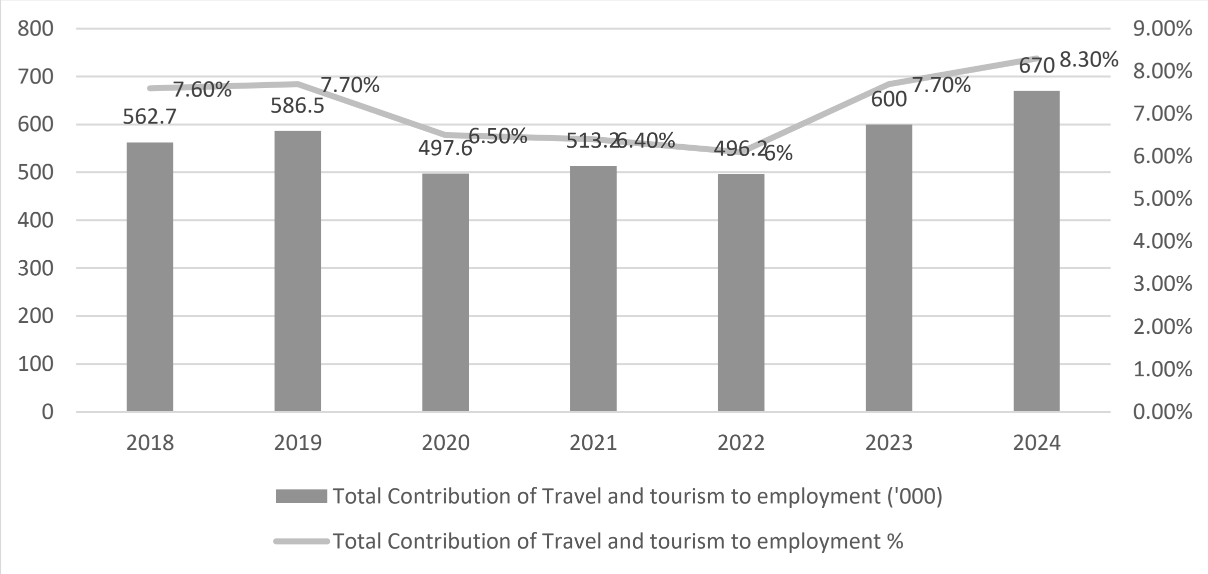
Source: World Travel and Tourism Council (WTTC)

10.2.2 Contribution of Travel and Tourism to Employment

The contribution of tourism to employment was 586.5 thousand direct and indirect jobs in 2019, representing 7.6 percent of total employment before the tourism sector was disrupted by the COVID-19 impact as illustrated in Figure 10.2. The decline continued steadily reaching a record low of 496.2 thousand jobs in 2022. Following the recovery of the economy from the COVID-19 impact, by 2023, the sector's contribution picked up to 600 thousand jobs representing 7.7 percent of employment, surpassing the pre-pandemic levels in 2018. This contribution to employment is forecasted to be 670 thousand jobs in 2024. Hence the negative impact of COVID-19 on employment is also being reversed in the tourism sector following the recovery.

FIGURE 10.2 Error! Use the Home tab to apply List Paragraph,Bullets,List Paragraph1,List Paragraph (numbered (a)),Numbered List Paragraph,Akapit z listą BS,Bullet1,Citation List,Ha,List_Paragraph,Liste 1,Main numbered paragraph,Multilevel para_II,NUMBERED

PARAGRAPH,Numbered**: CONTRIBUTION OF TRAVEL AND TOURISM TO EMPLOYMENT**

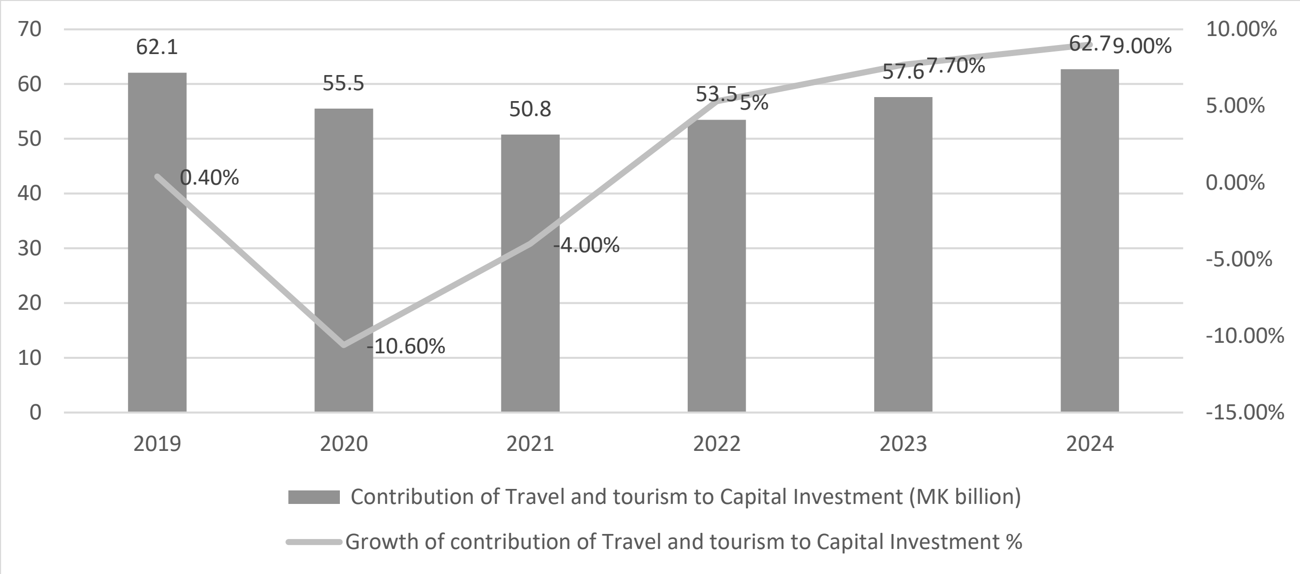


Source: World Travel and Tourism Council (WTTC)

10.2.3 Contribution of Travel and Tourism to Investment

Investment in tourism sector was estimated at MK62.1 billion in real terms, representing 0.4 percent in 2019. This was before it declined to MK55.5 billion in 2020 and further down to MK50.8 billion in 2021 representing -4 percent disinvestment in capital. However, the sector started picking up in 2022 showing a steady increase in capital investment in real terms between 2022 and 2024. In 2023, the contribution of travel and tourism to investment had increased to MK57.6 billion and is projected to reach MK62.7 billion in 2024 representing a 9 percent growth of the sector’s contribution to investment. The investments in the tourism sector are expected to increase further as tourism investment projects in the Malawi National Investment Masterplan are being promoted to both national and international investors. Figure 10.3 illustrates the contribution of travel and tourism to investment between 2019 and 2024.

FIGURE 10.3: CONTRIBUTION OF TRAVEL AND TOURISM TO INVESTMENT

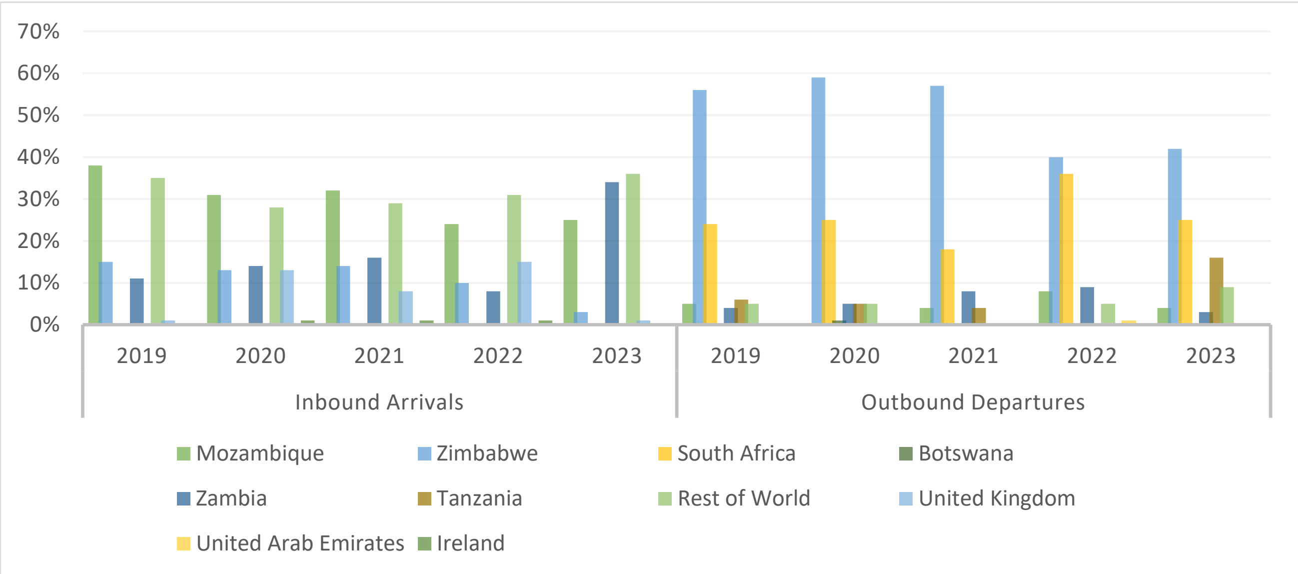


Source: World Travel and Tourism Council (WTTC)

10.2.4 Inbound Arrivals and Outbound Departures for Yearly Top-Five Countries

In 2023, most of Malawi's tourists were from Zambia followed by Mozambique. In terms of outbound departures, most Malawians visited Zimbabwe followed by South Africa in 2023. Figure 10.4 highlights the top five countries for inbound arrivals and outbound departures.

FIGURE 10.4: YEARLY INBOUND ARRIVALS AND OUTBOUND DEPARTURES FOR YEARLY TOP-FIVE COUNTRIES

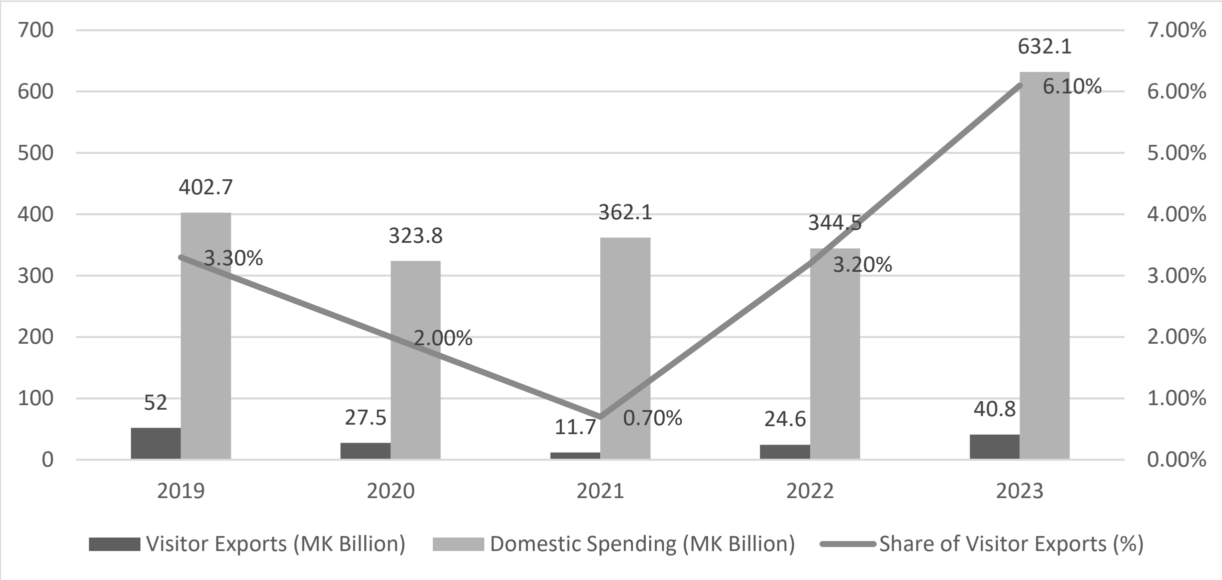


Source: World Travel and Tourism Council (WTTC)

10.2.5 Tourism Spending

Visitor exports constituted 6.1 percent of exports in 2023 compared to 3.3 percent in 2019. In 2019, visitor exports were estimated at MK52.0 billion compared to MK40.8 billion in 2023. In 2023, domestic tourism expenditure was MK632.1 billion compared to MK402.7 billion in 2019. Figure 10.5. illustrates tourism spending.

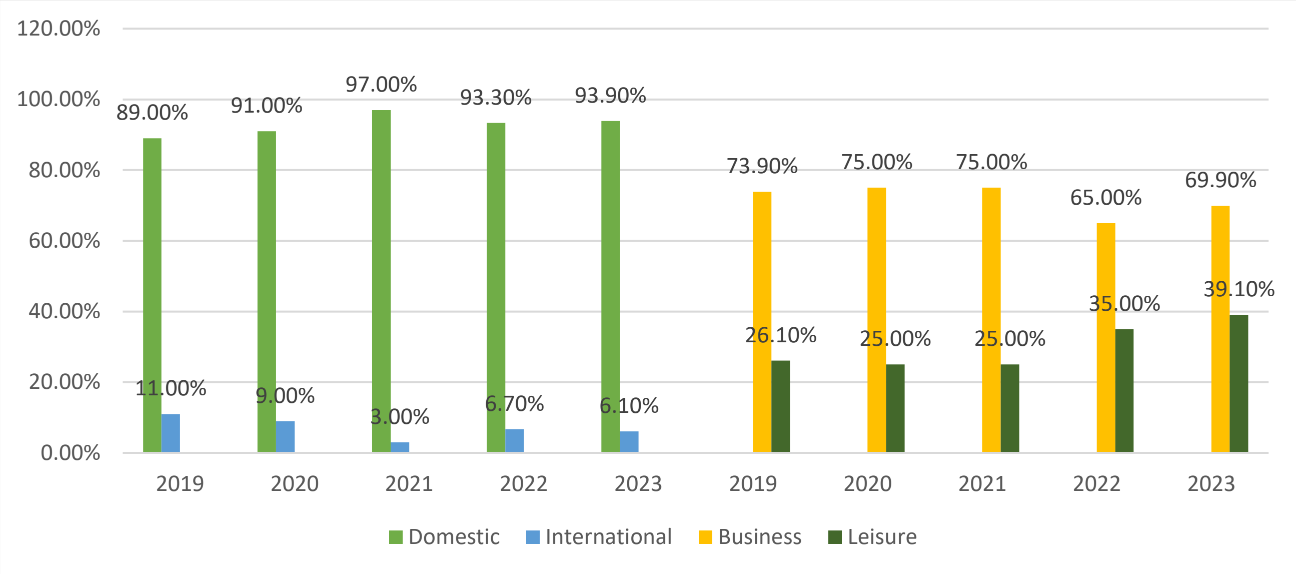
FIGURE 10.5: TOURISM EXPORT AND DOMESTIC TRAVEL AND TOURISM SPENDING



Source: World Travel and Tourism Council (WTTC)

An analysis on the purpose of spending shows that most tourist spending is for business purposes and constituted on average 72 percent tourism spending over the period between 2019 and 2023. Figure 10.6 illustrates the share of domestic and international spending as well as leisure and business spending.

FIGURE 10.6: DOMESTIC VERSUS INTERNATIONAL SPENDING AND LEISURE VERSUS BUSINESS SPENDING



Source: World Travel and Tourism Council (WTTC)

10.3 Challenges Affecting the Tourism Sector

10.3.1 Limited Zoned Land for Tourism Investment

Demand for investment in tourism is growing especially in districts along Lake Malawi and other areas with high tourism potential. However, most land is not zoned and secured to cater for such investments. Furthermore, the National Tourism Investment Masterplan identifies 103 project sites for the systematic tourism investment. Most of these are not yet zoned and secured thereby compromising potential investments in the sector. In addition, uncompetitive investment incentives including high interest rates, discourage local and foreign direct investments in areas with high tourism potential.

10.3.2 Poaching and Illegal Wildlife Trade

Poaching and illegal wildlife trade continue to pose the biggest threat to the ongoing wildlife conservation initiatives in this country. Law enforcement in protected areas is being intensified to curb illegal exploitation of wildlife resources which are critical components to enhance biodiversity and tourism in the country.

10.3.3 Underdeveloped Tourism Products and Infrastructure Deficiencies

The diversity of Malawi’s natural, cultural and man-made attractions is generally underdeveloped. These include sites and events linked to the country’s cultural, colonial, and religious heritage and the lakeshore, mountains and protected areas. Furthermore, poor transport and infrastructure can deter tourists including inadequate roads, airports and public transport systems. The quality of tourist services and infrastructure is often below international standards. As a result, the competitiveness of Malawi as tourism destination within the region is weakened.

10.3.4 Limited Marketing of the Brand Malawi

Malawi, often called the "Warm Heart of Africa", offers a unique and enriching travel experience with its unparalleled natural beauty, rich cultural heritage, diverse wildlife and national parks, and secluded unlike some of its tourist-heavy neighboring countries. Despite these qualities, the country remains a fairly unknown tourist destination across the globe. This is due to insufficient domestic and international marketing efforts. However, marketing the brand Malawi faces several challenges including limited budget to execute the extensive marketing campaigns, limited presence in major travel exhibitions, media and online digital marketing platforms, competition with more established African tourist destinations, misconceptions about safety and security, and limited involvement of local communities in tourism development and marketing.

10.4 Lessons Learnt

Despite the challenges, Malawi benefits from price competitiveness and safety and security, conditions which can be leveraged in the marketing strategies. The key lessons for the tourism sector during the reporting period is that collaboration, coordination and active participation at major national, regional and global tourism events can assist to clear bottlenecks and develop tourism in the country. Additionally, engagement of local communities in tourism development and marketing may address some of the challenges being faces including addressing poaching and selling the brand Malawi.

10.5 Projected Performance of the Tourism Sector

The projected performance of the tourism sector in the 2025/26 is as presented in Table 10.1. The estimated projections assume stability in the macroeconomic environment and other factors that may affect tourism investments in Malawi.

TABLE 10.1: PROJECTED PERFORMANCE OF THE TOURISM SECTOR IN 2025/26

Indicator	2025/26 Projection (%)	Success factors	Risks and Assumptions
Growth of tourism direct contribution to GDP	5.4	Increased tourist spending	Malawi's vulnerability to external shocks
Growth of total contribution of travel and tourism to employment	6.5	Stable macroeconomic environment	Malawi's vulnerability to external shocks
International visitor spending	7.5	Intensified destination promotion	Availability of funds to promote extensive marketing campaigns
Domestic visitor spending	34.8	Intensified destination promotion	Availability of funds to promote tourism

Source: Ministry of Tourism

Chapter 11

LOCAL GOVERNMENT AND RURAL DEVELOPMENT

11.1. Overview

Local Government Authorities (LGAs) play a pivotal role in stimulating and sustaining local economic development through the provision of social amenities and economic infrastructure. They significantly promote the welfare of local communities by creating job and commercial opportunities. Inevitably, Malawi 2063 places the thrust of wealth creation on the efficacy of the LGAs, primarily, through the Urbanisation Pillar.

The Ministry of Local Government, Unity and Culture approaches local economic development by taking into consideration the varying needs and capacities of the rural and urban LGAs. In line with the Malawi (MW) 2063, the primary focus of the Ministry has been;

i. supporting LGAs in infrastructure development planning;
ii. coordinating the creation of secondary cities; and
iii. supporting local-level development financing.

The Government through the Ministry has, over the years, made substantial infrastructure investments in the LGAs through various financing models which include the Public Sector Investment Programme (PSIP); District Development Fund/Infrastructure Development Fund (DDF/IDF); Constituency Development Fund (CDF); and grants from development partners. With the sustained increase in the financing flows over the years, there has been a corresponding increase in the number of projects implemented in all LGAs.

In an effort to enhance the coordination of service delivery by different sectors at the local level, the Ministry has reviewed the National Decentralisation Policy. The revised policy among other things, prioritises infrastructure, local economic development and municipal services.

This chapter highlights the achievements that have been attained during the 2024/25 FY with a focus on the performance of programmes and projects.

11.2. Performance in the 2024/25 Financial Year

11.2.1. Major Achievements During the 2024/25 Financial Year

i. Reviewed and commenced dissemination of the National Decentralization Policy;
ii. Facilitated the preparation of Bangula, Chipoka and Kasungu secondary city urban structure plans;
iii. Supported Mangochi and Kasungu Municipalities in the development of Ward Action Plans, Urban Profiles and Urban Development Plans;
iv. Reviewed the Urban Development Planning Handbook;

v. Facilitated development of local development plans of 24 district councils;

vi. Conducted the Local Authority Performance Assessment (LAPA) for the 2022/23 Financial Year;

vii. Drafted the Civic Education Bill which has been submitted to the Ministry of Justice for vetting;

viii. Acquired 93 new publications for the legal deposit library;

ix. Finalised the National Arts and Heritage Bill (NAHB) which was passed into law by parliament;

x. Facilitated the final vetting meeting for establishing District Information Offices (DIO) as part of devolved services for the Ministry of Information and Digitalization (MID);

xi. Facilitated the finalization of job descriptions for devolved officers in the information sector. This follows the approved devolution plan and management guidelines for information and digitalization;

xii. Implemented performance-based Grants (PBG) and financing system for LAs through the USD100 million Governance to Enable Service Delivery (GESD) project; and

xiii. Coordinated the implementation of the Investing in Early Years project (IEYP) for productivity and growth in collaboration with other Project Implementing Entities (PIEs).

11.2.2. Progress on Programs and Projects

11.2.2.1 Rural Growth Centres (RGCs) Development Programme

Rural areas in Malawi are characterised by inadequate economic infrastructure, poor service provision, high unemployment and rising poverty. The RGC programme is a direct response to these challenges. The programme has been constructing economic and social infrastructure in rural areas across the country to spur local economic development and catalyse wealth creation in line with the MW2063.

During the period under review, the Ministry continued implementing works at medium and large scales at Mkanda in Mchinji, Chitekesa in Phalombe and Nambuma in Dowa. Phase I works at both Mkanda and Chitekesa were completed. Phase II works at Chitekesa and Nambuma are on-going and substantial progress was registered during the reporting period.

TABLE 11.1: PROGRESS ON RURAL GROWTH CENTRES

Name of RGC	Structures	Outstanding Works	Progress to Date	Annotations
Nambuma (Works pertaining to Phase 2)	1. Health Centre 2. Community Hall 3. Community Ground 4. Community Library	Water connection Finishing phase	Works in progress (70 percent completion rate)	The health centre is completed and is now operational
Chitekesa (Works pertaining to Phase 2)	1. Community Library 2. Community Hall 3. Bus Depot	Still constructing, roofing, plumbing and other assorted works Building completion, roofing, plumbing and other works Still constructing	Works in progress (70 percent completion rate)	Works have stalled due to a court injunction obtained by the community regarding compensations
Chapananga	1. Market kiosks 2. Market sheds 3. Bus depot 4. Drainage works	Installation of ESCOM Transformer and refuse collector,	Works in progress (98percent completion rate Phase I).	Official handover done for the council to start using the market although electricity is not yet connected. Phase II (community hall, library and ground) is awaiting approval of addendum
Mkanda	1.Market kiosks 2. Market sheds 3. Bus depot	1. Filling of pits in the markets 2.Electricity connection 3. Water connection	Works in progress (98percent completion rate).	Officially handed over to council as the Ministry is engaging ESCOM on power connection Phase I works are complete and Phase II works include the construction of a community hall, library and ground.

Source: MoLGUC, 2024

Table 11.1 shows the status of the RGCs during the period under review. Most of the construction works are substantially complete. However, some challenges still remain to ensure full utilisation of the structures by the beneficiaries. One key challenge is poor access roads to the sites which remains an outstanding issue the Ministry is working towards resolving.

11.2.2.2 Markets Development Programme (Urban and Rural Markets)

The Programme involves erecting requisite amenities in trading places to ensure sanitation, safety and security with the aim of facilitating trade in both rural and urban areas. The Programme offers economic opportunities to individuals and communities to participate in economic activities and improve their earnings while expanding revenue sources of local authorities. Table 11.2 shows the progress on the three markets under implementation, Namitambo in Chiradzulu, Nsanje Boma and Tengani in Nsanje.

TABLE 11.2 PROGRESS ON THE MARKETS DEVELOPMENT PROGRAMME (URBAN AND RURAL MARKETS)

Name of Market	Components	Outstanding Works	Progress to Date	Annotations
Namitambo Market	1. Market shades 2. Market shops 3. Slaughter house 4. Butchery 5. Revenue collection office 6. Fence 7. Pit latrines 8. Toilets	Finishing works	8 Markets shades constructed 8 Market shops constructed 1 Slaughterhouse constructed 3 Butchery shops constricted 1 shop constructed Fence constructed 4 double door VIP toilets constructed 1 toilet constructed	Overall physical progress is at 90 percent
Construction of Nsanje Boma Market	1. Market shades 2. Market shops 3. Slaughter house 4. Butchery shops 5. Toilets/Pit latrine 6. Revenue Collection Officer shop 7. Bus Depot 8. Perimeter Fence	Installation of utilities (water and electricity)	Sheds constructed and in use Market shops constructed and not in use. Awaiting electricity connection. Slaughter house constructed and not in use Butchery shops constructed and in use Toilets constructed but not in use RCO shop constructed but not in use Bus Depot is at 55 percent perimeter Fence constructed	Overall physical progress is at 85 percent completion rate. Works have stopped and contractor is not on site.
Construction of Tengani Market	1. Market sheds 2. Market shops 3. Toilets/Latrines 4. RCO shop 5. Bus depot 6. Perimeter fence	Perimeter fence	2 Market shades constructed and completed 16 Market shops constructed. Constructed. Completed. It is facing vandalism as some of the windows have been broken. At 60percent completion rate.	Overall physical progress is at 98percent Works have stopped and Contractor abandoned site a long time ago.

Source: MoLGUC, 2024

As shown in Table 11.2, Nsanje and Tengani markets have at 85 percent and 90 percent respectively due to delays in approval of addendum necessitated by rising costs of materials. However, Nsanje Boma market is in use. Tengani market is not operational as it also lacks electricity and access to safe and portable water.

11.2.2.3 Construction of Stadia and Community Grounds

The Ministry continued construction of stadia in M'mbelwa, Ntcheu, Thyolo, Zomba, Lilongwe and Mwanza district councils. These projects are of great value to the Local Authorities as they contribute to increased revenue generation while helping sport development. The projects are at various levels as depicted in Table 11.3.

TABLE 11.3 PROGRESS ON THE CONSTRUCTION OF STADIA AND COMMUNITY GROUNDS

Name of Stadium	Structures	Outstanding Works	Progress to Date	Annotations
M'mbelwa	1. Construction of fence 2. Construction of dressing rooms 3. Pitch improvement		Only fence has been completed. All other works remain outstanding. Progress is estimated to be at 85percent	Progress has been significant in this financial year
Thyolo	1. Construction of perimeter fence 2. Construction dressing rooms 3. Pitch Improvement 4. Elevation of stands	Completed Outstanding Outstanding Outstanding	The construction works are at 80.6percent completion rate	Progress has been significant in this financial year
Ntcheu	1. Construction of perimeter fence 2. Construction dressing rooms 3. Pitch Improvement 4. Elevation of stands	1.Water connection 2. Dressing rooms 3.Pitch improvement 4.Electricity connection	95percent percent completion rate	Funding has been a problem to the extent that contractor is threatening to abandon the site
Zomba	1. Construction of perimeter fence 2. Construction of dressing rooms 3. Pitch Improvement 4. Elevation of stands	1. Hall 2. Finishing	Substantial progress made on VIP and open stands and pitch grading. Current progress on Phase 2 is estimated at 90percent	The project is in the second phase and will soon go into third and final phase

Mwanza	1. Construction of Perimeter Fence 2. Construction of dressing rooms 3. Pitch construction 4. Elevation of stands	VIP and regular stands Pitch Dressing rooms Drainage systems Electrical works	Perimeter fence completed together with toilets Progress is currently at 22 percent	Works in progress
Nsundwe	1. Construction of Perimeter Fence 2. Construction of dressing rooms 3. Pitch construction 4. Elevation of stands	VIP and regular stands Pitch Dressing rooms Drainage systems Electrical works	Progress is currently at 10 percent	Works in progress

Source: MoLGUC, 2024

As presented in Table 11.3, there has been significant progress in the construction works for the stadia. Improved funding in the period under review has accelerated the progress leading to the attainment of some strides. However, the devaluation of the Kwacha is expected to have cost implications as the projects are close to completion.

11.2.2.4 Construction of DCs Offices and Mzuzu Civic Office

These Projects were developed after noticing various challenges including dilapidated offices and the serious shortage of office space leading to public officers being accommodated in various locations. This fragmentation of sectors to a certain degree undermines the integration of devolved services and affects the quality-of-service delivery hence the need for the provision of adequate and decent working space. The projects are in line with MW2063's enabler on Enhanced Public Service delivery. MoLGUC is currently constructing Thyolo and M’mbelwa District Council offices and Mzuzu City Civic offices, while the Ntcheu District Council office is in the pipeline.

TABLE 11.4 PROGRESS ON THE CONSTRUCTION OF COUNCIL OFFICES

Name	Structures	Outstanding Works	Progress to Date	Annotations
Thyolo DC's Office	Office Block	Allworks outstanding	The contractor is now on site Super structure is almost done 95percentcompletion rate	Forex shortages in the country have delayed the completion of the structure as it is in the finishing stages.
M'mbelwa DC's office	Office Block	Allworks outstanding	70 percent completion rate Contractor is not on-site awaiting addendum approval.	Progress is slow due to delayed funding
Mzuzu Civic Offices	Office Block	Allworks outstanding	72 percent of construction works are completed	Works in progress

Source: MoLGUC, 2024

11.2.2.5 Construction of and Rehabilitation of Chiefs' Houses

The project is aimed at constructing and rehabilitating chiefs house offices from TA level across all districts with the aim of improving the welfare of the traditional leaders. A total of 70 houses are earmarked for construction and rehabilitation across the country. The following is the status on the houses.

TABLE 11.5 PROGRESS ON CONSTRUCTION OF CHIEFS' HOUSES

Construction of Chief's Houses	Components	Outstanding Works	Progress to Date	Annotations
	Rehabilitation of Chiefs Houses	Number of houses still under construction (52)	25 houses completed; 8 houses at finishing level;	
	Construction of Chief's Houses		20 houses at Window Level; 24housesat procurement stage;	
	Construction of Chief's Offices		Total 77	

Source: MoLGUC, 2024

As presented in Table 11.5, there has been significant progress in the Rehabilitation of Chiefs' Houses and in the construction of Chiefs' Offices. The number of houses still under construction is 52. The devaluation of the Kwacha is expected to have cost implications as the projects are closing in to completion.

11.2.2.6 Projects under the Department of Arts and Culture

Through the Department of Arts and Culture (DAC), the Ministry of Local Government Unity and Culture is implementing various projects such as the Chongoni Rock Art Heritage Site (RAHS), the Rehabilitation of Blantyre Cultural Centre (BCC) and the National Arts and Cultural Centre (NACC). These projects are of paramount importance since they preserve Malawi's rich history and culture. In addition to this, they have the potential to attract tourists and generate revenue.

TABLE 11.6: PROGRESS ON PROJECT UNDER THE DEPARTMENT OF ARTS AND CULTURE

Project Name	Components	Outstanding works	Progress	Annotations
Chongoni Rock Art Heritage Site (Phase II)	Construction of 13 staff houses; A guest house; An amphitheatre; 2 ablution blocks	procurement of Contractor for the project construction of the structures	Land for the construction of the houses has been identified and secured; Technical Designs and Bills of Quantity were developed by Department of Buildings Environmental and Social Management Plan (ESMP) was also done	Delays of payments by Accountant General which is slowing down some of processes
National Arts and Culture Centre		Nothing to report during the current reporting period	Environment and Social Impact Assessment done Land acquisition finalized	Progress has been stalled due to lack of funding
Rehabilitation of Blantyre Cultural Center	Reception area Library Administration block classrooms auditorium	Maintenance of roofs at the reception, library, administration block classrooms and auditorium. Worked on fixing ring beam frame	Current progress at 37Percent	Progress has been delayed due to funding Extension of the theatre and perimeter fence as well as other works will commence the next year

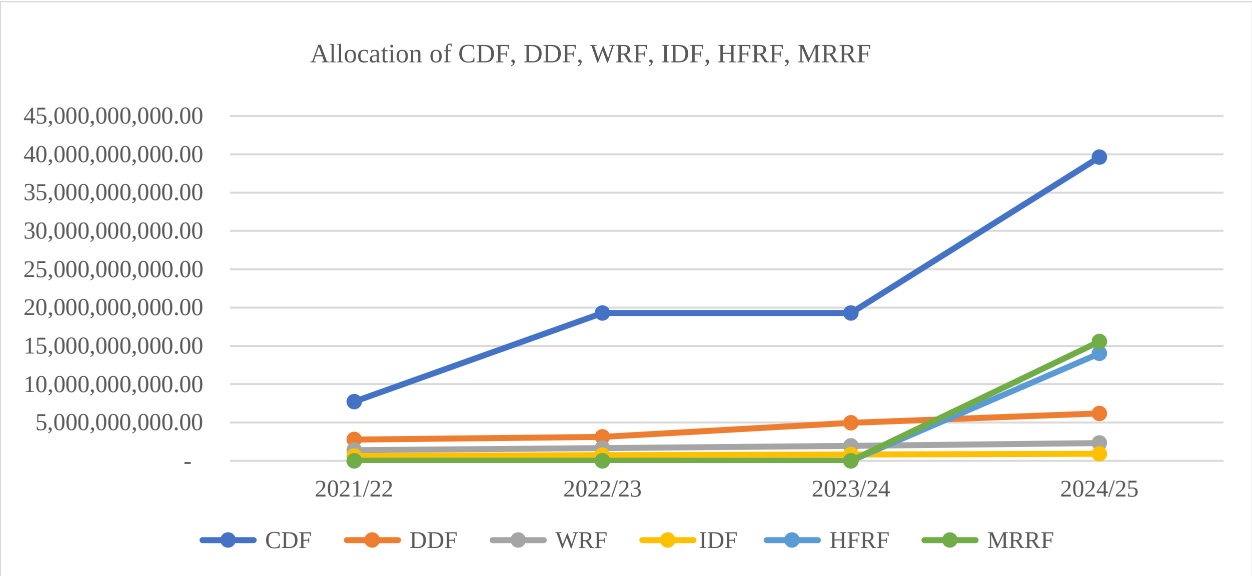
Source: MoLGUC, 2024

11.2.2.7 Constituency DevelopmentFund, District Development Fund, Water Resources Fund and Infrastructural Development Fund

The Constituency Development Fund (CDF) was established in 2006 to respond to the immediate development needs of the local communities. It is a means of ensuring that development spreads evenly throughout the LGAs. Projects being financed under CDF include the construction of bridges, market infrastructure, Community-Based Childcare Centre (CBCCs) and Early Child development (ECD) centres, small clinics, boreholes, school blocks and houses/small offices for frontline extension workers and teachers. The fund is administered by the Members of Parliament (MP) following the CDF Guidelines.

The District Development Fund (DDF)/Infrastructural Development Fund (IDF) aims at funding investment projects in the LGAs. The fund was introduced as part of the devolution of micro-projects to the councils. Projects being financed under DDF include the construction of bridges, boreholes, school blocks and houses for front-line extension workers and teachers. Councils have been implementing a range of different projects within their jurisdictions. The figure below shows the trends in funding for the Constituency Development Fund (CDF), District Development Fund (DDF), Water Resources Fund (WRF) and Infrastructure Development Fund (IDF). The figure also includes Health Facility Rehabilitation Fund, and Municipal Roads Rehabilitation Funds.

FIGURE 11.1: TRENDS IN CDF, DDF, WRF AND IDF ALLOCATION (MK)



Source: MoLGUC, 2024

As shown in Figure 11.1, no significant variation was recorded in the funds over the past five years except for the CDF which registered a 400 percent increase from MK40 million in 2021/22 FY to MK200 million per constituency in the 2024/25 FY. The CDF allocation increased from MK7.7 billion in the 2021/22 FY to MK38.6 billion in the 2024/25 FY. DDF increased from MK2.8 billion in 2021/22 to MK6.1 billion in 2024/24. These increases were made to improve the quality and timeliness of projects implemented in the communities.

The government also introduced new infrastructure funds to the councils thus the Health Facility Rehabilitation Fund (HFRF) targeting health facilities and Municipal Roads Rehabilitation Fund (MRRF) targeting the roads at the districts. The HFRF's initial allocation was MK14 billion piloted in 21 district councils and MK15.5 billion for road rehabilitation in 12 councils. These investments are expected to improve health service delivery and increase connectivity within the district centres and cities.

11.2.2.8 Governance to Enable Service Delivery (GESD) – Performance-Based Grants (PBG)

The Government of Malawi is implementing the Governance to Enable Service Delivery (GESD) project financed by the World Bank as a grant to the tune of USD100 million. The project runs for a period of 5 years (2020 – 2025) and is being implemented in all 28 District Councils. The objective of the GESD project is to strengthen Local Authorities' institutional performance, responsiveness to citizens and management of resources for service delivery. Under Component 1 of the Project: "Performance Based Financing for Local Authorities Service Delivery", the Project continues to enhance the performance of the Local Authorities in various functional areas through the Local Authority Performance Assessments (LAPA) as well as expanding the Local Authorities' fiscal space for increased investments in infrastructure through the Performance Based Grants (PBG).

The project is currently in its fourth year of implementation and so far, LAs have accessed four cycles of PBG i.e. PBG 1, PBG 2, PBG 3 and PBG 3.1. So far, 579 infrastructure projects have been implemented across the country for PBG 1-3. The implementation of 130 projects under PBG 3.1 is currently underway and at various completion rates. It is expected that all projects under PBG 3.1. will be concluded by July 2025. So far, a total of USD50 million has been disbursed to the councils for the implementation of these projects as follows:

TABLE 11.7: PBG PROJECT DISTRIBUTION BY SECTOR

FINANCIAL YEAR	PBG CYCLE	AMOUNT (US$ MILLION)	NUMBER OF PROJECTS	PROJECTS COMPLETED	COMPLETION RATE (%)
2021/22	Cycle 1	7	150	146	96
2022/23	Cycle 2	13	231	201	87
2023/24	Cycle 3	20	198	60	39
2024/25	Cycle 4	10			
Overall		**50**	**579**	**407**	**70**

Source: MoLGUC PMIS, 2024

It is expected that USD20 million will be disbursed to eligible councils in 2024/25 financial year as PBG 4, making available more discretionary resources to the councils for implementation of projects aimed at improving frontline service delivery across key sectors.

11.2.2.9 The National Decentralization Process (NDP)

Decentralisation plays a critical role in achieving the aspirations outlined in the MW2063 by creating an enabling environment for effective governance systems and improved public service delivery. Decentralisation empowers LGAs to take ownership of development initiatives and deliver services efficiently and effectively. Since the adoption of decentralisation in 1998, 24 sectors have devolved some of their functions to LGAs under the decentralization reforms programme. However, a key challenge over the years has been the slow pace for decentralisation of economic sectors, namely: Mining, Energy, Tourism, Trade and Transport. These economic sectors are critical for Local Economic Development and Business (LEDB) led growth for improved financing of the LGAs.

The Ministry of Local Government, Unity and Culture (MoLGUC) made a situational analysis of the hiccups that led to slow pace of the devolution processes. During the year under review, the National Decentralization Policy (2024) was adopted by the Government. The revised policy is designed to deepen decentralisation by empowering local communities and establishing democratic, developmental local governments. It focuses on four key areas: Local Governance, Political Decentralization, Fiscal Decentralisation, and Local Development Planning and Infrastructure Development. In supporting the operationalisation of the new policy, the Ministry continuously provides technical support to the remaining sectors in developing devolution plans and management guidelines. Efforts are also underway to finalize asset devolution plans, which will guide Ministries, Departments, and Agencies (MDAs) yet to devolve centrally managed assets to the LA level. This is the last hurdle stifling completion of envisaged milestones as designed by the 1998 policy.

11.3 Challenges

The following are the key challenges encountered during the reporting period:

i. reluctance of certain sectors to devolve their functions to councils, despite the Ministry's efforts in line with its mandate. Consequently, councils, with their limited representation, continue to face capacity challenges in these sectors;
ii. incomplete staff integration and understaffing especially in urban LGAs; existence of dual reporting or unclear reporting lines for LGA directorates and fiscal decentralization. Also very critical is for the Ministry to reconfigure itself to continue playing its central coordination role of facilitating accelerated decentralisation in Malawi;
iii. Inadequate Funding: Inadequate flow of funds for projects fully funded by the Government has been a persistent challenge. This has resulted in minimal progress on such projects, many of which should have been completed. Additionally, this issue has led to the rescheduling of projects. Significant delays in project completion, hindered implementation of planned activities, and compromised oversight, leading to poor outcomes.

11.4 Expected Performance for 2025/26

11.4.1 Key Outputs

The Ministry intends to finalize the outstanding works in all the project sites in 2024/25 FY. The key outputs for the year 2025/26 FY are as follows:

i. Finalise construction works on Zomba, Mzimba and Ntcheu stadia;
ii. Finalise construction works of Mzuzu city, Thyolo, Ntcheu and Mzimba office blocks;

iii. Review of Integrated Rural Development Strategy (IRDS) and Local Authority Monitoring and Evaluation Framework (LAMEF);
iv. Review of the Chiefs Policy and National Unity Policy;
v. Finalize the formulation of the National Values Act, Civic Education Act and Criminalization of Religion, Racism and Tribalism;
vi. Operationalisation of the National Peace and Unity Commission
vii. Establishment of District Peace and Unity Committees in all Local Authorities
viii. Establishment of civic education hubs in all Local Authorities
ix. Development of secondary city master plans in all secondary cities;
x. Devolution plans completed and executed in all sectors;

11.4.2 Key Drivers for the Projected Outputs

Local councils are revising District and Urban Development Plans (DDPs and UDPs), which serve as their strategic blueprints, to align with the Malawi Implementation Plan 1 (MIP-1). While resource challenges have slowed progress, support from local partners has enabled some councils to advance. The Ministry is prioritizing the completion of these strategic plans by the 2025/26 financial year and enhance budget decentralisation through improved council facilities.

In addition, the Ministry remains dedicated to finishing all construction work for ongoing projects. This strategy prioritises the completion of unfinished initiatives before launching new ones. Evidence shows that councils with fully developed amenities, such as markets and stadiums, have seen substantial increases in revenue generation. To strengthen fiscal devolution, it is crucial to fast-track the completion of these facilities in the councils.

11.4.3 Risks

The planned activities' execution can be greatly impacted by unpredictable financial cash flows. Based on past experiences, contractors may resort to demobilisation as a last resort in addition to charging interest when work certifications are not paid on schedule. This causes project delays, erodes community trust, increases project costs owing to price increases, and prevents the implementation of other crucial initiatives.

Chapter 12

PUBLIC HEALTH, NUTRITION, HIV AND AIDS MANAGEMENT

12.1 Overview

The Ministry of Health is committed to ensuring that people in Malawi attain the highest possible level of mental, physical, and social health for a better quality of life. The health sector contributes to this aspiration through the delivery of cost-effective, high quality, equitable and integrated healthcare with the available health resources.

To ensure a smooth implementation and monitoring of various efforts, the Ministry launched Health Sector Strategic Plan (HSSP) III which is running from 2023 to 2030. The strategy plays a pivotal role in achieving the goals of Malawi's First 10 Years Implementation Plan (MIP 1) under the National Planning Commission. As a critical framework for guiding health sector development, HSSP III aligns with MIP 1's focus on improving human capital development by enhancing health outcomes and ensuring equitable access to quality health services. By prioritizing areas such as disease prevention, maternal and child health, and health system strengthening, HSSP III directly supports MIP 1's objectives of building a healthier, more productive population.

This report therefore provides information on the achievements made in the first financial year (2023/24) of HSSP III's implementation. Below is the breakdown of the performance of indicators for its pillars and reform areas.

12.2 Service Delivery

12.2.1 Achievements

The Ministry finalized the development of the Health Service Packages (HSPs) for integrated platforms of care for all levels. The Ministry developed an integration blueprint with the following three integrated care pathways:

i. Integrated screening
ii. Integrated maternal and child health clinic
iii. Integrated chronic care (HIV/NCD) clinic

Their implementation commenced in Mangochi for community-based outreach clinics. Further, preparations for the initial learning of the integrated screening pathway also commenced in Rumphi and Nkhotakota districts. The Ministry also initiated the Stepwise National Quality Improvement Program in all districts for quality and safety in service delivery.

12.2.1.1 Malaria

95 percent of facilities provide diagnosis or treatment of malaria with high availability of malaria rapid diagnostic tests (94.2 percent). Preventive efforts such as intermittent prevention,

were available in about 50 percent of facilities. Pregnant women and children prioritized in mosquito net distribution especially in the high incidence areas. With these efforts, the overall incidence of malaria has decreased from 407 cases per 1000 population in 2016 to 328 in 2023. However, in the last year the malaria incidence has increased from 249 in 2022 to 328 in 2023. This was attributed to heavy downfall and flooding due to cyclones.

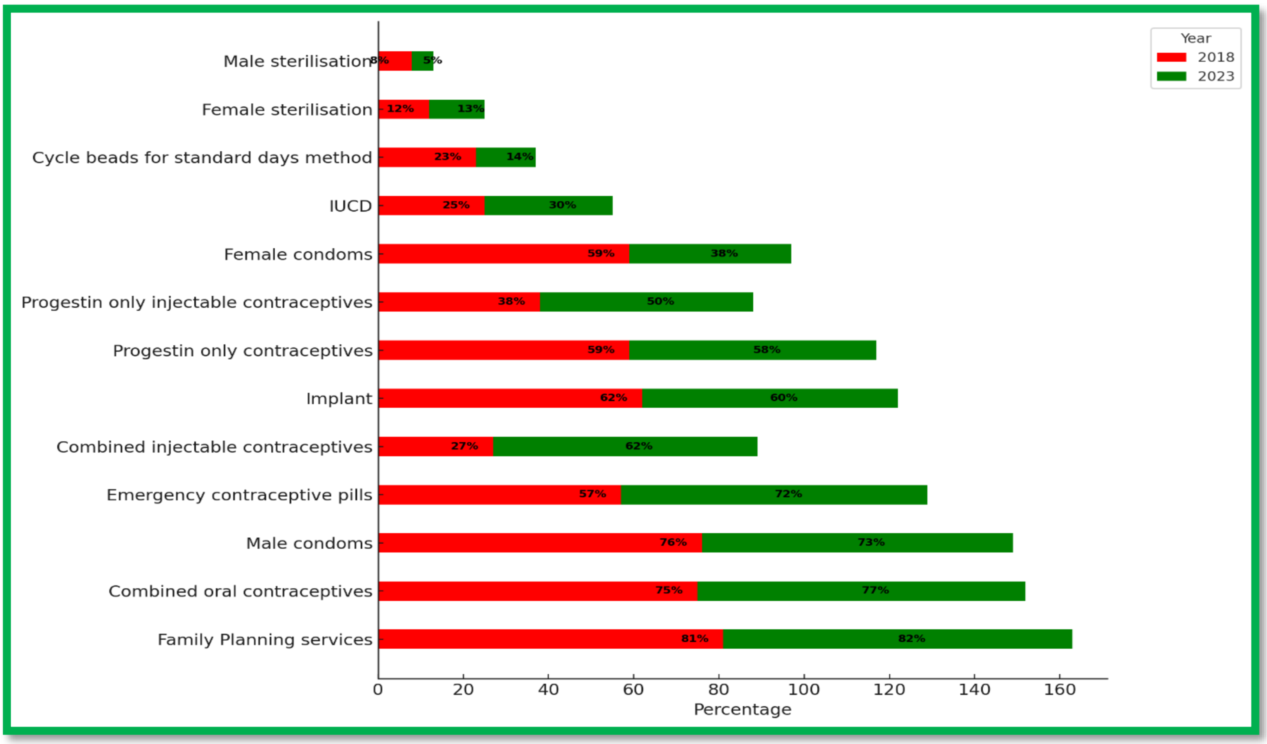
12.2.1.2 HIV

Significant progress has been made in HIV management. In 2024, Malawi was among the six countries in Sub-Saharan Africa to meet the UNAIDS 95:95:95 target ahead of the 2025 deadline. By achieving this target, Malawi managed to identify 95 percent of all persons living in HIV (PLHIV) and initiated 95 percent of the identified persons on ART. This is an indication that Malawi is on the right course to achieving the global targets on HIV and AIDS by 2030.

12.2.1.3 Reproductive, Maternal, Neonatal and Child Health (RMNCH)

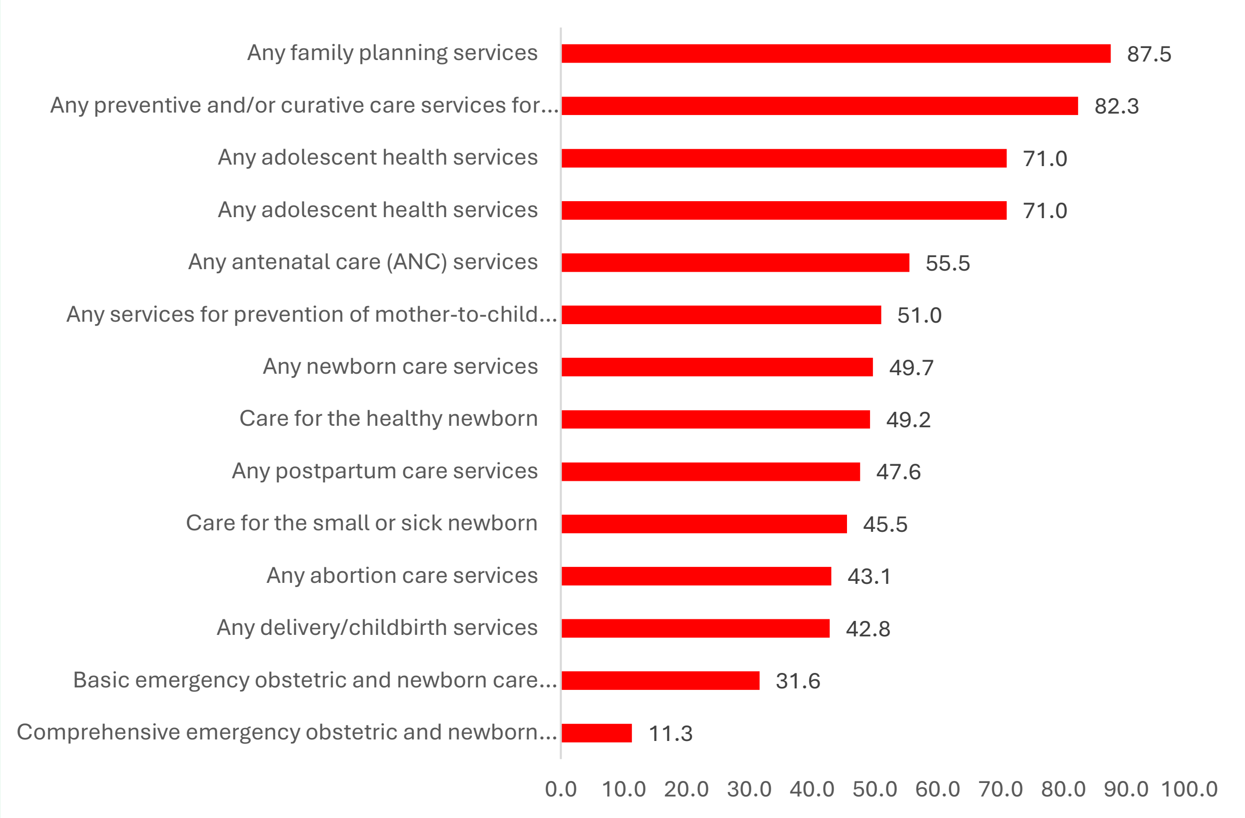
Family planning services are an integral component of population control. During the period under review, the overall uptake of modern contraceptive prevalence rate in Malawi was 38.5 percent with seven districts (Likoma, Mwanza, Mulanje, Nsanje, Chiradzulu, Phalombe and Neno) attaining over 50 percent prevalence. The country, however, continues to face a huge unmet need for family planning services. This is due in part to the limited availability of family planning services and commodities in the health facilities. A challenge in provision is that the Ministry of Health relies on development partners for the purchase of these commodities which at times compromises the optimal stock of the supplies.

FIGURE 12.1: COMPARISON OF 2013 SERVICE SUPERVISIONASSESSMENT (SPA) TO 2018/19 HARMONIZED HEALTH FACILITY ASSESSMENT (HHFA) AVAILABILITY OF FAMILY PLANNING SERVICES



Source: Ministry of Health

FIGURE 12.2: COVERAGE OF SERVICES RANGING FROM FAMILY PLANNING TO NEONATE HEALTH



Source: Ministry of Health

The 29 percent adolescent service gap exhibited in Figure 12.2 compromises the country's drive towards population control. This is coupled by the unmet needs for family planning services and Malawi's high prevalence of teenage pregnancies. Accordingly, 30 percent of women who have given birth have done so before the age of 20.

12.2.1.4 Non-Communicable Diseases

Over the years Malawi's burden of disease has shifted to non-communicable diseases (NCDs) with a joint estimated prevalence of 32 percent. NCDs comprise of cardiovascular diseases, cancers, diabetes, and mental health conditions. Collectively, these account for 40 percent of total mortality in Malawi. Thus, the Ministry of Health is scaling up efforts to overcome the burden by increasing screening of the NCDs at all levels of care. Below is a distribution of the NCD cases for the year 2024.

TABLE 12.1: DISTRIBUTION OF 2024 NON-COMMUNICABLE DISEASE CASES

District	Asthma/COPD	Hypertension	Diabetes	Mental Health
Balaka	971	3884	1413	464
Blantyre	1993	11195	1549	115
Chikwawa	883	3885	2650	1051
Chiradzulu	317	4064	1181	832
Chitipa	844	2277	595	261
Dedza	4	3660	1227	1013
Dowa	1765	5109	1032	564
Karonga	717	5612	1125	535
Kasungu	1558	2572	1985	472
Likoma	32	92	16	1
Lilongwe	1342	12181	2751	742
Machinga	280	2982	1066	163
Mangochi	1536	4728	1663	1939
Mchinji	431	3751	2004	9
Mulanje	1085	16942	3631	1358
Mwanza	540	2194	578	108
Mzimba-North	256	5542	1715	417
Mzimba-South	2239	10055	1785	5049
Neno	1884	10838	1081	2492
Nkhata-Bay	646	1807	499	96
Nkhotakota	630	3476	1026	34
Nsanje	1368	2923	841	86
Ntcheu	724	3467	691	286
Ntchisi	86	1396	481	593
Phalombe	289	4323	779	245
Rumphi	793	3354	771	801
Salima	4745	10124	1240	214
Thyolo	649	6570	1698	9
Zomba	770	7892	3124	4
MALAWI	**29377**	**156895**	**40197**	**19953**

Source: Ministry of Health

12.3 Social Determinants of Health

In March 2023, Malawi was hit by Tropical Cyclone Freddy which affected most districts in the southern region of the country. It is estimated that 2,267,458 individuals, representing 11 percent of the total population, were affected. More than 659,278 were displaced, 679 reported deceased, 537 individuals missing and over 2,186 injured. Tropical Cyclone Freddy struck when Malawi was experiencing one of the worst cholera outbreaks in the country's history with 59,060 cases and 1,769 cholera – related deaths (CFR=3.0 percent) reported in all 29 districts. In a notable achievement for climate and health integration, Malawi secured climate financing worth USD36 million from the Green Climate Fund (GCF). A national multi-hazard Risk Communication and Community Engagement (RCCE) Strategy was developed as a comprehensive framework to guide stakeholder partnerships, collaboration and community engagement in times of crises.

12.3.1 Challenges

Challenges in service delivery from Ministry of Health departments included:

i. Limited and delayed funding leading to inadequate resources for health both at national, district and health facility levels.
ii. Protracted processes leading to delays in procurement of medications and consumables,
iii. Inadequate or poor coverage of training and mentorship for enhancement of service delivery and high-quality data and evidence to make programmatic decisions.

12.4 Health Infrastructure

The Ministry of Health intends to expand provision of quality health care through the construction and expansion of health facilities. The Government is in the process of constructing specialised care facilities in the central hospitals; the country's intended centres of healthcare excellence. Government is also constructing district and community hospitals and upgrading health centres to community hospitals to improve referral health services. The upgrading of centres is mainly targeting the country's cities and hard to reach areas. Presently, not all cities in the country have secondary level health facilities. As a result, the central hospitals are congested. This drive is thus aimed at decongesting central hospitals and providing people from remote areas with referral health services.

TABLE 12.2: SUMMARY OF CONSTRUCTION PROJECTS AND COMPLETION STATUS AT CLOSE OF 2024

Funder	Project	Progress to Date (%)
GoM, OFID and IAEA	National Cancer Centre	• 95% complete. The contractor is finalizing the civil works. • Installation of equipment is in progress.
GoM	Domasi Community Hospital	• The overall progress is 95%, with the contractor working on fittings, paintings, and other finishing touches. Priority was given to completing the outpatient department (OPD), administration block, ten staff houses, and essential external works.
GoM	Mponela Community Hospital	• The overall progress is at over 40%. • Phase 1 is at 85%. It includes an administration block, OPD, maternal and child health (MCH), X-Ray, and Mortuary. The contractor has finalized painting and installing electrical and sanitary fittings. On external works, the contractor has done the road layout. • Phase 2 is at 55% - It includes, theatre, male, female, paediatric wards, maternity wing, nutrition block, kitchen, and laundry. The contractor has finalized roofing, plastering, and applying undercoat to the interior walls of the 4 blocks, namely, the nutrition block, paediatric ward as well as male and female wards. • Phase 3 is at 0%. This includes the construction of staff houses
GoM and the Global Fund (55 Health Posts/ Improved Access to Primary Health Care)	25 Health Posts Under Global Fund	• The overall progress is 85%. The contractors are currently focusing on the finishing touches.
	30 Health Posts Under MoG	• At the contract award stage. Other health posts are being supported by other partners and councils themselves. So far 75 health posts have been completed.
the Global Fund	Mzuzu Central Hospital Gas Plant	• Two machines out of the three were installed but not yet commissioned. Currently fixing the electrical works.
the Global Fund	Mzuzu Infectious Disease Unit	• The contractor is roofing the structures. Expected completion is in March 2025.

Funder	Project	Progress to Date (%)
GAVI	Construction and installation of Incinerators in Mzuzu and Mangochi	• Mangochi: the contractor has finalized the slab ready to install the mechanical incinerator • Mzuzu: the contractor has commenced the civil works
GAVI	Construction of Vaccine stores	• Mzimba District Hospital: the contractor is working on finishes, windows, and sanitary fittings among others. • Central Medical Stores: the contractor is working on the roof. • Mangochi: the superstructure walls were erected, and the contractor is about to start the ring-beam. • Domasi: the contractor is working on the superstructure walls at the window level.
Global Fund	Construction and Installation of the Kasungu Incinerator	• The contractor has finalized all civil works, installed the machinery, and is ready to be commissioned.
World Bank	QECH Infectious Diseases Unit	• Contract awarded. Mobilization in progress.

Source: Ministry of Health

12.4.1 Rehabilitation Works

The Ministry worked with the National Local Government Finance Committee (NLGFC) to rehabilitate health facilities in Chikwawa, Balaka, Kasungu, Dowa, Mzimba, and Chitipa. The rehabilitation works in the other districts has also commenced.

12.4.2 Infrastructure Guidelines

The Ministry of Health is developing standardized health infrastructure guidelines to ensure consistency in the design and construction of health facilities across all levels of care. These guidelines will align with the Health Service Package (HSP) and provide standardized specifications for health infrastructure, including facility designs and staff accommodations. This initiative aims to enhance the quality and uniformity of healthcare delivery by establishing clear infrastructure standards for all health facilities.

12.4.3 Integrated Capital Investment Plan

The Ministry is also developing the Capital Investment Plan (CIP) which will prioritize capital investments for the HSSP III. The CIP will guide capital investments by all stakeholders and form the basis of an infrastructure management system. Data collection for the plan will be conducted in the first quarter of 2025.

12.4.4 Challenges

i. Funding shortfalls which have impeded the timely completion of infrastructure projects
ii. Price fluctuations due to inflation and the currency devaluation
iii. Delays in the release of government funding

12.5 Human Resources for Health

12.5.1 Performance Management System

Malawi Government recognizes that workforce optimization is key in human resource performance. As such, the Ministry of Health conducted a Performance Management System (PMS) orientation for all district health offices (4 people per district), central hospitals, the Ministry of Health headquarters, and the Health Service Commission, establishing a foundation for consistent workforce accountability across the health sector. The implementation of PMS has progressed significantly in districts such as Lilongwe, Dedza, Ntcheu, Mchinji, Zomba, Mangochi, Blantyre, and Phalombe. This progress paves the way for more structured performance appraisals and improved alignment of staff goals with institutional objectives.

12.5.2 Cadre Review

The Ministry of Health with the financial support of USAID commissioned a holistic health worker cadre review in the 2023/24 FY. This review will help to establish the health workforce needs to optimally implement the HSSP III.

12.5.3 Integrated In-Service Training

The Ministry of Health commissioned work to develop an integrated in-service curriculum. A Continuous Professional Development (CPD) harmonization taskforce was established under the Quality Management Directorate to spearhead this work. It piloted an integrated CPD initiative in Ntcheu with the support of GIZ. This pilot is focusing on standardizing in-service training for all health cadres. This will serve as a model for scaling CPD countrywide to enhance skills consistently across districts.

12.5.4 Recruitment

The 2020/21 financial year marked the highest recruitment at 11,416, mainly due to Global Fund support (9,126 hires). The 2023/24 period also saw a total of 6,830 recruits, with Global

Fund again as a primary contributor. Government funding remained steady across years, peaking in 2019/20 with 1,582 recruits. PEPFAR and DAI/G to G/GSED had smaller, fluctuating roles, emphasizing their targeted funding approach compared to the broader contributions of the Global Fund and government.

TABLE 12.3: RECRUITMENT NUMBERS BY FUNDERS (GOVERNMENT AND PARTNERS)

Year	Total Recruited	Government Funded	Global Fund	PEPFAR	DAI / G to G / GSED
2019/20	2,283	1,582	484	119	221
2020/21	11,416	2,188	9,126	102	N/A
2021/22	2,118	416	1,620	N/A	82
2022/23	1,820	844	976	N/A	N/A
2023/24	6,830	1,691	5,139	N/A	N/A

Source: Ministry of Health

Table 12.4 highlights the staffing trends across various healthcare cadres from 2019 to 2023, showcasing significant increases in some cadres. The nurse/midwife technician category stands out with a steep rise, totalling 4,075 over five years and peaking in 2023 with 1,233—the highest annual count in any cadre, signalling a major focus on bolstering nursing and midwifery staff. Another noteworthy increase is seen in the community midwife assistant cadre, totalling 1,172 and showing steady growth each year in response to rising demand for community-based maternal and child health services. The laboratory technician role also saw growth, totalling 705, with consistent recruitment over the years to support diagnostic services. The medical assistant cadre followed suit, reaching a total of 813, and peaking at 210 in 2022. Other clinical roles like registered nurses (totalling 422) and environmental health officers (totalling 434) reflect a commitment to expanding essential healthcare services, although growth in these areas has been more moderate. Physician numbers remain relatively lower in total at 303, though they show consistent growth, emphasizing the challenges and gradual expansion in securing higher-level medical expertise.

TABLE 12.4: STAFFING TRENDS FROM 2019 TO 2023

CADRE	2019	2020	2021	2022	2023	TOTAL
Physician (Medical Doctors)	51	48	66	71	67	**303**
Laboratory Technologists	33	41	39	51	38	**202**
Pharmacists	28	31	47	44	33	**183**
Physiotherapists	17	28	41	28	47	**161**
Nurse / Midwife Technician	518	812	701	811	1,233	**4,075**
Clinical Officer	18	37	41	32	28	**156**
Registered Nurses	52	79	112	88	91	**422**
Medical Assistant*	132	118	176	210	177	**813**
Radiography Technician	11	8	24	17	27	**87**
Dental Therapist	18	21	19	14	26	**98**
Environmental Health Officer	67	71	88	112	96	**434**
Laboratory Technician	117	127	141	166	154	**705**
Pharmacy Technician	55	71	48	51	77	**302**
Community Midwife Assistant	244	213	206	231	278	**1,172**
Pharmacy Assistant	58	66	91	87	101	**403**
Laboratory Assistants	66	44	51	33	47	**241**
Total	**1,485**	**1,815**	**1,891**	**2,046**	**2,520**	**9,757**

Source: Ministry of Health

12.5.5 Remuneration, Benefits, and Working Conditions

Table 12.5 provides an overview of employee retention and attrition within the health sector across all health cadres for the 2023/24 fiscal year. At the start of this period, there were 47,555 employees. By the end of the fiscal year, this number had decreased to 45,508 reflecting an overall attrition rate of 4.5 percent. The data also shows that the average tenure for employees in this sector is approximately seven years, highlighting a moderate level of job stability within health cadres.

TABLE 12.5: STAFF ATTRITION RATE

Health Cadre	Employees At the Beginning of 2023/24 Fiscal Year	Employees Who Left (2023/ 24 Fiscal Year)	Employees at the Closure Of 2023/24 Fiscal Year	Attrition Rate (%)	Average Years of Service
All Health Cadres	47,555	2,047	45,508	4.5	7

Source: Ministry of Health

12.5.6 Challenges

i. Limited funding prevents the Ministry from meeting its recruitment targets causing workforce shortages, especially in underserved areas
ii. Budget cuts have reduced pre-service and in-service training opportunities
iii. Strict establishment rules prevent timely adjustments in staffing levels delaying recruitment and deployment
iv. Delayed promotions have resulting in legal disputes and reduced morale
v. Training programs poorly aligned with the needs set out in the establishment
vi. Poor data sharing within the Ministry hampers effective workforce planning and coordination.
vii. Lack of access to private sector HRH data limiting comprehensive workforce planning and integration efforts
viii. The limited use of performance appraisal results, especially for staff promotions, creating a barrier to their effectiveness

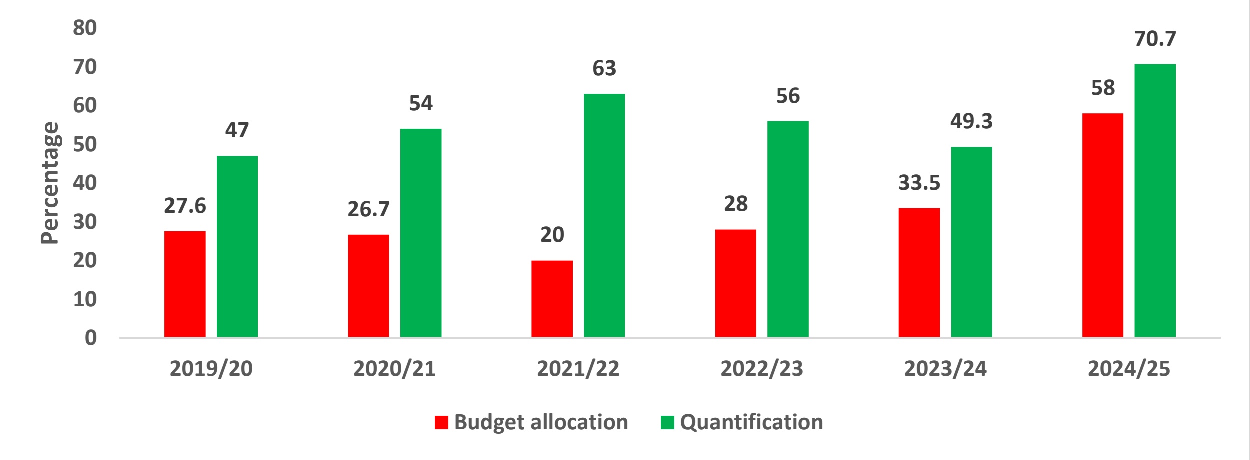
12.6 Medical Products and Technologies

12.6.1 Achievements

Medicines and medical products are at the centre of curative, preventive and rehabilitative health services. Ministry of Health is therefore strengthening the supply chain of medical products to ensure a steady availability of the commodities in the health system. During the year under review, the Ministry established a Logistics Management Unit (LMU) to improve pharmaceutical and health product management in Malawi. The LMU will lead and integrate supply chain systems for health commodities, aiming to reduce stockouts and wastage and support universal health coverage by 2030.

The Ministry also invested significantly in drug need quantification and resource allocation to the central hospitals, district councils and the Central Medical Stores Trust (CMST). The challenge in implementing this strategy, however, was the inadequate Government financing of the commodities for CMST. The allocation of resources was inadequate to meet the country's healthcare demands, as illustrated by the disparity between the total quantified needs and the allocated drug budget (Figure 12.3). The CMST average order refill rate to district councils was 43 percent.

FIGURE 12.3 BUDGET ALLOCATIONS AND QUALIFIED NEEDS



Source: Ministry of Health

12.6.2 Challenges

i. Funding for the CMST warehouse is yet to be identified.

ii. Funding for the upgrading of CMST ERP has been identified through the supply chain digitization project. However, the project is yet to commence despite its fixed end date of December 2025

iii. Many health facilities have inadequate storage space despite the addition of the prefabricated storage units (SIABs)

12.7 Digital Health

The Ministry of Health recognizes the need to adopt modern technology is health service provision for efficient care delivery. The Ministry established the Digital Health Division in the Department of Quality Management to spearhead digitalization of health service delivery. Among other modernization drives, the Ministry of health developed an emergency module which is being piloted at QECH Adult Emergency and Trauma Center (AETC). The module covers patient registration, triage, primary and secondary assessments.

12.7.1 Development of the OPD Module

The OPD module is a general use case for patients in all health facilities. The module covers registration, vital monitoring, consultation, diagnosis and prescription. The module is integrated with dispensation, lab test and ordering functionality.

12.7.2 Expansion to Other Core Modules

Other core modules under development in MaHIS include antenatal, labour and postnatal (MNH); NCD; immunization registry; and in-patient module (IPD).

12.7.3 Integration With Other Systems:

There is a planned integration between MaHIS, iCHIS and Malawi HMIS. The integration between iCHIS and MaHIS will facilitate community referral of patients and follow-up. For Malawi HMIS and MaHIS, the integration will be the streamlined reporting of aggregate data.

12.7.4 Challenges

i. SOPs for coordinating digital health investments have not been fully disseminated
ii. Significant ICT infrastructure gaps remain at the national, district, and facility levels, requiring an assessment to identify needs
iii. Funding limitations restrict the scaling of digital health systems and training programs
iv. Inadequate server infrastructure and frequent downtimes negatively affect the reliability of digital health systems
v. Delays in hiring systems security personnel hinder progress in establishing a fully functional security department
vi. Challenges remain in fully integrating health facilities with the shared health record system, requiring additional support for alignment

12.8 Leadership and Governance

Good leadership and governance are a catalyst for an effective health system and to improve the performance of the system, the Ministry of Health introduced radical reforms in the system to spearhead the implementation of the HSSP III. The reforms include the integrated planning, budgeting and reporting of health programs through the One Plan, One Budget and One Report approach. The reforms seek to enhance efficiencies in the system by minimizing duplications in health service delivery.

12.8.1 Achievements

i. One Plan: 2024/25 was the second year of implementing the One Plan framework in which all health stakeholders produce a consolidated workplan for the fiscal year. The single plan helps to single out the funded and non-funded HSSP III interventions. The approach has also been cascaded to the district level through the District Implementation Plans and health facility plans.
ii. One Budget: in the 2023/24 FY, the Ministry introduced the concept of a single Project Implementation Unit (PiU) which received support from development partners. FCDO supported the ministry with consultancy services to explore the design of the single PiU. The report has been produced but awaiting the stakeholder adoption.
iii. One Report: With the support of UNICEF, a consultant was recruited to produce a comprehensive “One Report” results framework, which will support the harmonization of monitoring and evaluation processes at all health system levels.
iv. The MoH also rationalized the sector TWGs in order to streamline them and ensure they are fit for purpose to drive HSSP III implementation.

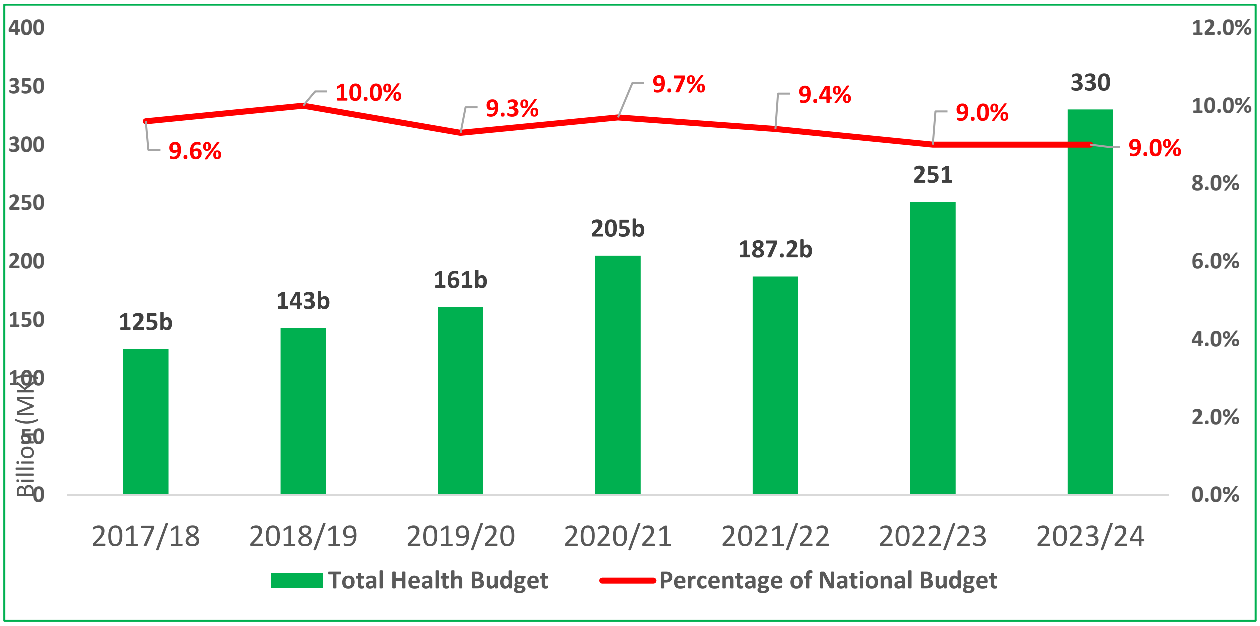
12.8.2 Challenges

i. TWG agenda setting is suboptimal
ii. There are inconsistencies in health policy agenda among implementing partners
iii. Weak implementation, monitoring and enforcement of health sector policy, legal and regulatory frameworks at national and sub-national levels

12.9 Health Financing

Malawi's healthcare remains highly dependent on development partners. Currently, 55 percent of the total health expenditure comes from development partners while government contributes 24 percent and the remaining 21 percent comprises of health insurance and out-of-pocket expenditures. This status is retrogressive to the self-reliance agenda of the Malawi 2063 vision. Malawi being a signatory to the 2001 Abuja Declaration on health budget, government is required to allocate at least 15 percent of its total budget to health. But as illustrated in the chart below, the proportion of health budget has averaged between 9 and 10 percent for the past seven years.

FIGURE 12.4: HEALTH AND NATIONAL BUDGET



Source: Ministry of Health

Besides the dependency on external financing of health, the per capita expenditure on health remains below USD40 which is far below the World Health Organisation recommended USD86. In 2023/24 the Ministry of Health and development partners' budget totaled USD545,250,973.46. The table 12.6 shows the disaggregated budgets by HSSP III pillar.

TABLE 12.6: FUNDING AND SOURCES

Pillar	Funding Amount (USD)	Major Financing Sources and Partners
Service Delivery	116,462,505.69	Ministry of Health, CDC, FCDO, GFATM, GIZ, CHAI, HSJF, USAID, and UNICEF
Social Determinants of Health	22,280,922.09	Ministry of Health, CDC, GIZ, UNICEF, CHAI, HSJF, and USAID
Infrastructure and Health Technologies	30,778,644.42	Ministry of Health, CDC, GIZ, GAVI, HSJF, USAID, UNICEF, CHAI, and World Bank
Human Resources for Health	105,824,146.41	Ministry of Health, CDC, CHAI, GIZ, GFATM, FCDO, WHO, and USAID
Medical Products and Technology	240,059,079.16	Ministry of Health, CDC, GFATM, GIZ, HSJF, UNICEF, CHAI, WFP, and USAID
Digital Health	11,090,696.63	Ministry of Health, BMGF, CDC, GIZ, UNICEF, and USAID
Research	7,322,195.32	Ministry of Health, CDC, FCDO, CHAI, HSJF, and USAID
Leadership and Governance	9,582,746.24	Ministry of Health, FCDO, GFATM, UNICEF, CHAI, and USAID
Health Financing	1,850,037.50	FCDO, GIZ, HSJF, KUHES, USAID, CHAI, GFATM, and WHO
Total	**545,250,973.46**	

Source: Ministry of Health

12.9.1 Resource Mobilisation

To enhance domestic resource mobilisation for healthcare, the HSSP III and the Malawi National Health Financing Strategy recommended scaling up optional paying services in the central and district hospitals. Currently, all central hospitals and fourteen district hospitals have optional paying services. These are Karonga, Rumphi, Mzimba South, Mzimba North, Nkhata-Bay, Nkhotakota, Salima, Ntcheu, Balaka, Machinga, Mwanza, Phalombe, Mulanje and Chikwawa.

The two strategies also propose the introduction of a national health fund and public private partnerships (PPP) as other means of domestic resource mobilisation. During the period under review, the Ministry of Health with the recommendation from the Secretary to Treasury instituted a multi-sector task force to identify possible areas or revenue sources for the fund and bankable projects for PPP. The task force recommended undertaking of feasibility studies for the initiatives. The studies will look into feasibility of introducing ear-marked taxes for the health fund and investments in diagnostic centres, dialysis centres and medical students' hostels.

12.9.2 Strategic Purchasing Measures

The Ministry developed the health benefits package (HPB) which is a list of prioritised health interventions to guide health service delivery in the country. The Ministry intends to migrate from the global health budgets to strategically funding of service providers basing on the volumes and the quality of the HBP services delivered.

The Ministry also piloted the direct facility financing (DFF) in Rumphi in which health facilities receive funding directly from the financier. DFF is a vehicle that will aid the implementation of strategic planning. The arrangement is being scaled up to 13 more districts which are Blantyre, Ntchisi, Chitipa, Nsanje, Neno, Dedza, Salima, Balaka, Machinga, Chikwawa, Lilongwe, Nkhotakota and Kasungu. Government has committed MK200 million towards the scale-up.

Government continued to use CHAM and IHAM facilities to provide free maternal and child health services at the point of access in areas without public health facilities. Since their inception, there has been a steady increase in service utilisation in these facilities. The number of facilities with Service Level Agreement (SLA) increased from 32 in 2007 to 175 in the 2023/24 FY. From April 2023 to March 2024, a total of 1,618,711 service interventions were delivered excluding cross cutting services in lab, admissions, and OPD. The Ministry uses the fee-for-service financing arrangement for the SLA, a strategic purchasing mechanism which is working well.

12.9.3 Challenges

i. Insufficient Funds for DFF Expansion: the pilot of DFF in Rumphi has been successful, but current financial resources are insufficient for nationwide rollout.
ii. Weak accountability for the optional paying services revenues: the optional paying services transactions are cash-based which compromise the optimal public resources accountability. Going forward, the health facilities should use bank payments.

12.10 Conclusion

In conclusion, the health sector remains a cornerstone of Malawi's economic and social development, contributing significantly to human capital formation and overall productivity. The sector is making clear strides in addressing key health challenges including enhanced service delivery, expanded healthcare infrastructure, and strengthened disease prevention efforts. However, persistent gaps in funding, resource allocation, and workforce capacity require targeted investment and collaborative efforts to sustain progress. As the nation strives to achieve the Malawi Vision 2063 agenda, prioritizing health sector, effectiveness, efficiency, equity, resilience and sustainability will be essential to fostering long-term economic growth, reducing poverty, and improving the quality of life for all Malawians.

12.11 Performance in Nutrition

Nutrition is essential for physical and intellectual development, which enhances work productivity by reducing stunting, wasting, underweight, and overweight. Adequate nutrition is crucial for socio-economic growth and contributes to the achievement of Sustainable Development Goal 2.2, which aims to end all forms of malnutrition. Government recognizes its importance and has identified nutrition as a key contributor to Human Capital Development in Enabler 5 of the Malawi Agenda 2063.

At a national level, the Department of Nutrition (DN), with support from development partners, stakeholders, and government MDAs, spearheads nutrition interventions. The DN provides oversight, coordination, strategic leadership, policy direction, resource mobilization, capacity building, quality control, and monitoring and evaluation of the nutrition response. At the district level, nutrition is coordinated by the District Nutrition Coordination Committee (DNCC), with support from partners and other established nutrition structures.

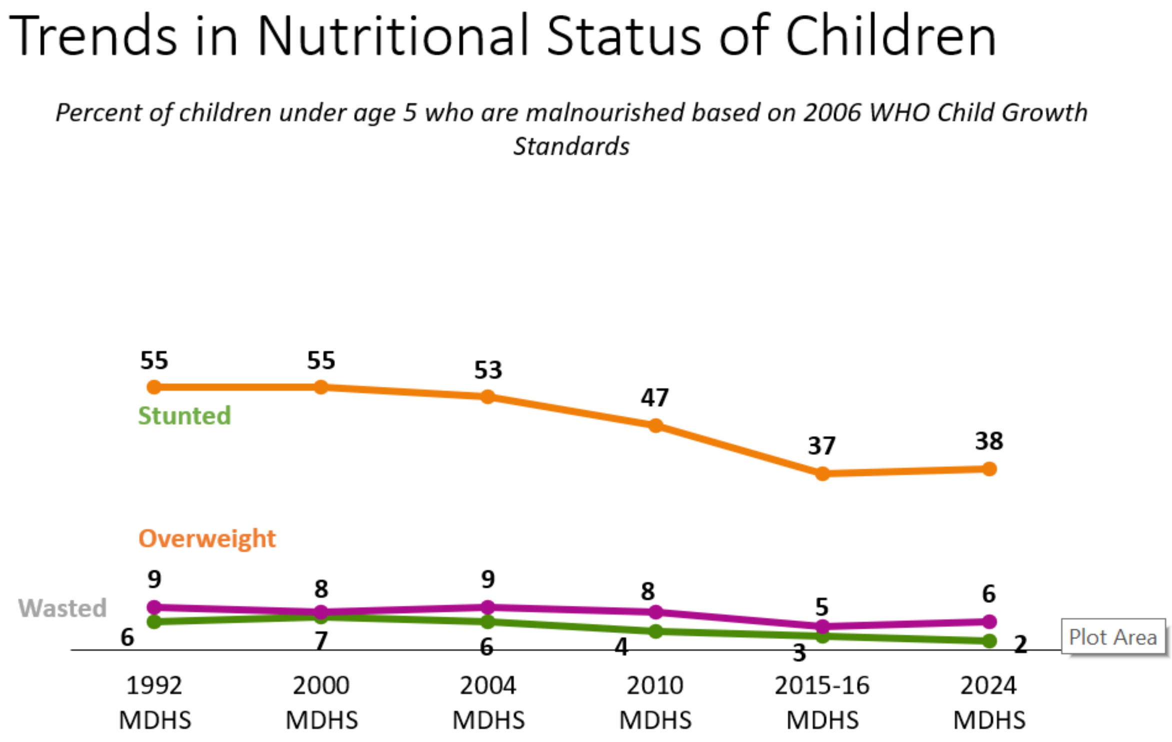
12.11.1Achievements

12.11.1.1 Nutrition Status in Under 5 Children

Despite recent challenges, including droughts and Cyclones Anna, Gombe, and Freddy there haven't been significant declines in nutrional indicators. Figure 12.5 shows that the prevalence of stunting has increased by 1 percentage point, from 37 percent in 2016 (MDHS 2015), to 38 percent in 2024 (MDHS 2024). Nonetheless, it is still higher than the regional average of 32.4 percent. On the other hand, cases of overweight have increased from 5 percent in 2016 to 6 percent in 2024. Although overweight has registered this increase, its prevalence has almost halved since 1992. Also, the prevalence of wasting has decreased to 2 percent in 2024 from 3 percent in 2016.

The reduction in the prevalence of the above indicators may be attributed to improved nutrition interventions, strong policies and dedication towards the fight against malnutrition in the country. Nevertheless, there is still a need for increased investments in the nutrition sector to adequately curb the prevalence of malnutrition in the country.

FIGURE 12.5: TRENDS IN PREVALENCE OF STUNTING, WASTING, OVERWEIGHT AND UNDERWEIGHT IN UNDER 5 CHILDREN



Source: DHS (1992; 2000; 2004; 2010; 2016 & 2024)

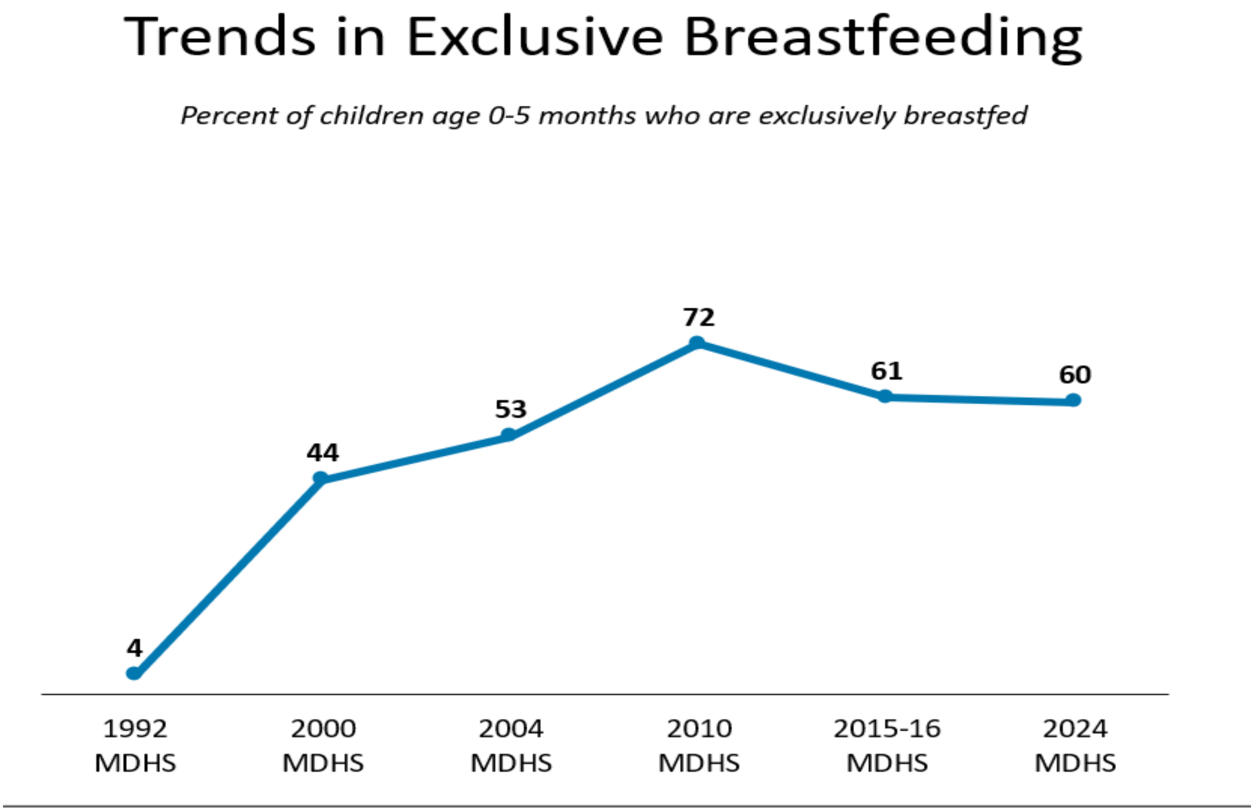
12.11.1.2 Maternal Infant and Young Child Nutrition (MIYCN)

The health and nutrition of pregnant and lactating women, along with infants and young children, play a critical role in ensuring optimal child development. Nutrition during the first 1,000 days of life has profound, lasting effects on both mothers and their children. MIYCN strategies emphasize prenatal and early-life interventions to prevent growth failure and promote both child development and survival.

12.11.1.3 Exclusive Breastfeeding

Figure 12.6 illustrates the trend in the percentage of children under 5 months who were exclusively breastfed. It shows that 60 percent of children are exclusively breastfed, marking a slight decrease from 61 percent in 2016. Notably, there was a steady rise in the percentage of exclusively breastfed children between 1992 and 2010, with an increase of 67.4 percentage points—from just 4 percent in 1992 to 71.4 percent in 2010. This progress is largely attributed to MIYCN interventions introduced since 1992. However, further efforts are needed to increase the prevalence of exclusive breastfeeding among children under 6 months.

FIGURE 12.6: CHILDREN UNDER 5 MONTHS WHO ARE EXCLUSIVELY BREASTFED



Source: MDHS

12.11.1.4 Complimentary feeding

Table 12.7 shows the proportion of children 6-23 months who met the minimum dietary diversity (MDD), minimum meal frequency (MMF) and minimum acceptable diet (MAD). The proportion of children who consumed a minimum dietary diversity rose by 19.2 percentage points from 2019 to 2020. On the other hand, the proportion of children that achieved MMF increased from 22.2 percent in 2019 to 68.3 percent in 2020 surpassing the set target of 54 percent for 2022. Similarly, the proportion of children who received minimum acceptable diet (MAD) increased from 11 percent in 2019 to 28.9 percent in 2020 but remained slightly below the 32 percent target for 2022. These increases are attributable to the implementation of nutrition programs that promote best practices in infants and young child feeding. However, it should be noted that MDD, MMF and MAD registered very low figures in 2018 and 2019 relative to 2017 and 2020.

TABLE 12.7: PROPORTION OF CHILDREN 6-23.9 MONTHS WHO ACHIEVED MDD, MMF AND MAD

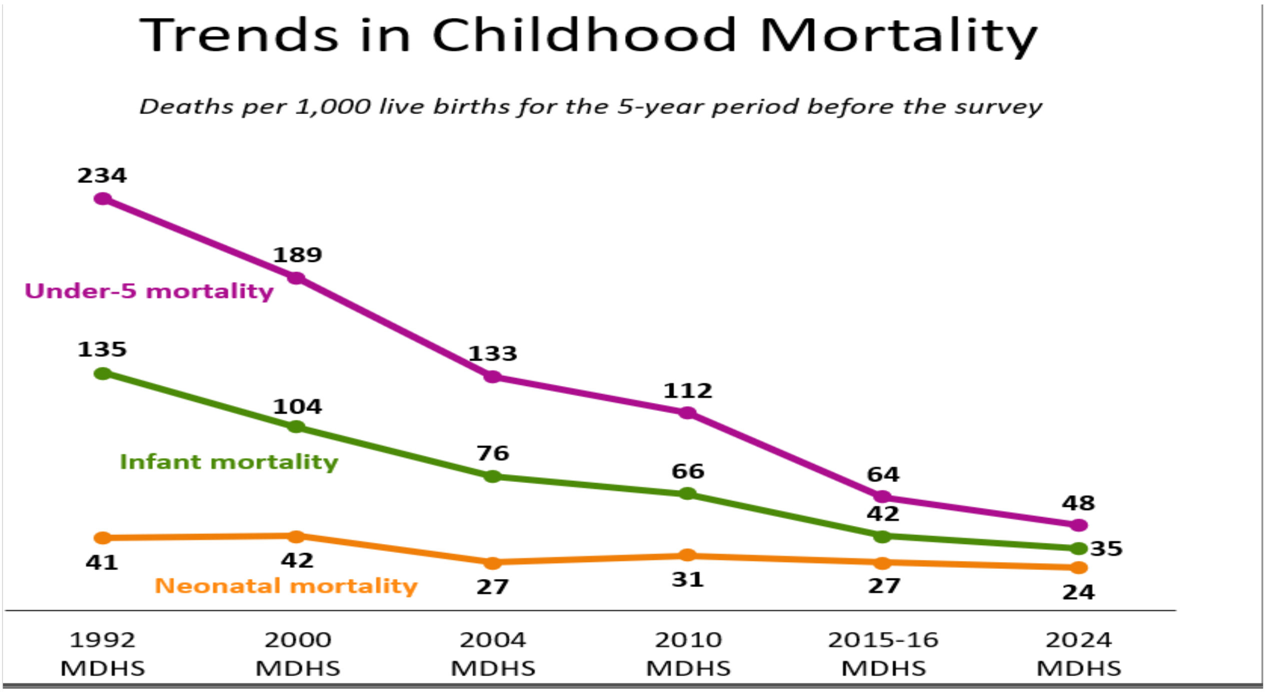
	2017	2018	2019	2020
Proportion of children who consume a minimum dietary diversity (MDD)	21	13.3	13.3	32.5
Proportion of children who receive a minimum meal frequency (MMF)	64.4	43.4	22.2	68.3
Proportion of children who receive a minimum acceptable diet (MAD)	18.7	10.7	11	28.9

Source: Smart Survey 2020

12.11.1.5 Trends in Childhood Mortality

Figure 12.7 shows the trends of childhood mortality for 1,000 live births for the 5-year period before the 2024 MDHS. Childhood mortality rates have declined since 1992. Under-5 mortality has decreased from 234 to 48 deaths per 1,000 live births. Infant mortality has decreased from 135 to 35 deaths per 1,000 live births. Neonatal mortality has also declined, from 41 to 24 deaths per 1,000 live births.

FIGURE 12.7: TRENDS IN CHILDHOOD MORTALITY



Source: Malawi Demographic and Health Surveys

12.11.2 Challenges, Recommendations and Lessons Learnt in Implementing Nutrition Programmes

The implementation of multi-sectoral nutrition interventions faced several challenges, from which important lessons were learned. Addressing these challenges is crucial for ensuring the sustainability of interventions and promoting long-term socio-economic development. Additionally, the insights gained will guide future programming, particularly in identifying best practices for scaling up.

12.11.2.1 Major Challenges and Recommendations

i. Lack of frontline nutrition workers at the community level to implement nutrition activities. There is a need to recruit more frontline workers to ensure that nutrition services are effectively delivered at the community level

ii. Dependence on development partners for nutrition interventions. It is essential to ensure that sufficient ORT resources are available at both the national and district levels to support the delivery of nutrition services

Chapter 13

LABOUR, SKILLS DEVELOPMENT AND SPORTS

13.1 Overview

The Ministry of labour is mandated to develop and protect the labour force in Malawi. In view of this, the Ministry reports on how the labour and skills development sector has performed since April 2024.

13.2 Skills Development

Government is committed to enhance access to skills development for Malawians and has therefore outlined plans to expand the seven National Technical Colleges (NTCs), ten Community Technical Colleges (CTCs), and nine Community Skills Development Centers (CSDCs) through the World Bank-funded Skills for the Vibrant Economy (SAVE) project. This expansion will introduce a broader range of trades that align with current economic trends, thereby contributing to the achievement of our national development goals as outlined in the Malawi Implementation Plan (MIP-1).

In addition, the Government plans to complete the construction of five new Community Technical Colleges in the following locations: Lura in Rumphi, Kalinda in Nkhotakota, Machinga, Nsoni in Chiradzulu, and Mtowe in Nsanje.

Enrollment in technical colleges is one of the indicators that the Ministry aims to improve annually to increase access of skills to students. In the year under review (2024), a total of 11,034 students were enrolled in National Technical Colleges (NTCs), Community Technical Colleges (CTCs), and Community Skills Development Centres (CSDCs). Of these, 4,066 were females and 6,968 were males. Specifically, 7834 students enrolled in NTCs, 1,900 in CTCs, and 1,300 in CSDCs. Additionally, I am pleased to report that the Government increased the enrolment of apprentices on government scholarships in Technical Colleges from 2,575 in 2023 to 7,256 in 2024.

To further improve service delivery within these institutions, the Government, through the SAVE project, has facilitated the professional development of instructors. 20 instructors have been upgraded to degree level, 15 to master's level, and 1 to PhD level. College managers have also undergone short-term management training. Furthermore, under the same SAVE project, the Government has provided bursaries to 5,546 apprentices to support their studies.

Government through the Skills for a Vibrant Economy project (SAVE) intends to construct classrooms, laboratories, girls` hostels and workshops in all the 7 National Technical Colleges. In this current year, the construction has not yet started but am pleased to report that the Ministry is in the final stages of recruiting contractors and this process will be finalised in February, 2025.

Government also intends to deliver furniture, tools and equipment as well as open the following technical colleges this coming Financial Year; Kalinda, Machinga and Ngabu.

The Ministry is in the process of establishing 4 Centres of Vocational Excellences (CoVE) in Renewable Energy at Mzuzu Technical College; Marine Transport at Salima Technical College; Agricultural Mechanisation at Lilongwe Technical College; and Tourism Malawi Institute of Tourism with support from the Zantchito Project of the European Union.

13.3 Trade Testing Services

In the 2024/25 Financial Year, under the trade testing services, the Ministry tested 16,714 candidates whereby 9,861 passed representing a 59 percent pass rate. Out of the total candidates that were tested, 10,884 were males and 5,830 were females. This is an increase to the number of candidates who were tested and certified in 2023 where 13,087 candidates were tested and 7,284 were certified. It is projected that in the upcoming 2025/26 financial year, 17,000 candidates will be tested and 62 percent of these shall be certified.

In the Recognition of Prior Learning (RPL) system where the Government tests and certifies skilled persons who were informally trained, the Ministry has managed to test 39 candidates in the pilot phase. The overall pass rate in this financial year is 100 percent and it is projected that in the upcoming 2025/26 the number of RPL candidates to be tested under this program would increase to 2,100 candidates.

13.4 Labour Services

13.4.1 Job Creation Initiative

The Government launched the National Job Creation Strategy (2021-2025) with the aim of reducing the levels of unemployment in the medium to long term within an environment of accelerated inclusive growth and economic development as stipulated in Malawi 2063 First Ten-Year Implementation Plan (MIP-1). Since its launch the economy has generated more than 1.5 million jobs. It should be highlighted that most of these jobs were created in the agriculture, health, Construction, Education and Management Support Services sectors.

The Ministry of Labour has also been fostering job creation through the Graduate internship programme. The core purpose of the programme is to provide work integrated experience to fresh and young graduates so as to enhance their employability. In the year under review, the Ministry of Labour has engaged 4,627 interns in various MDAs. It is of paramount importance to report that the Ministry has cumulatively engaged 18,000 interns since the inception of the programme in September 2018.

The Government of Malawi also signed a memorandum of understanding with the Government of Israel to create employment opportunities for 3,000 Malawian youths in the agriculture sector in Israel. To date, 128 candidates have been cleared for employment. Of these, 29 have been successfully matched with available job offers and left for Israel. Additionally, there are another 200 candidates undergoing a rigorous screening process, and if approved, they will be added to the list awaiting job offers in Israel. Furthermore, a total of 776 candidates have migrated to Israel through the emergency window recruitment, bringing the total number of Malawians working in Israel to 904.

Since November 2023, the Government has also facilitated the migration of workers in various sectors, with 345 workers sent to Qatar, 129 to the United Arab Emirates, and 94 to Kuwait.

In addition, negotiations are ongoing with the Government of Qatar to conclude and sign a bilateral labor migration agreement, while discussions are also underway with the Government of Kuwait to finalize a similar agreement. The Government is also in talks with the United Arab Emirates (UAE) to renew the expired Memorandum of Understanding (MOU) on labor migration. It is anticipated that these initiatives will significantly contribute to Malawi’s economy through increased remittances. The Ministry is actively working on the establishment of a dedicated Labour Migration Division.

The Government of Malawi expressed interest for Malawi to be one of the pathfinder countries of the Global Accelerator on Jobs and Social Protection for Just Transitions. This initiative aims to achieve creation of 400 million jobs globally and include 4 billion people that are excluded from social protection initiatives. In the year under review, Government has successfully validated the roadmap for the initiative and is currently awaiting its launch in February, 2025. Government has also secured USD1.8 million from United Nations Sustainable Development Goals (UNSDG) Fund to kickstart implementation of the initiative.

13.4.2 Labour Inspections

In its mandate to protect labour force in the country, the Ministry conducts labour inspections in various workplaces to enforce compliance with labour related laws. The law mandates a labour officer to inspect a workplace for at least twice a year. In the year under review, the Ministry of Labour managed to perform 1,626 labour inspections against 1,357 that were done in the same period in the previous year. The Ministry has committed that in the next financial year every labour officer should at least conduct eight inspections per month.

13.4.3 Labour Complains and Prosecutions

The Ministry of Labour also handles labour related complaints that arise from unfair dismissal, sexual harassment at workplaces, noncompliance with minimum wage, underpayments with regard to overtime and many more. In the period under review, the Ministry registered 27,391 complaints, out of this, 20,299 were brought forward from the previous year of 2023/24 and 7092 were the actual registered from the period of April 2024 to December 2024. This is compared to last year (2023) where the Ministry registered 62,105 complaints where 51,766 complaints were brought forwad from 2022. This means the actual number of complaints in 2023 were 10,339.

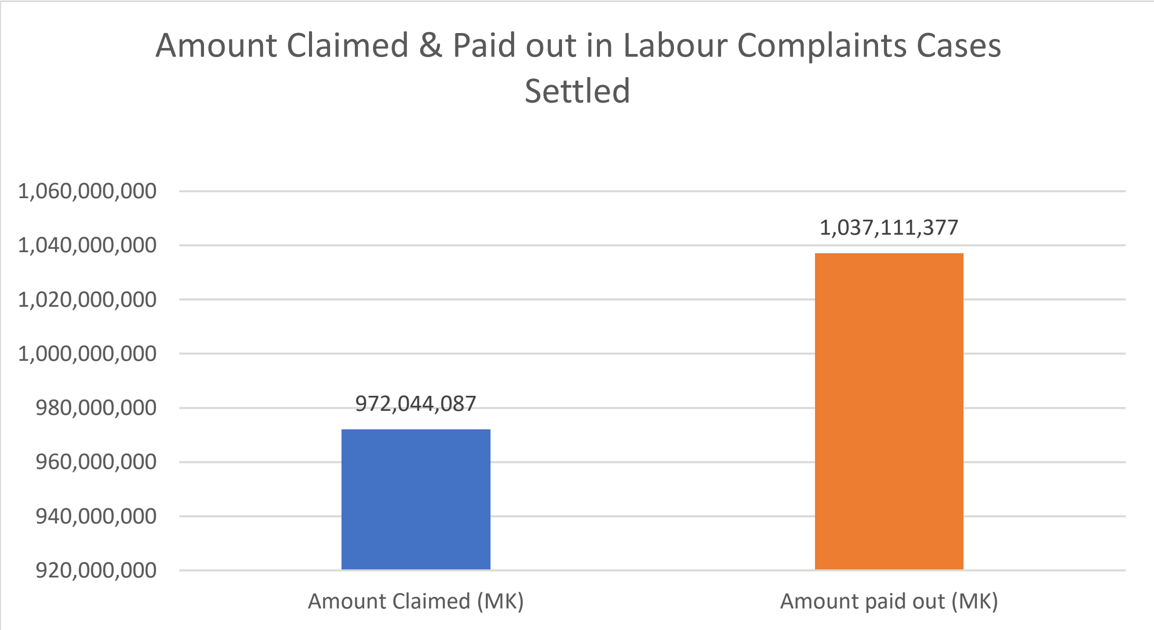
Moving forward, after labour complaints have been recorded, they need to be settled. In this regard, the Ministry managed to settle a cumulative figure of 4,617 complaints in the year under review. Out of these settled complaints 1,411 were referred to the industrial relations court for further review. The labour complaints claims attracted fees amounting to MK972,044,087.00 and a total of MK1,037,111,377.00 was paid out. This is because the payout included other fees brought forward from previous years.

TABLE 13.1: NUMBER OF LABOUR COMPLAINTS CASES IN THE 2024/25 FINANCIAL YEAR

Labour Complaints Cases	Number
Cases b/f from previous year	20,299
Cases registered	7092
In action	886
Cases settled	4617
Cases referred to IRC	1411
Cases referred to other offices	3899
Cases closed	38283
Outstanding	886

Source: Ministry of Labour

FIGURE 13.1: AMOUNT CLAIMED AND PAID OUT IN LABOUR COMPLAINTS CASES SETTLED



Source: Ministry of Labour

13.5 Employment Services

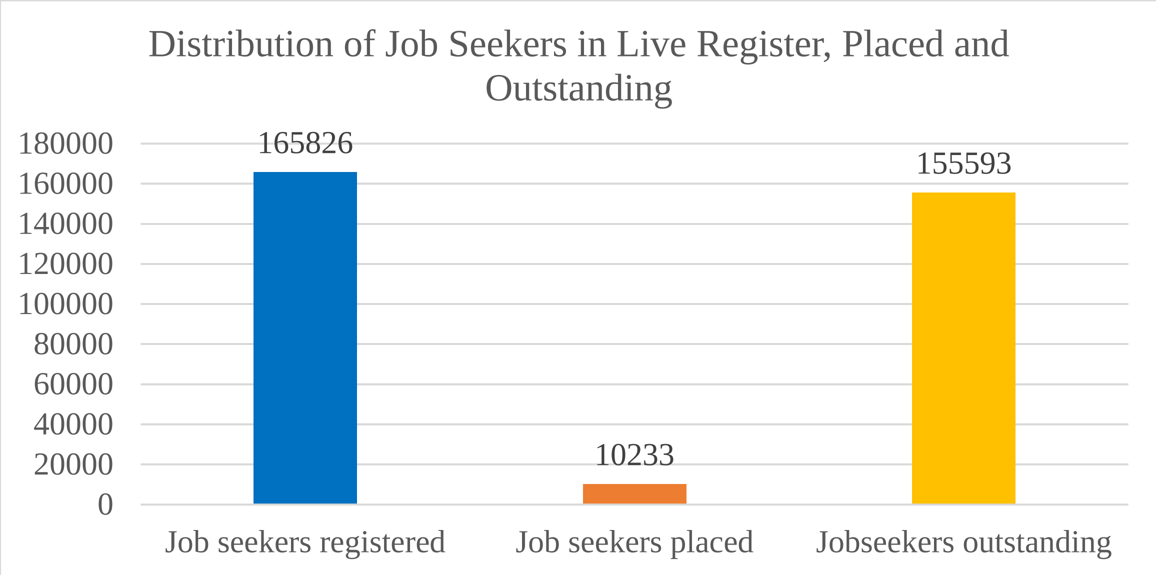
13.5.1 Public Employment Services

The Ministry also provided public employment services during the year under review. This included registration of job seekers and placements, vacancy registration and counselling to school leavers and job seekers in its regional and district labour offices throughout the country.

13.5.2 Job Seekers and Placements

In the current year, through its regional and district labour offices, the Ministry of Labour has managed to register 165,826 job seekers and out of these 10,233 placements were made. The graph below provides a snapshot of the distribution of the number of job seekers placed, placements made and outstanding job seekers awaiting placements.

FIGURE 13.2: DISTRIBUTION OF JOB SEEKERS IN LIVE REGISTER, PLACED AND OUTSTANDING

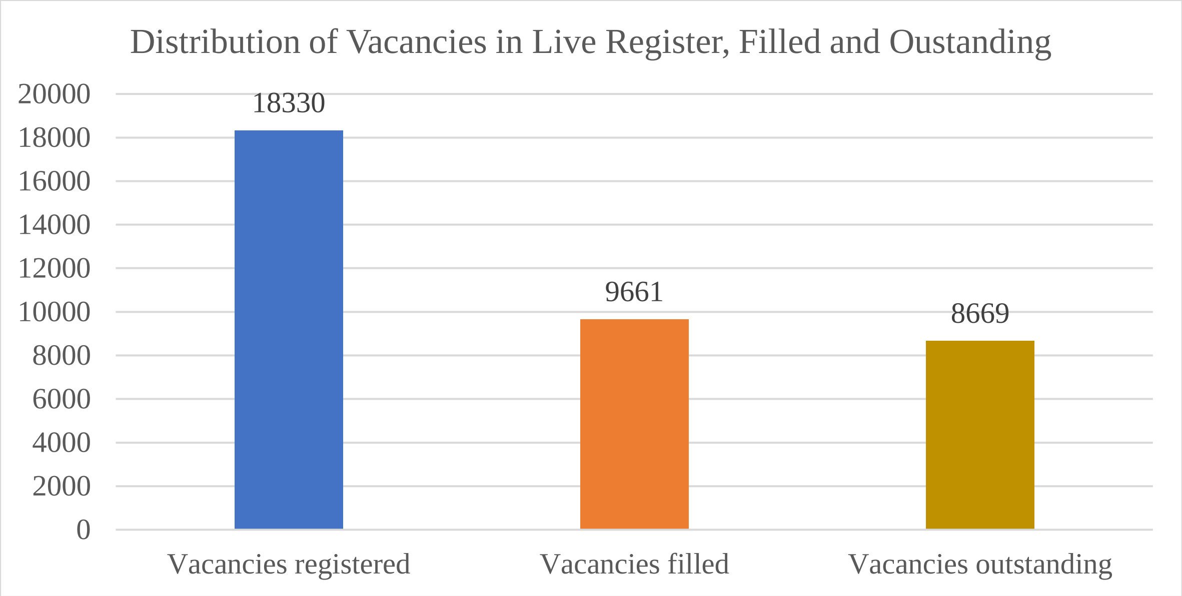


Source: Ministry of Labour

13.5.3 Vacancy Registration and Placements

The Ministry had recorded 18,330 vacancies as at December 2024. Out of these vacancies the Ministry has managed to fill 9,661 vacancies. This represents 47 percent vacancy rate. Figure 13.3 depicts the number of vacancies registered and those that are filled.

FIGURE 13.3: DISTRIBUTION OF VACANCIES IN LIVE REGISTER, FILLED AND OUTSTANDING



Source: Ministry of Labour

13.5.4 Occupation Safety and Health Welfare

The Ministry is mandated by the Occupational Safety Health (OSH) and Welfare Act, Cap 55.05 which stipulates minimum employment conditions as regards to health and welfare for employees. To enforce the Act, the Ministry has in the current year conducted 845 workplace OSH inspections to assess the compliance levels in different workplaces. The Ministry has also registered 677 workplaces and collected MK132,995,000.00 revenue for registration and inspection of pressure vessels. This is an increase from last year where the Ministry conducted 792 workplace (OSH) inspections and managed to register 126 workplaces and collected MK49,100,000 revenue.

13.5.5 Employment Injury and Workers Compensation

Under the Workers Compensation Act, the Ministry is mandated to enforce compensation payments of injuries and diseases that arise in the course of duty. Under the period in review, the Ministry has managed to record 11,387 compensation cases. A total of 12,265 cases have been sent to the Workers Compensation Division since other cases were brought forward from the previous year and these cases have resulted in payments of compensation amounting to MK2,874,815,400.00.

13.5.6 Child Labour

Child labour is any kind of work that impedes intellectual, physical and social development of a child. The Ministry has in the current period through Accelerated Action for the Elimination of Child Labour (ACCEL) managed to remove 1,524 children from child labour. Table 13.2

depicts how progress in child labour inspection and withdraw of children from child labour has performed in this current financial year.

TABLE 13.2: NUMBER OF CHILD LABOUR INSPECTIONS, CHILDREN IDENTIFIED AND ACTIONS TAKEN

	2023	**2024**
Number of inspections conducted	1094	2810
Children identified	1050	2526
Children withdrawn	309	1524
Chidren repatriated	55	321
Children placed on Vocational Skills	4	221
Children placed back to school	254	671
Children placed on other rehabilitation measures	3	272
Sensitisation meetings held	223	1081
Number of employers prosecuted	4	29

Source: Ministry of Labour

13.6 Challenges

It is crucial to recognize that the Ministry of Labour achieved these gains despite significant challenges. Below are the key obstacles the Ministry faced during the implementation of the 2024/25 financial year.

i. The Ministry is consistently underfunded, which adversely impacts its operations across all areas. For instance, the Ministry often receives minimal, to no funding for the Graduate Internship Programme. This lack of financial support hinders the Ministry's ability to effectively monitor interns' performance across various Ministries, Departments, and Agencies (MDAs). Furthermore, this resource shortfall is hindering Occupational Safety and Health (OSH) inspections in workplaces. Despite each inspector being expected to conduct eight inspections per month, most inspectors are unable to perform any inspections due to the lack of adequate funding.

ii. In terms of funding, the Ministry is also facing difficulties in effectively implementing the Labour Export Programme, which is vital for both youth employment and the broader economy. This programme has suffered from underfunding, leading to delays in its activities and undermining its potential benefits.

iii. The Ministry has inadequate skilled personnel for strategic development and implementation, and suffers from poor infrastructure and inadequate equipment for the Technical Education, Vocational and Entrepreneurship Training (TEVET) sector. There is also a shortage of teaching and support staff in TEVET institutions, coupled with limited career progression opportunities for TEVET tutors.

13.7 Youth and Sports Development

The Ministry of Youth and Sports is mandated to provide policy direction and guidance on all matters pertaining to development and empowerment of Malawian youths and management of all sporting activities. In the 2024/25 Financial Year, the Ministry continued its efforts to invest and build capacity within the youth and sports sectors, mobilize resources, improve stakeholder engagement and coordination, and monitor and evaluate investments in these sectors.

13.7.1 Youth Development

Young people make up a significant proportion of our society and are essential to long-term, sustainable national development. Nonetheless, they are a diverse and complex group with distinct lifestyles and issues, including high rates of unemployment, high levels of illiteracy, HIV and AIDS, drug and substance abuse, early marriages and pregnancies, restricted access to sexual and reproductive health services, mental health conditions, and restricted opportunities for technical and vocational training.

In order to address some of the difficulties raised, the Ministry, through the Department of Youth, accomplished the following in 2024:

i. Developed a zero-draft youth mainstreaming framework that guides Ministries, Departments, and Agencies to ensure that youth-focused issues are integrated in all levels of programming. The Ministry intends to engage the National Planning Commission to finalize the development of the youth mainstreaming strategy.
ii. Provided operational guidance on counselling and psychosocial support, especially to young people with mental health issues and drug and substance abuse or addictions. The Ministry with support from its partners, made significant strides in integrating mental health in existing youth programs in Mulanje, Phalombe, Chikwawa and Nsanje districts. The initiative has successfully trained 200 Mental Health Champions, reached out to 6,521 adolescents with key mental health information, and provided critical psychosocial support to 120 adolescents through mobile clinics.

iii. Enhanced Youth Agriculture Entrepreneurship through Neno Integrated Youth Development Centre and the National Youth Council of Malawi. Neno Integrated Youth Development Centre trains youth in various agriculture related skills to help them earn a decent livelihood. The centre is currently recruiting cohort two targeting 100 youth. In preparations for the roll out for the training, the Ministry has strengthened the capacity of the centre by rehabilitating its fish ponds and stocked the ponds with 3,000 fingerlings. The centre has also established modern agricultural infrastructure such as greenhouses and drip irrigation to facilitate the training.

iv. The Ministry through the National Youth Council of Malawi (NYCOM) launched MK100 million youth cooperatives grant program. The funds have been distributed to 18 youth agricultural cooperatives across 14 districts. The program emphasizes on value addition and agro-processing. In addition, Alliance for Green Revolution in Africa (AGRA) has committed to support NYCOM for three-years with USD1.5 million grant for Youth Entrepreneurship for the Future of Agriculture (YEFFA) program. The three-year investment is expected to create more than 250,000 decent jobs for young people, and equip 150,000 youth with entrepreneurial skills and tools across four Agricultural Development Divisions (ADDs) in Malawi.

v. Continued the roll-out of the National Youth Service. Through AGRA's Strengthening Policy Implementation and Institutional Capacity for Youth Employment and Agri-food transformation in Malawi (SPICE) project, the Ministry is in the process of developing the National Youth Service Act and Strategy. Moreover, 3,628 youth who underwent comprehensive training in business management, entrepreneurship, and technical skills are expected to be provided with start-up equipment. Procurement of the equipment is at an advanced stage.

vi. Provided access to second chance literacy education through the Out-of-School Youth Functional Literacy program to over 7,000 learners in 178 learning centres across Salima, Dedza, Kasungu, and Mangochi districts.

In the upcoming Financial Year, the Ministry, through the Department of Youth, expects to carry out the following programs and projects;

i. Institutionalize the National Youth Service programme
ii. Support Sectoral Coordination of the Youth sector and AGYW response in Malawi
iii. Mainstream the Youth Development Agenda across all levels of development planning processes and programming
iv. Finalise the development and roll out the Youth Management Information System (YOMIS)
v. Scale up the Functional Literacy program for out-of-school youth
vi. Strengthen the Youth Connekt Platform
vii. Complete phase 1 of the construction of Mzuzu Youth Centre

13.7.2 Sports Development

Sports are essential for fostering Malawian unity in diversity, national identity, and poverty alleviation. However, Malawi's lack of sports equipment, inadequate and limited sports infrastructure, and technical capacity deficiencies continue to be major problems.

Strategic issues implemented in the 2024–2025 fiscal year to address some of these challenges under sports development are highlighted in this section. These are:

13.7.2.1 Improved the Capacity of Sports Personnel through Trainings

The Ministry provided several coaching and sports management courses through district sports offices and the Department of Sports. Among these courses, the Ministry held football and netball coaching courses to train 35 coaches, 12 netball umpires, and 11 netball coaches in Karonga in order to guarantee that sports talent and events are appropriately developed and organized. In order to deal with athletes that have intellectual disabilities in Phalombe, the Ministry also educated 60 special Olympics coaches and 33 fitness trainers throughout the Central and Southern parts of the nation.

13.7.2.2 Promoted Participation and Hosting of International, Regional and Local Sporting Activities

The Malawi National Football team participated in the 2025 AFCON qualifiers and played against Burundi, Senegal, and Burkina Faso. Malawi also took part in Zambia's Region 5 Sports Awards as well. 480 athletes from 11 different sports codes camped in Blantyre in anticipation and preparation to compete in the African Union Sports Council 2024 Region 5 Youth Games, which will take place in Namibia.

The Bingu National Stadium successfully hosted sports and non-sport events, including the Goshen City Women's National Football Championship, Kenya vs. Burundi, Kenya vs. Ivory Coast, Malawi vs. Sao Tome and Principe, Burundi vs. Senegal, and Malawi vs. Burundi. This was made feasible by maintaining the stadium to international-standards as well as FIFA and CAF approvals to host international events.

Kamuzu Stadium hosted thirteen TNM Super League games, Kamuzu Day Celebrations, eight Southern Region Football Association league games, two FDH cup games, two Castel cup games, six Thumbs up Southern Region league games, and four Blantyre Youth Division games.

13.7.2.3 Enhanced Mass Participation and Talent Identification in Sports through Sports Competitions

All primary and secondary schools were encouraged to participate in the Malawi School Youth games, which have been held three times with over 20,000 young people taking part thus far. In a variety of sports codes, more than 2,000 talented young people have been discovered. Among the program's outputs are the Salima Secondary School Football Team and the Scorchers, who took home trophies in the African Schools Football and the Women's COSAFA Cup, respectively.

13.7.3 Strategic Issues

The following strategic issues are expected to be implemented by the Ministry through the Department of Sports in the next Fiscal Year:

i. Finalize the construction of the Griffin Saenda Indoor Sports Complex and the National Aquatic Complex
ii. Finalize the construction of Zingwangwa and Soche stadia

iii. Establish Community Sports Clubs
iv. Develop and introduce Community Sports programme
v. Procure and distribute sports equipment
vi. Participate in International Sports Activities
vii. Validate and launch the revised Sports Policy
viii. Build capacity of sports personnel

13.7.4 Challenges

Inadequate funding for both recurrent and development budgets, and macroeconomic instability had a significant impact on the implementation of Youth and Sports Development programs.

Chapter 14

ENVIRONMENT, NATURAL RESOURCES AND CLIMATE CHANGE MANAGEMENT

14.1. Overview

Malawi's environment and natural resources are the backbone of its agro-based economy, influencing social and economic development at both household and national levels. To ensure economic growth and social well-being, the government recognizes the importance of protecting the environment, mitigating climate change, and conserving natural resources. This approach aims to create green jobs, reduce poverty, and address resource shortages. However, Malawi is experiencing environmental degradation driven by population growth and climate change, leading to deforestation, land conversion, and increased natural disasters, ultimately affecting the country's economy.

Addressing the root causes of environmental degradation and restoring the environment is crucial for a sustainable future. In line with this, Enabler 7 of Malawi 2063 prioritizes environmental sustainability, aiming to create a clean, secure, and safe nation for all. To achieve this vision, the Government of Malawi integrates environmental considerations into development planning, ensuring that economic growth and social development are balanced with environmental protection and conservation.

The Government, through the Environmental Affairs Department (EAD) in the Ministry of Natural Resources and Climate Change, plays a vital role in developing and implementing policies that ensure the sustainable contribution of natural resources to Malawi's long-term economic growth.

In the 2024/25 financial year, the Government implemented several key programmes focusing on sustainable environmental management, natural resource conservation, and climate change resilience and adaptation. This chapter, therefore, provides information on the performance, challenges, lessons learnt and plans by the Environment, Natural Resources Management and Climate Change sector.

14.2. Performance in 2024/25 Fiscal Year.

The following are key achievements made in the 2024/25 fiscal year:

14.2.1 Climate Change Management

14.2.1.1 Carbon Trading Initiatives

The Government has developed a draft Article 6 Framework to guide and regulate the implementation of carbon trading initiatives in the country. This Framework will ensure that the Government including the communities start to benefit from carbon trading projects implemented in the country. It will also ensure that we achieve the ambitious targets under the National Determined Contributions (NDC) that will see Malawi having projects in the Energy, Waste and other sectors.

14.2.1.2 National Climate Change Fund

The Fund was established in 2017 to create predictable and sustainable financing for climate change management and contribute to green growth in Malawi. The Fund is expected to be capitalized by both domestic and international sources. So far, the Fund has received resources from Carbon Levy amounting to MK500 million for the implementation of climate change-related projects. Currently, four climate-related projects from four district councils have been supported by the fund.

14.2.1.3 Climate Change Bill

The Government through the Environmental Affairs Department in the Ministry of Natural Resources and Climate Change has embarked on a process to develop a Climate Change Bill as a tool for enforcement to implement the National Climate Change Management Policy of 2016. It will outline goals, targets and strategies to reduce greenhouse gas emissions and promote sustainability and adaptation to changing environmental conditions. The Bill will also, among others, provide legal backing for initiatives such as Carbon Trading, and operationalization of the National Climate Change Fund.

14.2.1.4 Development of Fundable Proposals for Climate Change Management

As the country continues experiencing the devastating impacts of climate change, the Government through the Environmental Affairs Department has embarked on the development of projects/programmes to finance projects on climate change mitigation adaptation. These projects aimed at enhancing the adaptive capacity of vulnerable communities to the impacts of climate change and improving the capacity of district councils to manage, monitor, and respond to climate change as well as catchment management of watershed and forest ecosystems. Currently, the government is implementing the Least Developing Countries (LDC) Initiative Effective Adaptation and Resilience (LIFE-AR) and Climate Resilient Initiative in Malawi (CRIM) project. LIFE-AR was implemented in three pilot districts namely; Mangochi, Salima and Rumphi. So far, the project has disbursed over MK1.3 billion to Rumphi, Salima and Mangochi district councils to assist in carrying out climate change resilience and adaptation initiatives in the districts. CRIM project was implemented in two districts; Mzimba and Kasungu.

14.2.2. Biodiversity Conservation

14.2.2.1 Biodiversity Financing

The Government is implementing the Biodiversity Finance Initiative (BIOFIN). The initiative aims at unlocking and identifying financial solutions from all sources including the private sector to increase the amount of resources available for funding biodiversity conservation.

The project has managed to develop a Biodiversity Financing plan which has identified 11 innovative solutions for funding biodiversity conservation including payment for ecosystem services, carbon trade for biodiversity conservation and mainstreaming of biodiversity in the national budget. The BIOFIN solutions are supposed to shift the heavy reliance on funding from the Government and overseas development assistance in executing conservation work.

In the fiscal year, the Government with support from the United Nations Development Programme (UNDP) has embarked on efforts to establish a vibrant Payment for Ecosystems Services scheme (PES). PES occurs when a beneficiary or user of an ecosystem service makes a direct or indirect payment to the provider of that service. For example, EGENCO which is a beneficiary of river ecosystem services should pay communities for the management of the catchment of the rivers that are used in hydropower generation. The concept has been piloted before in Malawi but the critical shortfall was that PES was being treated as cooperate social responsibility. The BIOFIN aims at developing a scheme with well-defined credits that will go to the communities and institutions managing biodiversity as their returns in conserving the natural resources that are providing ecosystem services.

14.2.2.2 Access and Benefit Sharing under the Nagoya Protocol

The country has so many useful biological resources that are being exported to other countries for research and product development including in the pharmaceutical, food and beverage and cosmetics industries. These resources include fish which is mostly exported as ornamentals and in the food development sector, Thabalaba mostly found in Nsanje and Kombe found in Mangochi which are useful ingredients for pharmaceutical products.

The Government through EAD in the Ministry of Natural Resources and Climate Change is supporting local councils to develop community protocols on Access and Benefit Sharing for communities to enhance the benefits and revenue they generate from the export and trade of their biological resources. For example, in Nsanje, the community protocols have been useful in guiding how biological resources should be conserved for sustainability. In view of these initiatives, Thabalaba, one of the biological resources which was initially sold at MK50/kg in Nsanje is now being sold at MK350/kg, increasing household income for the communities. The Ministry is also working with other departments to promote the cultivation of the biological resources that are in high demand to ensure their conservation and sustainability.

14.2.3. Waste Management

The key achievements in waste management are as follows:

14.2.3.1 National Clean-up Initiative

The Government continued promoting public participation in the National clean-up campaign for sustainable waste management in the country. The initiative has been embraced by the Minister of Local Government, Unity and Culture and is being implemented in local councils.

14.2.3.2 E-waste Management

The Ministry of Natural Resources and Climate Change with support from the Malawi Communications Regulatory Authority (MACRA) has developed a National E-waste Management Policy to address issues regarding the management of waste from electrical and electronic equipment. This is because the digital revolution has led to an increase in demand and use of electrical and electronic equipment by individuals, the private sector, and the public sector. An increase in the use of these pieces of equipment also comes with an increase in the amount of waste generated which is being discarded in large quantities at an increasing rate in the country. Waste from electrical and electronic equipment pollutes the environment and increases health risks to society. The Policy outlines the goals, outcomes, priority areas, and implementation arrangements that will provide a guiding framework for achieving sustainable and standardized approaches for managing waste from electrical and electronic equipment. The development of the Policy aligns well with the Government's commitment to improving waste management as outlined in the country's national vision, the Malawi 2063 and its First 10-Year Implementation Plan (MIP-1). The policy was launched on 3rd December 2024.

14.3. Challenges

The following are key challenges in the Environment, Natural Resources and Climate Change sector:

i. Capitalization of the Climate Change Fund remains a challenge as more resources are required to support huge projects that will have a transformative impact on a larger scale;
ii. Prolonged court cases: Stay orders by Plastic manufacturers have prevented implementation of the phase-out of thin plastics of less than 60 micrometers;
iii. Low adoption/poor patronage by stakeholders on the clean-up initiative; and
iv. Inadequate awareness of the hazards associated with waste including e-waste on the environment and society.

14.4 Possible Solutions

i. Strengthen stakeholder collaboration on the implementation of the clean-up initiative to promote environmentally sound management of waste; and

ii. Need to build capacity, strengthen partnerships and knowledge sharing and learning among government institutions, private sector entities, local communities and civil society organizations to manage climate change project implementation including awareness on the ban on thin plastics.

14.5. Projected Performance for 2025/26 fiscal year

The Government intends to implement the following key activities in the 2025/26 fiscal year in the Environment, Natural Resources and Climate Change Management Sector;

i. Develop the Climate Change Bill;
ii. Review the National Environment Policy;

iii. Build the capacity of key stakeholders to access the Climate Change Adaptation Fund and Green Climate Fund;
iv. Revise the National Waste Management Strategy;
v. Strengthen implementation of the National Clean-Up Campaign;
vi. Promote cross-sectoral coordination among stakeholders for harmonization of climate change interventions; and
vii. Develop a restoration plan for degraded ecosystems in the country.

Chapter 15

GENDER, COMMUNITY DEVELOPMENT AND SOCIAL WELFARE

15.1 Overview

The Ministry of Gender, Community Development and Social Welfare (MoGCDSW) is mandated to enhance socio-economic empowerment and protection for all individuals (women, men, girls, and boys) through community and welfare initiatives. This aligns with the vision of national agenda the Malawi 2063 (MW 2063), which seeks to establish "An inclusively wealthy and self-reliant nation". The first ten-year of the MW 2063 Implementation Plan (MIP 1) focuses on reducing gender inequalities, particularly emphasizing on the empowerment of women and girls while protecting marginalized and vulnerable groups.

To effectively contribute towards achieving the national development agenda as outlined in the MW 2063, MoGCDSW operates under Enabler 1 on Mind-set Change, which promotes Integrity by ensuring that the school curricula is relevant and has age specific ethics and positive values; Enabler 2 on Effective Governance Systems and Institution which Operationalize child centered governance institutions such as Children’s Parliament, and the newly commissioned National Children’s Commission (NCC); and Enabler 3 on Human Capital Development which promotes education and skills development. These three enablers act as a catalyst for realizing the national agenda's vision. This chapter outlines the notable achievements of the Gender Empowerment and Social Inclusion Sector under the following programs: Gender Equality and Women Empowerment, Community Development, Child Protection and Development, and Social Protection and Development. It concludes with an overview of key planned interventions for 2025/26, in line with MIP 1's priority areas.

15.2 Performance for 2024/25 Financial Year

15.2.1 Gender Equality and Women Empowerment

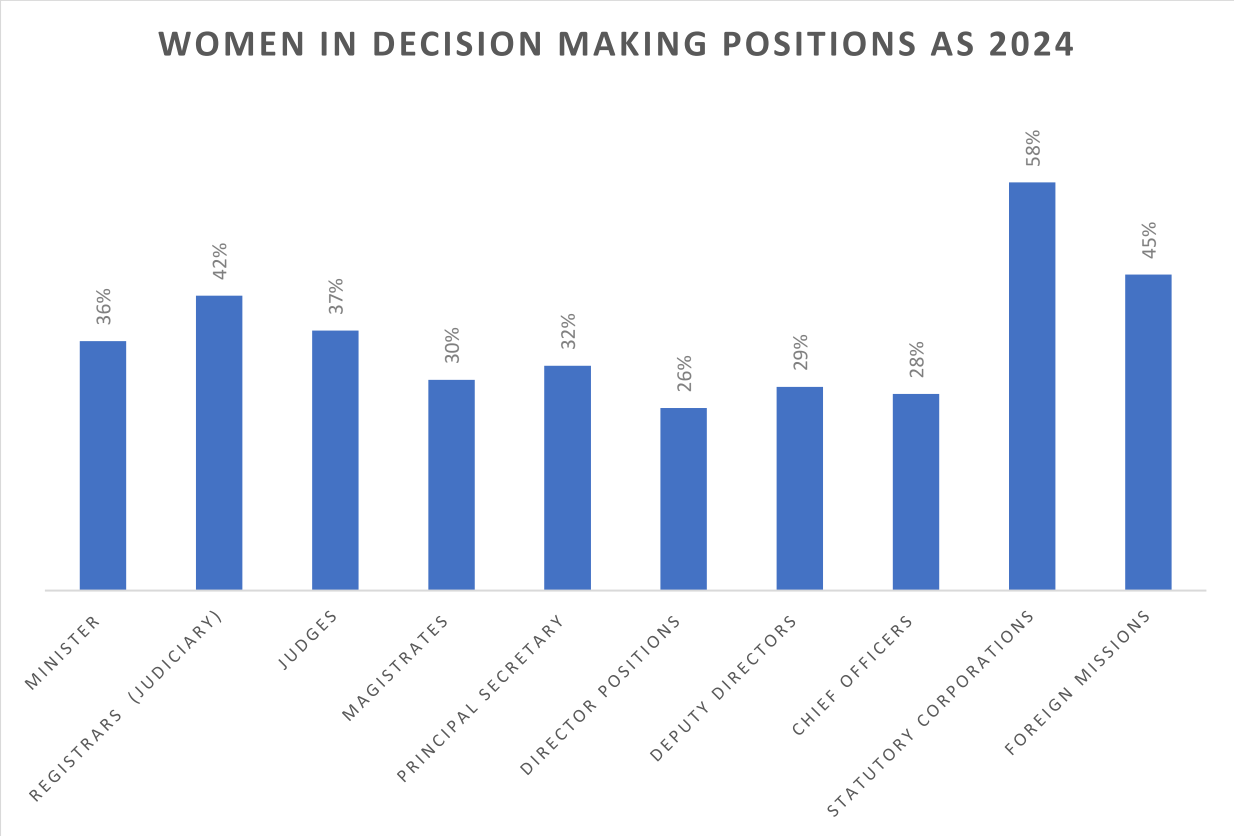
15.2.1.1Gender Mainstreaming

During the reporting period, the Ministry continued its efforts to integrate gender considerations into strategies and policies to bridge existing gaps and promote gender equality. The Government revised the school curriculum to include gender issues within the education sector and facilitated the adoption of the school re-admission policy across all secondary education institutions. Additionally, the Government implemented sexual harassment policies in educational settings and promoted the national policy on Safe Motherhood, to reduce maternal and infant mortality rates by encouraging mothers to deliver in healthcare facilities.

15.2.1.2 Women in Politics and Decision Making

The Ministry launched the 2024-2030 Political Empowerment of Women Strategy on August 13th, 2024, aimed at enhancing gender equality by increasing women's participation and representation in political decision-making. This contributed to the creation of an election monitoring tool to protect the rights and security of women during the 2025 elections. As part of commitment to United Nations Security Council Resolution 1325(UNSCR 1325), the Ministry produced and submitted a report on the execution of the National Action Plan on UNSCR 1325 concerning Women, Peace, and Security. These efforts have resulted into improvements in representation and participation of women in decision making positions as shown in Figure 15.1 below.

FIGURE 15.1 WOMEN IN DECISION MAKING POSITIONS AS 2024



Source: Ministry of Gender, Community Development and Social Welfare

15.2.1.3 Women Economic Empowerment

To further support women's empowerment, the Ministry collaborated with the Reserve Bank of Malawi (RBM) to establish a Memorandum of Understanding (MoU) between the Financial Inclusion and Entrepreneurship Scaling Project (FINES) and the COMESA Federation of National Associations of Women in Business (COMFWB). Additionally, a grant of 20,000 Euros was allocated from the Southern African Development Community (SADC) Accelerating Women Entrepreneurship Program to the National Association of Business Women (NABW).

15.2.1.4 Gender Based Violence

To improve access to quality services for survivors of Gender-Based Violence (GBV), Government, alongside partners such as OXFAM and Women's Legal Resources Centre

(WORLEC) with funding from the European Union (EU) implemented various interventions aimed at fostering gender-transformative and youth-inclusive democracy in Malawi. The Male Engagement Strategy was translated to Chichewa and was disseminated. The strategy seeks to encourage effective male participation in combating GBV and reducing HIV rates while promoting Sexual and Reproductive Health Rights (SRHR). The Ministry established the national Prevention of Sexual Exploitation and Abuse (PSEA) network to enhance coordination among stakeholders and developed Standard Operating Procedures on Gender and GBV during emergencies, specifically targeting survivors of Cyclone Freddy. The Ministry also provided specialized training to 35 women's rights organizations and trained 65 service providers on essential package services and GBV referral pathways through the Action for Teen Mothers and Adolescent Girls project.

15.2.2 Community Development

15.2.2.1 Adult Literacy Education

To address illiteracy, the Government, through MoGCDSW, is implementing the National Strategy on Adult Literacy and Lifelong Learning. This strategy aims to boost literacy and enhance skills development through lifelong learning among youth and adults, enabling their active participation in the national development agenda. In the 2024/25 financial year, enrollment increased by 8 percent from 158,048 to 171,434 learners. Adult Literacy and Education (ALE) learners graduated with skills to manage, comprehend and engage in various matters including banking systems, community leadership and literacy in religious texts. Communication and advocacy for ALE was also enhanced through commemoration of International Literacy Day in Salima District under the theme "Promoting multilingual education: Literacy for mutual understanding and peace."

15.2.2.2. Community Development

To improve community participation and governance the Government approved the Community Development Month (CDM) Initiative, that encourages community engagement to promote self-reliance amongst Malawians. Further to that, the Government trained 190 Area Development Committees and 2,000 Village Development Committees that have been reconstituted in district councils. So far, pilot initiatives have resulted into to the implementation of 587 projects, focusing on road rehabilitation, constructing teachers' houses and school blocks, catchment conservation and building bridges and culverts in districts such as Mchinji, Mangochi, Mzimba South, Thyolo and Lilongwe**.**

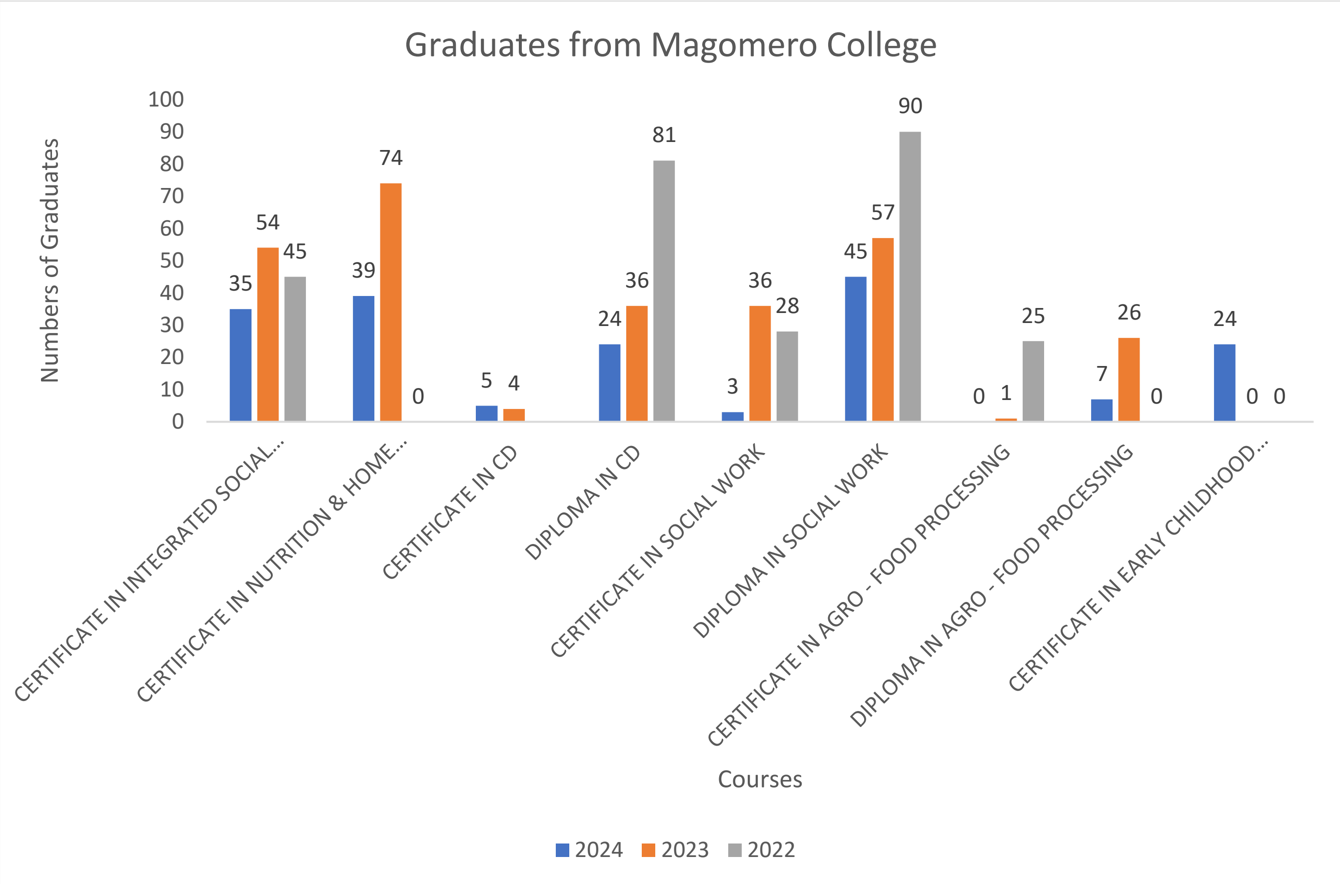
15.2.2.3 Resilience, Livelihoods and Nutrition.

Village Savings Loan Groups **(**VSLGs) have proven to be an effective tool for financial inclusion particularly for women. In this concept, groups are self-capitalized and managed by members and saving and lending is done within the groups to addressing economic, social and policy challenges. The government facilitated establishment of over 61,880 VSLGs that comprise a total membership of 1,171,496 (279,826 males and 896,800 female) and total savings surpassing MK15 billion.

15.2.2.4 Magomero Community Development College.

The college promotes capacity building for enhanced gender equality, foster community development and support social welfare initiatives through various training programs. In 2024, the institution enrolled and graduated 240 students in Diploma and Certificate programs across various disciplines. An additional 426 generic students and serving officers were enrolled in Diploma programs. The college also initiated the accreditation process for its academic programs with the Technical, Entrepreneurial and Vocational Education and Training Authority (TEVETA) and the National Council for Higher Education (NCHE). Figure 15.2 below shows the various disciplines for graduates from Magomero Community Development College.

FIGURE 15.2 GRADUATES FROM MAGOMERO COLLEGE



Source: Ministry of Gender, Community Development and Social Welfare

15.2.3 Child Protection and Development

15.2.3.1 Child Rights and Protection

The Government is committed in promoting child rights and development by commissioning the National Children's Commission (NCC).

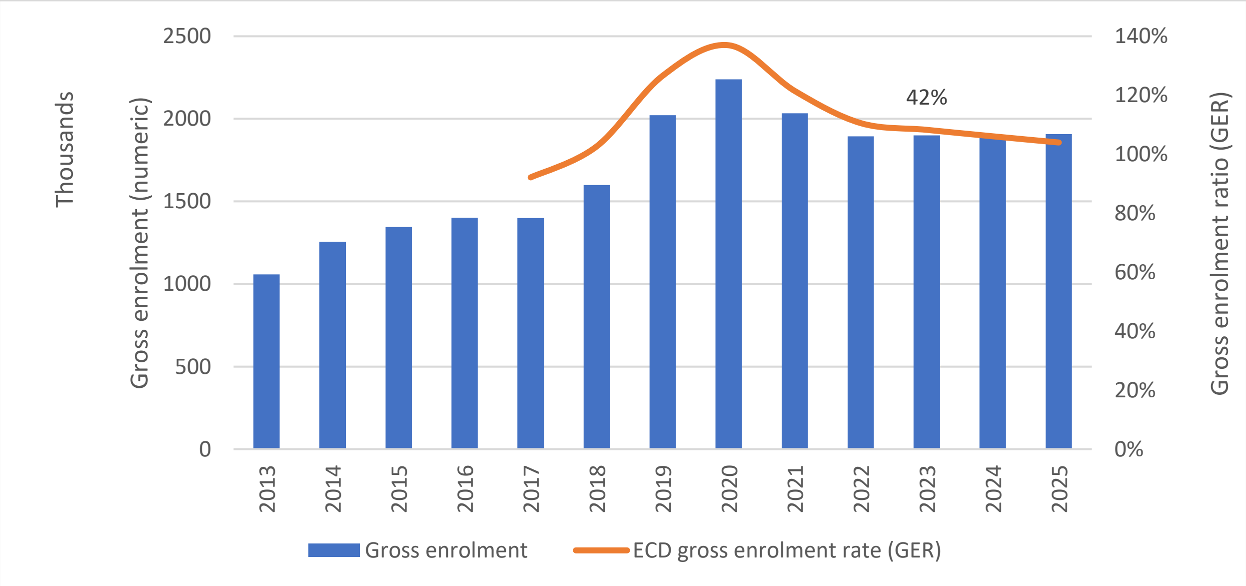
As part of these efforts, the structure and job descriptions for the National Children's Commission Secretariat were developed and finalized. The Commissioners were sworn in during the reporting period. The National Strategy on Ending Child Marriages was revised and launched with an ambitious goal of reducing the prevalence of child marriage from 37.7 percent to 20 percent by 2030.

15.2.3.2 Early Childhood Development

Considering that enhanced investment in early childhood through health, nutrition, protection, and early learning initiatives significantly enhances child growth and development, government conducted Care Giver training in an integrated Early Childhood Development (ECD) basic package supported by World Bank and USAID. The training was facilitated by various organizations including Livingstonia Synod Aids Programme (LISAP), Blantyre Institute for Community Outreach (BICO), and World Relief Malawi. Further to this, government reviewed the ECD Policy and the ECD Communication Strategy. To ensure standardized and high-quality ECD services, government began the drafting of the Early Childhood Development Bill. This will assist in improvement in the delivery of ECD programme in Malawi and also further address existing challenges in ECD services.

Malawi has made considerable progress in expanding access to ECD services as it has increased from 5 percent in 2000 to 54 percent in 2024. The number of ECD centres has significantly grown from less than 1000 in 2000 to over 13,000 in 2024. These services are offered by 49,630 Care Givers, out of which 37 percent are trained. From these, 4.02 percent receive honoraria. Figure 15.3 shows the growth in enrollment for ECD centres that is currently at over 890,000 children and out of these, 53.6 percent are female.

FIGURE 15.3: ENROLLMENT



Source: Ministry of Gender, Community Development and Social Welfare

As shown in Figure 15.3, the enrollment rate reduced from 2020 due to the impacts of COVID 19. Furthermore, adverse impact of Cyclone Freddy led to destruction and destroyed some

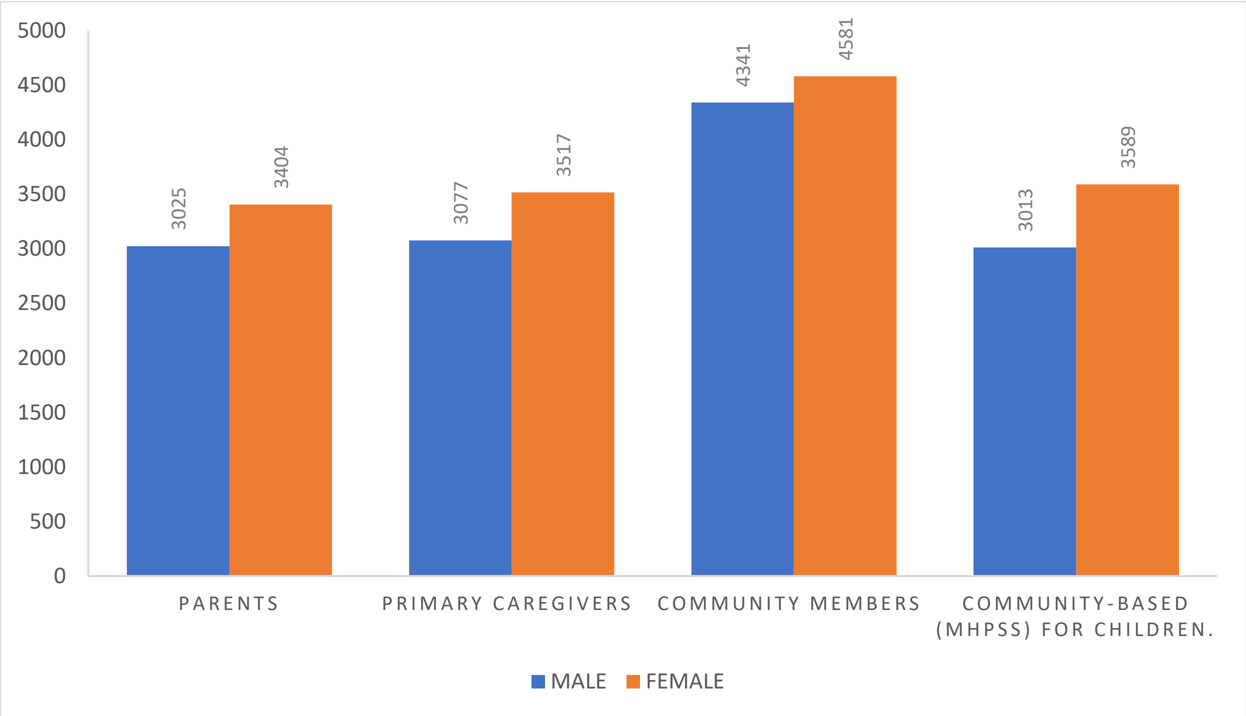
CBCCs where as El Nino conditions resulted in reduced yield that eventually affected the school feeding program. However, enrolment is expected to improve in the next 5 years.

15.2.4 Social Protection and Development

15.2.4.1 Family and Child Welfare

The Government supported 19 districts with training in skills such as Case Management, Parenting and Community Mental Health to improve child protection services. This contributed to an increased number of clients that received Mental Health and Psychosocial Support Service. These clients were provided with services at individual and community levels as shown in Figure 15.4.

FIGURE 15.4: MENTAL HEALTH AND PYSCHOSOCIAL SUPPORT SERVICE

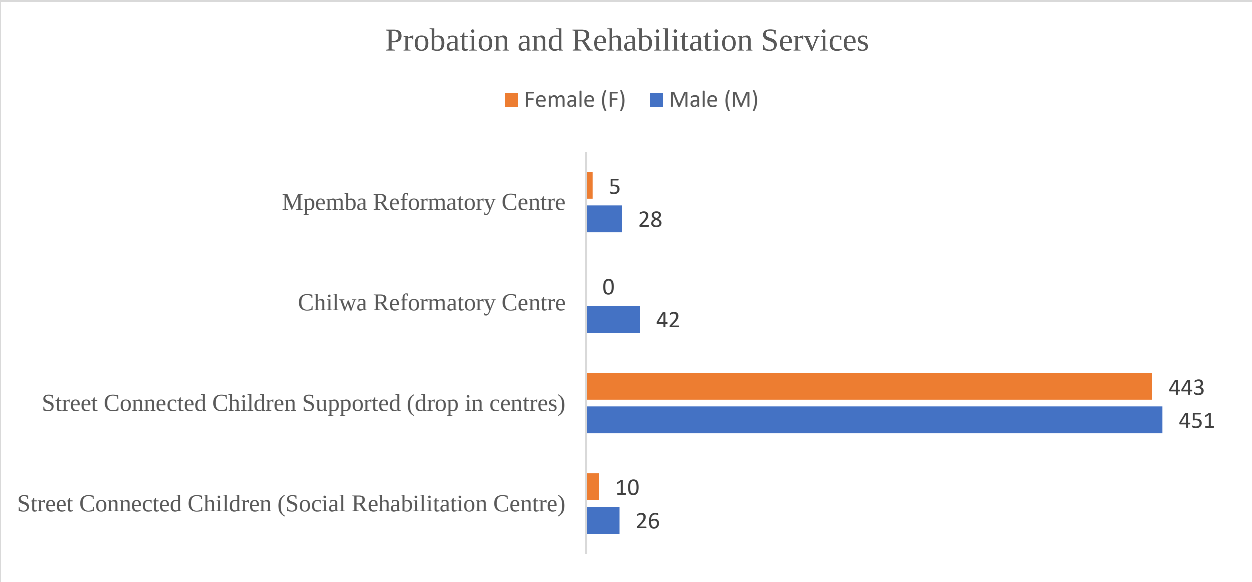


Source: Ministry of Gender, Community Development and Social Welfare

15.2.4.2 Probation and Rehabilitation Services

The Government has been facilitating access to social welfare services for vulnerable groups and access to correctional and reintegration services through probation and aftercare services. These services include character reformation services to improve behaviour, mental health and personal skills. These services help to offer systematic reintegration into societies. Figure 15.5 shows the number of children that were supported through Probation and Rehabilitation Centres.

FIGURE 15.5: CHILDREN SUPPORTED THROUGH PROBATION AND REHABILITATION CENTRES



Source: Ministry of Gender, Community Development and Social Welfare

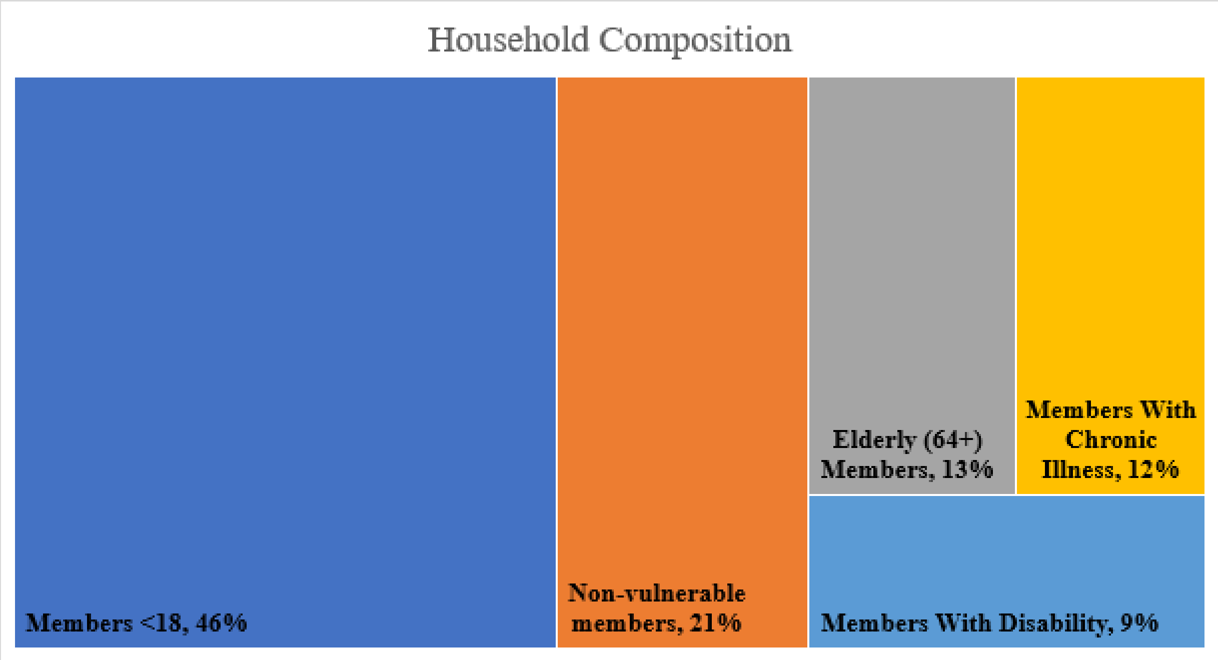
The figure shows that more children are served through drop-in centres that are normally outreach programs because of inadequate infrastructure to accommodate the children.

15.2.4.3 Social Cash Transfer Programme

In order to cushion ultra-poor households and build economic resilience, government through the Social Cash Transfer Program has been supporting over 291,000 households with regular transfers nationwide. Over MK41 billion has been disbursed in the 2024/25 fiscal year.

To improve the delivery of services, the government increased the number of districts that are paying through e-payment from 13 districts in 2023 to 16 districts 2024. This has also contributed to financial inclusion and improved security of transfers for SCTP beneficiaries. The Government has also facilitated the identification and enrollment of an additional 300 youth from SCTP households in targeted districts for vocational skills training programs. Retargeting of beneficiaries has been finalized in 20 districts. The number of beneficiaries is expected to increase from 291,000 to 381,000 households once retargeting is completed in the rest of the remaining districts in 2025. Over 1.3 million of the new households have characteristics falling under 5 categories as shown in Figure 15.6.

FIGURE 15.6: HOUSEHOLD COMPOSITION



Source: Ministry of Gender, Community Development and Social Welfare

143,636 households were also supported with Urban Emergency Response Transfers at a value of MK150,000 per household. In addition, Lean Season Response Transfers were also disbursed to 74,985 households in severe food shortage districts, where households were receiving MK50,000 for 2 to 4 months.

15.2.4.4 Disability and Elderly Affairs

The Government is facilitating disability mainstreaming through the creation of a conducive legal and policy environment and promoting accessibility of infrastructure and information for persons with disabilities. Awareness and engagement initiatives were enhanced through Commemoration of International Days namely International Albinism Awareness Day (IAAD), International Week of Deaf People (IWDP), and the International Day of Sign Languages (IDSL). Further, the government has collaborated with Disability Organizations such as Federation of Disability Organizations in Malawi (FEDOMA) to conduct Disability Audit for some public and private institutions to help them adapt their offices and facilities so that they are accessible to persons with various disabilities. The government has also oriented about 10 district councils, organisations of persons with disabilities, and some selected government ministries on the newly enacted Persons with Disabilities Act, 2024 to improve awareness on the rights of persons with disabilities, duty bearer obligations, and compliance. During these orientations, over 2,000 copies of these Act have been distributed.

To promote access to education among persons with disabilities, the Ministry has been paying and facilitated payment of school fees for some learners with disabilities in various Government secondary schools. For the 2024/25 academic year, 278 learners with albinism in 35 Government secondary schools were supported with school fees and upkeep; and 508 learners with albinism were supported with assistive devices for vision and skincare. The Ministry also received applications for grants and support for organisations for persons with disabilities and individuals to be assisted through the Disability Trust Fund (DTF).

In order to improve the welfare of the elderly, The Older Persons Act of 2024 was approved and is currently under enforcement. This has also facilitated introduction of the older persons pension scheme that is expected to provide monthly grants to older persons.

15.2.4.6 NGO Coordination

The Government acknowledges the invaluable role of Non-Governmental Organizations (NGOs) in complementing its development efforts. During the year under review, 148 new NGOs were registered, bringing the total number of registered NGOs to 1,089. However, despite the increase in registrations, 14 NGOs ceased operations during the year, primarily due to funding challenges. In line with reporting requirements, 498 NGOs representing 51 percent of the expected 959 submitted their annual reports to the Government. Recognizing capacity gaps in the governance of the NGO sector, the Government organized three (3) sectoral meeting (Education, Health and Agriculture) and was attended by over 280 members from NGOs aimed at strengthening good governance and accountability practices. Additionally, the Ministry hosted a successful NGO Day where over 100 NGOs showcased their impact work at Sanjika Palace in Blantyre.

The NGO sector reported a total income of MK734 billion during the year under review, with expenditure amounting to MK726 billion. Of the total income, MK498 billion (68 percent) was allocated to various interventions. The income received by the NGO sector was primarily directed toward the following areas: Health Sector (29.9 percent), Education (6.9 percent), and Disaster Risk Management (6.8 percent) while Economic Governance had the least allocation (0.04 percent). Notably, a significant portion of the funds 50.9 percent was allocated to projects spanning multiple sectors, reflecting the integrated nature of many development initiatives.

15.2.5 Planning and Research

In order to enhance coordination of strategic planning, policy development & review, budgeting, data management and monitoring and evaluation services, the Department of Planning and Research in MoGCDSW facilitated the development/review of legislations, policies and strategies which include: finalization of the review of the 2024-2030 Ministry’s Strategic Plan; National Disability Policy, 2024; Disability Act, 2024; Older Persons Act, 2024; National Community Development Policy - 2024-2029; National Male Engagement Strategy; National Gender Policy; National Strategy on Adult Literacy and Lifelong Learning; Political Empowerment of Women Strategy 2024-2030; National Integrated Early Childhood Development Policy; Non-Governmental Organizations Policy; National Strategy on Ending Child Marriages and Devolution Plan and its Management Guidelines and Standards.

The Ministry also conducted several SCTP surveys which include Pre distribution Monitoring, Post Distribution Monitoring, Performance Monitoring, Retargeting Monitoring, On site Monitoring and Longitudinal Study. The Ministry also conducted Monitoring of the

Construction of Model ECD centres that are being constructed in 10 districts under the Investment in Early Years Project (IEYP) districts with funding from World Bank. The Ministry also rolled out the ECD web-based Management Information System (ECD-MIS) in all the 10 project districts; and upgraded the Child Protection Management Information Management System (CPMIS) in 13 districts with support from USAID, Save the Children and Plan Malawi International.

15.3 Planned Interventions for 2025/26

15.3.1 Gender Equality and Women Empowerment

As part of promoting gender equality and women empowerment, Government plans to:

i. Strengthen the capacity of women business groups;
ii. Review and develop National Action Plan on Economic Empowerment of Women;
iii. Build capacity of 200 political aspirants with necessary skills to enable them effectively take part in the 2025 tripartite Elections;
iv. Disseminate and implement the National Political Empowerment of Women Strategy;
v. Strengthen the capacity of Gender Focal Persons in all the MDAs including Local Councils;
vi. Print and disseminate 250 copies of the National Gender Policy at all levels;
vii. Strengthen the capacity of 140 Law Enforcement Agencies on gender related laws;
viii. Print and disseminate 1,000 copies of the translated National Male Engagement Strategy;
ix. Strengthen the capacity of 200 Traditional Leaders in Chiefs Forum on the fight against GBV; and
x. Revamp 150 Community Victim Support Unit (CVSU) structure at all levels.

15.3.2 Community Development

Under this program the Government plans to:

i. Procure and distribute 20,000 sets of teaching and learning materials for adult literacy instructors and learners;
ii. Roll out the implementation of the upgraded adult education curriculum including integration of nutrition and Village Savings and Loan Groups to 20 community learning centres;
iii. Support the National Audit Office to carry out verification exercise of arrears for 9,633 Adult Literacy Instructors;
iv. Establish 20 Community Learning Centres for adult skills development and lifelong learning opportunities;
v. Build capacity of 2,000 communities and 300 staff in implementation and management of CDM initiative activities;
vi. Conduct 4 regional workshops to disseminate and roll out the implementation of National Community Development Policy and National Community Development Strategy;

vii. Build Capacity of 150 Community Development extension staff and 2,880 community governance structures in social accountability monitoring;
viii. Develop Strategic Plan and Curriculum for 4 short courses at 7 Community Development Training Centres;
ix. Implement Diplomas and Certificate training courses in Community Development, Adult Education, Agro Food Processing, Social Protection, Nutrition and Home Management, ECD, Transformative Social Protection; and
x. Mobilize community members into 5,000 Village Savings and Loan Groups (VSLGS) and build capacity for 150 extension officers on VSLGs.

15.3.3. Social Protection and Development

i. Develop the foster care manual and guidelines, and conduct training of frontline officers in foster care and adoption;
ii. Strengthen alternative care through monitoring and supervision of Child Care Institutions and foster homes;
iii. Roll out 15,000 child protection case management in all the local councils including reintegration of street connected children and nullification of child marriages;
iv. Strengthen community structures to support mental health and psychosocial support services;
v. Develop and implement the Probation Officers' handbook and train social workers in probation and aftercare services;
vi. Develop parenting manual for use in parenting circles for parents with delinquent children;
vii. Provide counselling and psychosocial support to young people with mental health issues and drug and substance abuse or addictions; and
viii. Deliver regular social cash transfers to over 291,000 household beneficiaries.

15.3.4 Disability Mainstreaming and Elderly Services

i. Support disability interventions through the Disability Trust Fund;
ii. Facilitate mainstreaming of disability and promote and protect rights of persons with disabilities;
iii. Prepare, submit, defend State Party reports and disseminate and implement concluding recommendations;
iv. Implement the National Action Plan on Albinism;
v. Facilitate vocational and training program processes for 60 impaired personal through assessment, vocational skills instructions and economic empowerment;
vi. Roll-out the implementation of 40,000 Older Persons Grant;
vii. Conduct advocacy and awareness campaign meetings on violence and abuse of older persons through Older Persons Act; and
viii. Build the capacity of 55 community governance structures to effectively respond to violence and abuse of older persons.

15.3.5 Child Development and Protection

i. Conduct 30 children’s corners and Children's Parliament;
ii. Strengthen the capacity of 600 community stakeholders in protecting children;
iii. Operationalize National Children's commission and recruitment of staff;
iv. Upgrade and Equip 100 standardized community based childcare centres (CBCCs);
v. Print and disseminate 130,000 of the Integrated Early Childhood Development Policy, and Communication Strategy;
vi. Provide incentives to Child Protection Workers currently working on voluntary basis;
vii. Scale up Early Childhood Education (ECE) to all children; and
viii. Conduct Parenting Sessions in communities across the country

15.4 Challenges and Recommendations

TABLE 15.1: CHALLENGES AND RECOMMENDATION

	Challenges	**Recommendations**
1	Continued delays in the processing of payments in the new payment system (IFMIS) hence affecting implementation of the Ministry’s programmes and effective functioning of all the institutions under the Ministry	The challenges associated with the new IFMIS should be addressed with speed by the Accountant General’s office.
2	Mobility challenges as most of the departments don’t have adequate vehicles	Need for government to allow the Ministry to be procuring new vehicles under its annual ORT budget for the next five Financial Years (FY) to come.
3	Increased number of those found in destitute situations across the country	Increase funding for social welfare services
4	No resources for building the capacity of teams to provide Psychological First Aid households affected by natural disasters and disease outbreaks such as to Cyclone Freddie and Cholera affected households.	Increase funding for social welfare services

Source: Ministry of Gender, Community Development and Social Welfare

Chapter 16

SOCIAL SUPPORT AND POVERTY REDUCTION PROGRAMMES

16.1. Overview

This section gives a review of social protection in the 2024/25 fiscal year reporting period. Poverty and vulnerability are widespread in Malawi with many people needing social protection and support to help them meet their basic needs and overcome their risk exposure. Social protection is thus important in alleviating poverty and promoting sustainable development.

16.2. Current Status

The Social Protection sector is guided by sectoral policies and programmes which are aligned to the Malawi 2063 as well as other relevant Social Protection international frameworks. Currently, a successor Policy dubbed the National Social Protection Policy (NSPP) is in its final stages of formulation following the expiry of its predecessor, the National Social Support Policy (2012-2017). The major departure of the NSPP from the National Social Support Policy (NSSP) is based on the broader policy issues that go beyond mere Social Support interventions, which are skewed towards Social Protection. The Policy will be operationalized by the Malawi National Social Protection Strategy (MNSPS) which is also in the final gestation phase. Currently, the final draft of the National Social Protection Policy (2024 – 2029), has undergone all the necessary Government procedures by the Office of the President and Cabinet (OPC), and the policy was approved by the Cabinet in December 2024.

The policy consolidates Government efforts to improve the delivery of appropriate social protection services in an integrated and coordinated manner, with the broader goal of enhancing the quality of life for people and addressing vulnerabilities throughout the life cycle.

16.3. Updates on the Programs

16.3.1 Social Cash Transfer Program

The Social Cash Transfer Program (SCTP), also called Mtukula Pakhomo, is an unconditional transfer targeting ultra-poor, labour-constrained households. The main objectives of the SCTP are to reduce poverty and hunger and increase school enrolment. Over 292,449 households are enrolled under this program in all the 28 districts of Malawi. However, retargeting of beneficiary households is underway and the target total number of households is being estimated at 382,457. On the other hand, a revision of benefit levels was approved using the rural inflation which will result in a 71 percent increase in average transfer amount per household from the current MK8,701 to MK14,919 per month and a 100 percent increase in primary and secondary school bonuses from MK1,000 to MK2,000 and MK2,000 to MK4,000, respectively.

16.3.1. Climate Smart Enhanced Public Works Program

The Climate Smart Enhanced Public Works Program (CSEPWP) was officially launched on the 4th of October 2022 and focuses on building community assets through watershed management interventions. The target is ultra-poor households containing members with labour capacity. The program targets to cover 435,000 participants in all 28 districts of the country, with additional financing from the World Bank, coverage has been increased - reaching over 525,451 participants currently enrolled.

16.3.2. Savings and Loan Groups (SLGs) and Microfinance

Savings and Loan Groups (SLGs); and Microfinance (MF) interventions are livelihood interventions directed towards achieving financial inclusion of the ultra-poor to help them gain resilient livelihoods. Currently, there are 61,880 SLGs registered under the Department of Community Development out of which 279,826 members are men and 896,800 are women representing 24 percent and 76 percent respectively.

16.3.3. Shock Sensitive Social Protection

Malawi faced climatic shocks in 2023, including the Tropical Cyclone Freddy which affected most of the districts in the Southern Region. The Government of Malawi, under shock-sensitive social protection, expanded social protection through the Tropical Cyclone Freddy Recovery Plan with financial support from the World Bank and UNICEF where top-ups were made to SCTP beneficiaries and CSEPWP Participants (under vertical expansion for each program) and cash transfers to non-Social Protection programme beneficiaries (HE). All beneficiaries were given cash transfers amounting to MK150,000 covering a period of three months. The Response targeted 9 districts in the southern region and beneficiaries were selected in the most affected areas covering 185,886 households.

This response was implemented simultaneously with the 2023/24 Lean Season Response. The 2023 Malawi Vulnerability Assessment Committee (MVAC) annual assessment, using the Integrated Food Security Phase Classification (IPC), projected that 4.408 million people in 28 Districts and 4 Cities are falling in IPC Phase 3 or worse and would require food assistance ranging from 2 to 6 months' period during the 2023/24 consumption year. Provision of food assistance (Maize distribution) rolled out in councils with a 6-month deficit in October 2023 where household beneficiaries received a 50kg bag of maize per month. These include Mangochi, Mulanje, Machinga, Zomba, Zomba City, Thyolo, Blantyre, Blantyre City, Phalombe, Mwanza, Neno, Ntcheu and Nkhotakota.

16.3.4. School Feeding Program

School Feeding Program is a program designed to improve childhood nutrition, increase children's ability to concentrate and learn in class, promote enrolment and regular attendance as well as reduce drop-out rates. The program currently reaches out to over 2,363 schools, with a count of 2,401,437 learners directly benefitting from the programme, which consists of 1,181,288 boys and 1,220,149 girls. This equates to an increase in the number of schools on school feeding programme by 6 percent from 32 percent in 2022/23 to 40 percent in 2023/24, with 51 percent of schools implementing the Centralized feeding model and 49 percent implementing Home grown feeding model.

16.4. Challenges

Malawi continues to face shocks that are increasing in number and intensity that not only erode the gains but also continue to threaten the programmes that are already in place to assist in building the resilience of the ultra-poor. Such shocks include macro-economic instability, extreme weather phenomena such as severe drought exacerbated by the El Niño phenomenon, Cyclone Freddy, and Cyclone Chido.

Chapter 17

PUBLIC ENTERPRISES

17.1 Overview

This chapter highlights the performance of selected commercial State-Owned Enterprises (SOEs) during the 2023/24 Financial Year (FY) and projected financial positions up to 31st March 2025. SOEs continue to play a significant role in the economy as they provide goods and services that cannot be efficiently and effectively provided by either the main-line civil service or the private sector. In terms of their size in the economy, in 2023/24 FY SOEs assets of selected SOEs constituted 12 percent of GDP, while revenues and liabilities constituted 3 percent and 6 percent of GDP, respectively.

The performance of State-Owned Enterprises (SOEs) in the 2023/24 financial year was affected by the impact of climate shocks such as Cyclone Freddy which reduced agricultural output and disabled a third of the country's power generation and eventually slowing industrial activity. In addition, elevated inflation, monetary tightening, and foreign currency shortages reduced both corporate and consumer demand. Inflation rose from 20.8 percent in 2022 to 28 percent in 2023 despite a tightening of monetary policy that raised the policy rate by 400 basis points to 22 percent by the end of 2023. The Malawi kwacha remained under pressure during the period under review as indicated by an increasing parallel foreign exchange market premium. Following devaluations of 44 percent on 9 November 2023, the exchange rate premium fell from 50 percent to 4.1 percent but quickly rose to 12.1 percent by the end of November 2023. Official foreign exchange reserves of USD198.8 million in 2023 represent less than one month of import cover. This meagre economic outlook significantly affected the operation of public bodies as most of the entities opted for borrowing which eventually eroded equity due to the high cost of borrowing.

Overall, the financial performance of the SOEs for the period ending 31st March 2024 financial year reveals significant fiscal risks from SOEs which calls for continued Government intervention. On aggregate, the performance in the 2023/24 financial year and performance at the mid-year of the 2024/25 financial year depicts worsened profitability, especially among the trading SOEs. Most trading SOEs continued to operate below cost recovery due to the inability to generate adequate revenues to meet the operating expenditures. This is largely due to non-cost reflective tariffs and the impact of devaluation owing to the need for Government bailouts and/or recapitalization.

Liquidity challenges continued to persist largely due to failure to collect sale revenues from both private and public debtors thereby tying up. The much-needed cash for the operations including payment of statutory obligations and investments. These trade debtors have eroded SOEs working capital and worsened the liquidity position.

Prospects to the close of the financial year on 31st March, 2025 depicts significant losses and deficits among commercial SOEs. The next section highlights individual SOEs performance in 2023/24 FY and at mid-year 2024/25 as well as prospects to the end of the 2024/25 FY.

17. 2 Individual SOE's Financial Performance

17.2.1. Blantyre Water Board (BWB)

Table 17.1. shows the financial performance of Blantyre Water Board (BWB) as at 31st March, 2024.

TABLE 17.1: SELECTED PERFORMANCE STATISTICS FOR BWB

Indicators	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 MY Actual	Outlook to March 2025
Profitability						
Profit/loss (MK,000)	(13,831,189)	(8,187,960)	(20,692,852)	(33,649,587)	(7,106,729)	(2,181,118)
Gross Profit Margin	25 percent	30 percent	35 percent	50 percent	100 percent	65 percent
Operating Profit Margin	-81 percent	-57 percent	-78 percent	31 percent	-21 percent	-25 percent
Return on Assets	-17 percent	-11 percent	-24 percent	-44 percent	-8 percent	-2 percent
Return on Equity	-	-	-269 percent	-	-1197 percent	-14 percent
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.23	0.20	0.30	0.47	0.16	0.58
Cost Recovery	0.94	1.15	-0.26	5.39	0.83	-0.09
Liquidity						
Current Ratio	0.16	0.18	0.46	0.40	0.51	1.37
Quick Ratio	0.08	0.08	0.36	0.30	0.45	1.25
Accounts Receivables Days	34.14	65.37	100.83	55.47	244.43	-
Accounts Payables Days	606.32	943.93	151.36	181.93	-	189.90
Solvency						
Debt to Assets	1.06	1.17	0.91	1.59	0.99	0.88
Debt to Equity	-17.94	-7.04	10.26	-4.72	151.86	7.24
Interest Coverage	(506.25)	(297.06)	(17.18)	9.63	(3.83)	(8.08)
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: BWB Audited Accounts and 2023/24 Performance Management Plans and Budget

Blantyre Water Board has been experiencing a steady decline in its financial performance over time, with a loss of MK33.6 billion in 2023/24 financial year compared to MK20.7 billion in 2022/23 financial year. The primary cause of this worsening financial condition is the non-implementation of the expected 10 percent tariff hike, which led to lost revenue of nearly MK2.5 billion and made cashflow challenges worse.

In terms of liquidity, the Board shows slight improvement, with a current ratio of 0.40:1 in 2023/24, rising to 0.51:1 as of 30th September 2024, compared to 0.46:1 in 2022/23. This improvement is primarily attributed to a government bailout on electricity arrears and the restructuring of on-lent loans. The Board projects a further improvement in liquidity, with a current ratio of 1.37:1 by March 2025, driven by a projected reduction in total liabilities from MK120.5 billion to MK109.4 billion, and a decrease in current liabilities from MK39.9 billion to MK19.0 billion. Total assets are expected to grow from MK94.6 billion to MK124.5 billion, resulting in a net asset position of MK15.1 billion by the end of the financial year.

Despite these projections, the Board still faces challenges in meeting short-term obligations, even with anticipated collections of MK46.0 billion from water sales. As of 30th September 2024, the Board recorded a net loss of MK7.1 billion, compared to a budgeted net profit of MK2.9 billion, largely due to the delayed implementation of the tariff adjustment, as well as rising inflation and interest rates.

For the first half of the year, the Board has revised its budgeted income and expenditure and now anticipates a loss of MK2.2 billion by March 2025. However, sales revenue is expected to grow significantly from MK30.2 billion to MK54.3 billion by the end of March 2025.

In terms of project implementation, the Board has embarked on the Malawi Water and Sanitation Project 1, which is expected to contribute to long-term improvements in service delivery and operational efficiency.

17.2.2 Central Region Water Board (CRWB)

Table 17.2 shows the financial performance of the Central Region Water Board (CRWB) as at 31st March, 2024.

TABLE 17.2: SELECTED PERFORMANCE STATISTICS FOR CRWB

Indicators	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Mid-Year Actual	Outlook to March 2025
Profitability						
Profit/loss (Mill MKW)	(1,421,825)	(390,790)	1,952,547	1,564,018	50,104	127,841,495
Gross Profit Margin	55 percent	42 percent	49 percent	52 percent	100 percent	43 percent
Operating Profit Margin	-68 percent	-66 percent	-41 percent	-30 percent	18 percent	43 percent
Return on Assets	-8 percent	-2 percent	9 percent	3 percent	0 percent	180 percent
Return on Equity	-	-	-46 percent	-58 percent	-2 percent	-5244 percent
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.33	0.24	0.36	0.24	0.10	174.15
Cost Recovery	0.81	0.92	1.11	1.23	-7.17	1181.77
Liquidity						
Current Ratio	0.39	0.47	0.50	1.00	0.85	1.01
Quick Ratio	0.36	0.44	0.45	0.96	0.80	0.95
Accounts Receivables Days	133.86	285.13	145.71	-	480.35	175.93
Accounts Payables Days	392.46	496.90	158.68	167.49	-	0.06
Solvency						
Debt to Assets	1.31	1.31	1.19	1.06	1.05	1.03
Debt to Equity	-4.21	-4.23	-6.34	-17.80	-19.69	-30.09
Interest Coverage	(4.28)	(6.20)	(5.80)	-	175.92	91,865.07
Other						

Government Transfers to	-	-	-	-		
Total Revenue					6.87	0.00

Source: CRWB Audited accounts and 2024/25 Performance Management Plans and Budgets

The Central Region Water Board recorded a significant decline in financial performance as of 30th September 2024, with a profit after tax of MK50 million, representing a 95 percent decrease from MK978 million recorded in September 2023, and 96 percent lower than the approved budget of MK1.4 billion for the period. This decline is primarily attributed to delays in the approval of the proposed tariff adjustment, which was only approved in August 2024.

As of September 2024, 3.33 million cubic meters of water were billed, falling short of the budgeted 3.978 million cubic meters, a 19 percent negative variance. This shortfall is due to reduced production caused by dwindling water sources, aged infrastructure, and a high number of disconnected accounts, which represent 22 percent of total customers. Despite these challenges, the Board successfully installed 1,773 new water connections out of a target of 2,890 during the first half of the year. Non-revenue water stands at 31 percent, primarily due to cash flow challenges that have hindered the procurement of new meters to replace aged and faulty ones.

Looking ahead to March 2025, the Board projects a revenue decline from MK18 billion to MK12.35 billion, a 32 percent downward revision driven by the delayed implementation of tariff adjustments and a 35 percent reduction in sales volume. Nevertheless, the Board has made infrastructure improvements, installing 22.83 km of new water supply lines across various areas, including Salima, Nkhotakota, Dwangwa, and Kasungu, to enhance access to potable water. Additionally, efforts are underway to reduce non-revenue water from 27 percent to 26 percent by replacing 5,093 aged meters and 1.5 km of aged pipelines in Kasungu.

The Board’s liquidity position stood at 1.00:1 as of 31st March 2024, slightly declining to 0.85:1 by 30th September 2024, with a projected improvement to 1.01:1 by 31st March 2025. Trade receivables remain a significant challenge, with accounts receivables totaling MK9.48 billion, comprising MK7.11 billion from government debtors and MK2.37 billion from private debtors. Debtor days average 480 days as of September 2024, further straining cash flow.

To address these challenges, the Board has implemented revenue collection strategies, including the installation of prepaid meters for institutional and commercial customers and enforcement of bylaws through disconnection of overdue accounts. These measures aim to improve cash flow and ensure more reliable financial performance moving forward.

17.2.3 National Construction Industry Council (NCIC)

Over the years, the National Construction Industry Council (NCIC) has been registering remarkable financial performance, with a surplus of MK1.75 billion in the fiscal year 2023/24 compared to the fiscal year 2022/23 representing a 72 percent rise. The Council realised a surplus of MK1.6 billion as of September 30th 2024. In addition to an expected rise in expenditure as a result of the implementation of committed strategic initiatives such as technical audits, the creation of cost indices, and project monitoring, the Council anticipates a rise in seasonal revenue, especially from subscription fees paid by construction firms. The surplus is expected to close at MK1.49 billion by March 31, 2025, in spite of these circumstances.

Table 17.3 shows the financial performance of the Council as at 31st March, 2024.

TABLE 17.3: SELECTED PERFORMANCE STATISTICS FOR NCIC

Indicators	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Mid-Year Actual	Outlook to March 2025
Profitability	-	-	-	-	-	-
Profit/loss (MK'000)	81,218	468,549	1,011,194	1,747,576	1,605,119	1,448,190
Gross Profit Margin	100 percent	100 percent	100 percent	100 percent	100 percent	100 percent
Operating Profit Margin	3 percent	16 percent	22 percent	31 percent	38 percent	19 percent
Return on Assets	4 percent	22 percent	34 percent	38 percent	27 percent	22 percent
Return on Equity	5 percent	24 percent	36 percent	42 percent	29 percent	25 percent
Dividend Payout Ratio	-	13.2	18.0	22.9	9.2	59.3
Asset Turnover	1.52	1.18	1.51	1.22	0.71	1.17
Cost Recovery	1.03	1.19	1.29	1.46	1.62	1.23
Liquidity						
Current Ratio	1.42	4.58	8.62	6.26	13.46	1.55
Quick Ratio	0.63	4.38	8.39	6.08	13.20	2.30
Accounts Receivables Days	14.66	14.04	20.63	14.26	25.42	17.91
Accounts Payables Days	-	-	-	-	-	-
Solvency						
Debt to Assets	0.15	0.08	0.06	0.09	0.05	0.14
Debt to Equity	0.18	0.09	0.07	0.10	0.05	0.16
Interest Coverage	20.75	-	-	-	-	-
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: NCIC Audited accounts and 2024/25 Performance Management Plans and Budgets

As of the end of September, 2024, the Council's total assets had grown from MK4.6 billion to MK5.9 billion, primarily due to an increase in cash and cash equivalents. Coupled with sound financial management techniques, the Council's concentrated efforts to collect construction levy, construction firms' fees, and training income made this increase probable.

On the other hand, the debt-to-equity ratio remained relatively low during the 2023/24 financial year, suggesting that the Council predominantly uses its own generated resources to fund its operations.

Overall, the financial position of NCIC has improved over the past 5 years owing to the increase in surpluses and liquidity. The Council plans to improve even further the financial position as depicted in approved and revised budgets. In addition, the Council aims to continue to contribute adequately to the government's fiscal goals by remitting its surplus'.

17.2.4 Energy Generation Company of Malawi (EGENCO)

Table 17.4 shows the financial performance of EGENCO as at 31st March, 2024.

TABLE 17.4: SELECTED PERFORMANCE STATISTICS FOR EGENCO

Indicators	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Mid-Year Actual	Outlook to March 2025
Profitability	-	-	-	-	-	-
Profit/loss (MK'000)	4,559,509	5,116,734	(2,132,433)	2,253,686	7,227,064	6,843,923
Gross Profit Margin	49 percent	42 percent	-3 percent	7 percent	100 percent	100 percent
Operating Profit Margin	-44 percent	-48 percent	-105 percent	-85 percent	11 percent	0 percent
Return on Assets	2 percent	2 percent	-1 percent	1 percent	2 percent	2 percent
Return on Equity	3 percent	3 percent	-1 percent	1 percent	4 percent	4 percent
Dividend Payout Ratio	- -	- -	-	- -	- -	- -
Asset Turnover	0.25	0.18	0.21	0.22	0.11	0.21
Cost Recovery	1.07	1.11	0.97	1.08	1.13	1.00
Liquidity						
Current Ratio	3.98	4.83	3.75	3.72	4.67	4.52
Quick Ratio	3.21	4.03	2.86	1.68	2.03	2.39
Accounts Receivables Days	214.33	345.89	251.89	71.78	141.04	142.15
Accounts Payables Days	35.95	56.38	26.22	0.00	-	-
Solvency						
Debt to Assets	0.49	0.49	0.51	0.45	0.43	0.45
Debt to Equity	0.98	0.96	0.77	0.83	0.75	0.83
Interest Coverage	(39.98)	(389.75)	(243.57)	-	-	-
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: EGENCO Audited Accounts and 2024/25 Performance Management Plans and Budgets

EGENCO registered a significant increase in profitability for the 2023/24 financial year, with a profit after tax of MK2.2 billion, compared to a net loss after tax of MK2.1 billion recorded in the 2022/23 financial year. As of 30th September 2024, the company posted a net profit of MK7.2 billion, substantially exceeding the approved budget of MK231 million.

Electricity revenue is recorded at MK37 billion, which is 1 percent below budget as of 30th September 2024. Total operating expenditure stood at MK33 billion, representing 12 percent below budget, with notable savings in Payroll (11 percent), Operations (13 percent), Maintenance (42 percent), and Services, Supplies, and Sundries (2 percent).

The debt collection period as of 30th September, 2024 stood at 82 days, which, although below the target of 187 days in the 2024/25 Approved Budget, remains above the 30 days stipulated in the Power Purchase Agreement and the Trade receivables amounted to MK16 billion. Total energy units generated for the six months ending 30th September 2024 amounted to 1,113.169 GWh, 1 percent higher than the target set in the Approved Budget for 2023/24.

Electricity revenue for the fiscal year ending 31st March 2025 is projected to remain at MK74.6 billion. Non-operating revenue, derived from amortized grants, other income, and revenue from welfare activities, is projected at MK10.7 billion. Additionally, EGENCO claims MK7.1 billion from insurance as compensation for the damage caused by Cyclone Anna to the Kapichira facility.

17.2.5 Malawi Energy Regulatory Authority (MERA)

As of 30th September 2024, the Malawi Energy Regulatory Authority (MERA) registered a surplus of MK1.4 billion, compared to the MK2.1 billion surplus recorded in the 2023/24 financial year. The projected surplus for the year ending 31st March 2025 is MK2.6 billion, revised upward from the original budget projection of MK1.8 billion.

In terms of liquidity, MERA recorded a current ratio of 1.03:1 for the financial year ending 31st March 2024. This ratio slightly improved to 1.04:1 as of 30th September 2024, but is projected to decrease to 0.96:1 by the end of the 2024/2025 financial year, reflecting ongoing financial pressures owing to the operating environment for liquid fuels which remains volatile, as the international oil market has become vulnerable to the effects of the Ukrainian war and instability in the Middle East. The free-on-board (FOB) price of oil is expected to rise affecting major economies. Locally, the Automatic Price Mechanism (APM) is expected to be implemented throughout the budget period, ensuring that the country has a steady supply of petroleum products.

Table 17.5. shows the financial performance of MERA's as 31st March, 2024.

TABLE 17.5: SELECTED PERFORMANCE STATISTICS FOR MERA

Indicators	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Mid-Year Actual	Outlook to March 2025
Profitability						
Profit/loss (MK'000)	4,429,335	1,350,725	2,804,005	2,122,830	1,453,948	2,654,459
Gross Profit Margin	100 percent	100 percent	100 percent	100 percent	100 percent	100 percent
Operating Profit Margin	72 percent	38 percent	37 percent	25 percent	72 percent	70 percent
Return on Assets	9 percent	2 percent	22 percent	1 percent	0 percent	1 percent
Return on Equity	33 percent	9 percent	16 percent	12 percent	-7 percent	-2540 percent
Dividend Payout Ratio	27.2	-	-	94.2	-	-
Asset Turnover	0.23	0.12	0.96	0.05	0.02	0.03
Cost Recovery	3.60	1.61	1.59	1.34	3.54	3.33
Liquidity						
Current Ratio	1.35	1.15	1.11	1.03	1.04	0.96
Quick Ratio	1.35	1.15	1.11	1.03	0.05	0.04
Accounts Receivables Days	836.54	2011.86	3039.70	6622.72	256.01	139.76
Accounts Payables Days	-	-	-	-	-	-
Solvency						
Debt to Assets	0.72	0.78	0.90	0.93	1.06	1.08
Debt to Equity	2.52	3.57	0.66	13.28	-16.82	-4756.14
Interest Coverage	-	-	-	-	-	-
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: MERA Audited accounts and 2024/25 Performance Management Plans and Budgets

17.2.6 Malawi Communications Regulatory Authority (MACRA)

Table 17.6 shows the financial performance of MACRA as at 31st March, 2024.

TABLE 17.6: SELECTED PERFORMANCE STATISTICS FOR MACRA

Indicators	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Mid-Year Actual	Outlook to March 2025
Profitability						
Profit/loss (MK'000)	9,300,731	6,806,595	8,835,817	12,768,716	7,088,382	13,257,041
Gross Profit Margin	100 percent	100 percent	100 percent	100 percent	100 percent	100 percent
Operating Profit Margin	43 percent	40 percent	43 percent	40 percent	33 percent	29 percent
Return on Assets	41 percent	26 percent	28 percent	27 percent	17 percent	28 percent
Return on Equity	80 percent	58 percent	73 percent	85 percent	41 percent	86 percent
Dividend Payout Ratio	26.9	101.9	56.6	72.1	-	-
Asset Turnover	0.90	0.62	0.72	0.68	0.54	0.96
Cost Recovery	1.76	1.66	1.74	1.67	1.49	1.41
Liquidity						
Current Ratio	1.50	1.31	1.20	1.52	2.67	1.17
Quick Ratio	1.21	1.12	1.03	1.48	2.44	1.04
Accounts Receivables Days	99.98	187.55	128.04	287.99	305.58	117.29
Accounts Payables Days	-	-	-	-	-	-
Solvency						
Debt to Assets	0.48	0.55	0.61	0.68	0.57	0.68
Debt to Equity	0.94	1.21	1.55	2.11	1.34	2.11
Interest Coverage	-	-	-	-	-	-
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: MACRA Audited Accounts and 2024/25 Performance Management Plans and Budgets

At the end of the 2023/24 fiscal year, Malawi Communications Regulatory Authority (MACRA) had a surplus of MK12.7 billion, demonstrating its ongoing growth in terms of surplus throughout the years. This was mostly because municipal levy revenue increased from MK11.5 billion in the 2022/23 fiscal year to MK13.0 billion in 2023/24 fiscal year. The Authority reported a surplus of MK7.1 billion as of 30th September, 2024 and anticipates a surplus of MK13.3 billion by the end of March 2025. The main cause of this increase is the demand for spectrum consumption and the expected improvement in performance from telecom providers, which has led to an increase in the levy being imposed.

On the other hand, despite the liquidity of the Authority showing a decline in its trend with a current ratio of 1.17:1 projected in March 2024, from a 1.52:1 as of March 2023, MACRA has still been able to meet its obligations in the short term as they fall due. Additionally, the enhancement and reinforcement of the revenue collection initiatives for the Authority will also be key for the anticipated good performance. The rolling out of the Revenue Assurance System is also expected to result in an increase in reliability and assurance of the information available to MACRA which is based on the computation of the levy.

The Authority anticipates reviewing the spectrum calculator under the Administrative Incentive Pricing (AIP) as well as the Converged Licensing Framework (CLF). The reviews will assess the impact of the AIP pricing and the operators' overall performance as well as the license fees and levies under each license category.

17.2.7 Malawi Broadcasting Corporation (MBC)

Table 17.6 shows the financial performance for MBC as at 31st March, 2024.

TABLE 17.7: SELECTED PERFORMANCE STATISTICS FOR MBC

Indicators	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Mid-Year Actual	Outlook to March 2025
Profitability						
Profit/loss (MK'000)	(421,072)	(356,262)	(1,123,754)	(1,280,500)	87,571	47,348
Gross Profit Margin	100 percent	100 percent	100 percent	100 percent	100 percent	100 percent
Operating Profit Margin	-9 percent	21 percent	-20 percent	-19 percent	2 percent	0 percent
Return on Assets	-6 percent	-4 percent	-12 percent	-13 percent	1 percent	2 percent
Return on Equity	-	-27 percent	-4692 percent	-5346 percent	8 percent	24 percent
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.74	0.45	0.58	0.72	0.46	4.41
Cost Recovery	0.34	1.27	0.41	0.84	1.02	1.00
Liquidity						
Current Ratio	1.61	1.53	0.48	0.48	7.41	0.51
Quick Ratio	1.14	1.06	0.31	0.31	3.67	0.27
Accounts Receivables Days	146.38	181.72	293.60	217.71	234.73	26.02
Accounts Payables Days	-	-	-	-	-	-
Solvency						
Debt to Assets	1.17	0.86	1.00	1.00	0.98	0.93
Debt to Equity	-6.46	6.12	395.77	396.77	11.06	12.96
Interest Coverage	(148.68)	569.14	(9,136.21)	-	-	-
Other						
Government Transfers to Total Revenue	0.63	-	0.50	-	-	-

Source: MBC Audited Accounts and 2024/25 Performance Management Plans and Budgets

The Malawi Broadcasting Corporation (MBC) performance continues to decline in the financial year 2023/24 with a registered deficit of MK1.3 billion. This was largely on account of the continuous increase in expenditures while the revenues remained on the lower side. As of 30th September 2024, the Corporation recorded a surplus of MK85.6 million, with a projected profit of MK47.3 million by March 2025. The Corporation has faced persistent underperformance, attributed to challenges such as significant debts accumulated over the years, some stemming from legal disputes. The limited availability of field recording/production equipment and essential assets have also hindered the effective execution of the Corporation's mandate. Aging broadcasting equipment prone to frequent breakdowns, as well as inadequate and outdated office equipment such as computers, further hampered service delivery. Prolonged vehicle grounding for repairs led to increased running costs and delayed completion of tasks.

The persisting cash flow challenges resulted in a current ratio of 0.98:1 as of 30th September, 2024. The burden of substantial accumulated debts continues to undermine the Corporation's liquidity, with suppliers seeking payment. Liabilities, including tax, COSOMA, MTL, and other supplier dues amounting to MK9.6 billion, along with pension arrears of MK3 billion. Negotiations for payment plans with suppliers are ongoing to address these financial obligations.

17.2.8 Tobacco Commission (TC)

Over the years, the Tobacco Commission's profitability has fluctuated. The Commission reported a surplus of MK5.6 billion as of September 30, 2024, compared to MK1.03 billion in the fiscal year 2023–2024. By the end of March 2025, the Commission anticipates a smaller surplus of MK1.6 billion. As of September 30, 2024, the Commission's liquidity levels had improved from a current ratio of 0.88:1 of the fiscal year 2023/24 to 1.71:1. It is anticipated that the Commission's liquidity situation will deteriorate by March 31, 2025, with the possibility of closing with a current ratio of 0.57:1 in that year. Seasonal variations in revenue and the associated recognition are reflected in this.

However, in the fiscal year 23/24, the Commission's financial leverage condition, as indicated by the debt-to-equity ratio, worsened to 2.37, demonstrating its dependence on borrowing to finance its operations. However, as of Mid-year, the ratio had improved to 0.73, and by March 2025, it is predicted to significantly worsen to 1.07. Rather than more borrowing, this variation is mostly caused by changes in current liabilities, particularly deferred income for registration. Since the difference in income will be recorded as revenue in the next period, this circumstance is not a reason for alarm.

Table 17.8 shows the financial performance of TC as at 31st March, 2024.

TABLE 17.8: SELECTED PERFORMANCE STATISTICS FOR TC

Indicators	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Mid-Year Actual	Outlook to March 2025
Profitability						
Profit/loss (MK'000)	324,460	(1,289,946)	(110,289)	1,030,527	5,555,910	1,635,462
Gross Profit Margin	100 percent	100 percent	100 percent	NMF	100 percent	100 percent
Operating Profit Margin	79 percent	56 percent	-3 percent	NMF	91 percent	78 percent
Return on Assets	6 percent	-27 percent	-2 percent	13 percent	35 percent	13 percent
Return on Equity	8 percent	-49 percent	-4 percent	30 percent	61 percent	27 percent
Dividend Payout Ratio	20.0	-	-	4.9	-	-
Asset Turnover	0.72	0.33	0.66	0.00	0.53	0.68
Cost Recovery	4.82	2.26	0.97	0.00	11.37	4.50
Liquidity						
Current Ratio	1.00	0.33	0.48	0.88	1.71	0.57
Quick Ratio	0.95	0.25	0.43	0.82	1.66	0.51
Accounts Receivables Days	54.65	35.63	8.95	86.60	31.38	29.89
Accounts Payables Days	-	-	-	-	-	-
Solvency						
Debt to Assets	0.24	0.46	0.55	1.00	0.42	0.52
Debt to Equity	0.31	0.86	1.24	2.37	0.73	1.07
Interest Coverage	2,679.55	3,194.35	(1,645.10)	9,412.73	-	-
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: TC Audited Accounts and 2024/25 Performance Management Plans and Budgets

17.2.9 Central Medical Stores Trust (CMST)

Central Medical Stores Trust (CMST) has continued to register losses for the past years with a deficit of MK8.6 billion in 2023/24 financial year and a slight improvement to a loss of MK1.30 billion as of 30th September, 2024. The outlook for March 2025 continues to project a further deficit of MK2.60 billion. The deteriorating financial performance of the Trust is attributed to the increase in stock write-offs and Expiries of both CMST-owned and third-party stocks due to slow movement as a result of low orders from customers (DHOs) whose budgets are limited coupled with utilization restrictions. Increases in stock expiries and subsequent write-offs are due to uncoordinated donations to public health facilities which adversely affect stock uptake at CMST by customers. The Trust has been engaging with key stakeholders especially the Pharmacy and Medicines Regulatory Authority (PMRA) and the Ministry of Health to ensure enforcement of the national donations' guidelines.

Table 17.9 shows the financial performance of the CMST as at 31st March, 2024.

TABLE 17.9: SELECTED PERFORMANCE STATISTICS FOR CMST

Indicators	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2024 Mid-Year Actual	Outlook to March 2024
Profitability							
Profit/loss (MK'000)	(7,600,181)	(5,309,353)	(5,943,721)	(10,491,815)	(8,581,138)	(1,299,310)	(2,591,366)
Gross Profit Margin	23 percent	21 percent	21 percent	20 percent	34 percent	22 percent	27 percent
Operating Profit Margin	-33 percent	-11 percent	-19 percent	-19 percent	11 percent	1 percent	1 percent
Return on Assets	-23 percent	-13 percent	-13 percent	-26 percent	-15 percent	-3 percent	-6 percent
Return on Equity	-42 percent	-29 percent	-24 percent	-50 percent	-36 percent	-7 percent	-9 percent
Dividend Payout Ratio	-	-	-	-	-	-	-
Asset Turnover	0.71	0.61	0.50	0.79	0.77	0.41	0.87
Cost Recovery	1.81	3.15	2.52	2.55	4.27	4.92	3.87
Liquidity							
Current Ratio	1.63	1.19	1.57	1.41	1.24	1.28	1.86
Quick Ratio	0.33	0.17	0.83	0.59	0.99	0.88	1.20
Accounts Receivables Days	60.43	43.35	114.58	81.83	280.99	387.50	183.89
Accounts Payables Days	212.32	383.84	352.35	249.47	395.25	359.02	139.24
Solvency							
Debt to Assets	0.44	0.54	0.44	0.48	0.59	0.00	0.00
Debt to Equity	0.78	1.18	0.79	0.91	1.43	0.00	0.00
Interest Coverage	-	-	-	-	-	-	-
Other							
Government Transfers to Total Revenue	-	-	-	-	-	-	-

Source: CMST Audited Accounts and 2024/25 Performance Management Plans and Budgets

The Trust has also made significant revision to exchange losses in line with the current trend in increases to exchange rates and impairment losses to trade payables due to the increase in trade receivables. The Trust's liquidity levels have slightly increased from a current ratio of 1.24:1 recorded in 2023/2024 financial year to 1.86:1 as projected towards 31st March 2025. The improved liquidity is attributed to continued Government support to the Trust.

17.2.10 Pharmacy and Medicines Regulatory Authority (PMRA)

Table 17.10 shows the financial performance of the Board as at 31st March, 2024.

TABLE 17.10: SELECTED PERFORMANCE STATISTICS FOR PMRA

Indicators	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Mid-Year Actual	Outlook to March 2025
Profitability						
Profit/loss (MK'000)	261,852	403,045	617,820	1,142,770	(471,134,482)	163,874,927
Gross Profit Margin	100 percent	100 percent	100 percent	100 percent	100 percent	100 percent
Operating Profit Margin	14 percent	24 percent	18 percent	27 percent	-28 percent	3 percent
Return on Assets	9 percent	14 percent	11 percent	16 percent	-6716 percent	2315 percent
Return on Equity	12 percent	16 percent	14 percent	21 percent	-8682 percent	2931 percent
Dividend Payout Ratio	-	-	14.9	5.7	-	-
Asset Turnover	0.63	0.56	0.53	0.60	237.66	762.27
Cost Recovery	1.17	1.32	1.22	1.37	0.78	1.03
Liquidity						
Current Ratio	1.26	2.35	1.72	1.08	1.67	1.99
Quick Ratio	1.25	2.33	1.71	1.07	1.66	1.99
Accounts Receivables Days	43.12	56.06	31.28	27.30	0.06	0.02
Accounts Payables Days	-	-	-	-	-	-
Solvency						
Debt to Assets	0.25	0.12	0.23	0.47	0.47	0.42
Debt to Equity	0.33	0.13	0.29	0.61	0.61	0.53
Interest Coverage	-	-	61.75	-	23,302.72	5,462.50
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: PMRA Audited Accounts and 2024/25 Performance Management Plans and Budgets

The Pharmacy and Medicines Regulatory Authority (PMRA) registered a surplus of MK1.1 billion in 2023/24 financial year which declined to MK471 million deficit registered as at 30th September, 2024. PMRA collect fees from licensing pharmaceutical businesses and personnel. However, about 70 percent comes from retention of medicines by manufacturers. The underperformance is attributed to low level of compliance on the businesses and personnel. Licenses were supposed to be renewed by 1st April, however by mid -year a lot of clients were operating without renewed licenses.

The Authority's liquidity position has slightly improved, with a current ratio growing from 1.08:1 in 2023/24 to 1.67:1 as recorded in September, 2024 with prospect of a slight increase in the company's liquidity as depicted by a current ratio of 1.99:1 by the end of March, 2025.

17.2.11 Technical, Entrepreneurial and Vocational Education and Training Authority (TEVETA)

Table 17.11 shows the financial performance of TEVETA as at 31st March, 2024.

TABLE 17.11: SELECTED PERFORMANCE STATISTICS FOR TEVETA

Indicators	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Mid-Year Actual	0utlook to March 2025
Profitability						
Profit/loss (MK'000)	1,695,639	2,194,787	1,401,207	12,925,036	1,470,693	417,688
Gross Profit Margin	100 percent	100 percent	100 percent	100 percent	100 percent	100 percent
Operating Profit Margin	10 percent	11 percent	7 percent	56 percent	17 percent	2 percent
Return on Assets	15 percent	16 percent	8 percent	43 percent	9 percent	1 percent
Return on Equity	20 percent	21 percent	11 percent	53 percent	11 percent	2 percent
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	1.47	1.40	1.16	0.88	0.53	0.54
Cost Recovery	1.11	1.13	1.08	2.27	1.21	1.02
Liquidity						
Current Ratio	2.87	3.74	3.06	4.29	4.04	4.02
Quick Ratio	2.86	3.73	3.06	4.29	4.03	4.02
Accounts Receivables Days	149.71	132.10	180.20	277.69	176.77	387.75
Accounts Payables Days	-	-	-	-	-	-
Solvency						
Debt to Assets	0.27	0.22	0.26	0.19	0.16	0.17
Debt to Equity	0.38	0.29	0.34	0.23	0.19	0.21
Interest Coverage	18.13	104.02	-	-	-	-
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: TEVETA Audited Accounts and 2024/25 Performance Management Plans and Budgets

TEVETA's surplus of MK12.9 billion from the fiscal year 2023/24 had drastically shrunk by mid-year, 30th September 2024. The Authority anticipates a 97 percent drop in surplus to MK417 million by March 2025. Expenditure has risen more drastically than revenue due to the expansion of apprenticeship recruitment for the 2024 and 2025 cohorts, which rose from 2,300 to 7,000 apprentices directly affecting training costs. This training initiative receives MK5.4 billion, or about 31 percent of total revenue.

Additionally, the continued depreciation of the kwacha, implementation of revised subsistence allowances and several initiatives from the 2023-2030 Strategic Plan that are also being implemented to contribute to resource mobilization efforts aimed at achieving financial sustainability adversely affects the surplus.

TEVETA's liquidity position remains satisfactory, with a current ratio of 4.29:1 in 2023/24, slightly decreasing to 4.04:1 as of September 2024, and projected to decline marginally to 4.02:1 by March 2025. Despite this slight decline, the liquidity position remains strong and poses no threat to the Authority's financial stability.

The Authority continues to operate without relying on borrowing, as evidenced by healthy debt-to-equity and debt-to-asset ratios. This self-financing approach underlines TEVETA's commitment to using internally generated resources for its operations. In the 2024/25 financial year, the Authority dedicates MK936 million to regulatory and compliance activities, reinforcing its regulatory mandate.

Looking forward, TEVETA remains committed to promoting entrepreneurship development, focusing on equipping beneficiaries with practical skills to foster self-reliance through the creation of viable small and medium enterprises (SMEs). The revised 2024/25 budget allocates MK34 million, an increase from MK18 million, to support activities pertaining to the Entrepreneurship Development Strategy, ensuring continued investment in entrepreneurship initiatives.

17.2.12 Malawi Bureau of Standards (MBS)

The preceding fiscal year ended in March 2023/24 saw a surplus of MK4.5 billion. MBS recorded a surplus of MK2.6 billion in the half-year that ended on September 30th, 2024, with the potential to drop to a projected surplus of MK1.3 billion by March 2025.

MBS saw an improvement in its current ratio from 1.8:1 in the 2023/2024 period to 6.46:1 as of September 30, 2024. However, projections indicate a potential decrease to 1.32:1 by the end of the 2024/25 financial year.

Table 17.12 shows the financial performance of the Bureau as at 31st March, 2024.

TABLE 17.12: SELECTED PERFORMANCE STATISTICS FOR MBS

Indicators	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Mid-Year Actual	Outlook to March 2025
Profitability						
Profit/loss (MK'000)	1,207,592	(648,858)	747,464	4,456,921	2,632,154	1,335,323
Gross Profit Margin	69 percent	39 percent	100 percent	100 percent	100 percent	100 percent
Operating Profit Margin	38 percent	-22 percent	53 percent	66 percent	51 percent	26 percent
Return on Assets	5 percent	-3 percent	3 percent	15 percent	8 percent	5 percent
Return on Equity	6 percent	-3 percent	3 percent	18 percent	11 percent	6 percent
Dividend Payout Ratio	90.0	-	87.5	90.0	57.0	300.4
Asset Turnover	0.33	0.29	0.37	0.61	0.36	0.77
Cost Recovery	3.22	1.64	2.14	2.95	2.04	1.35
Liquidity						
Current Ratio	1.27	2.00	2.55	1.80	6.46	1.32
Quick Ratio	1.26	1.99	2.52	1.73	6.38	1.29
Accounts Receivables Days	106.98	97.96	54.23	74.80	105.31	49.98
Accounts Payables Days	537.33	166.50	-	-	-	-
Solvency						
Debt to Assets	0.15	0.08	0.06	0.18	0.25	0.18
Debt to Equity	0.18	0.09	0.07	0.21	0.33	0.21
Interest Coverage	-	-	-	-	-	-

Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: MBS Audited Accounts and 2024/25 Performance Management Plans and Budgets

The Bureau is focused on bolstering its financial sustainability. It aims to achieve this by boosting annual revenue by 14 percent, elevating it from MK19.9 billion to MK22.7 billion. Additionally, MBS plans to continue strengthening its institutional capacity by procuring new and servicing its essential equipment and machinery by March 31, 2025.

17.2.13 Copyright Society of Malawi (COSOMA)

Table 17.13 shows the financial performance of the COSOMA as at 31st March, 2024.

TABLE 17.13: SELECTED PERFORMANCE STATISTICS FOR COSOMA

Indicators	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Mid-Year Actual	Outlook to March 2025
Profitability						
Profit/loss (MK'000)	54,280	(150,658)	192,394	45,333	80,128	2,712
Gross Profit Margin	100 percent	100 percent	100 percent	-	28 percent	30 percent
Operating Profit Margin	9 percent	-27 percent	94 percent	-	23 percent	23 percent
Return on Assets	2 percent	-5 percent	7 percent	1 percent	2 percent	0 percent
Return on Equity	11 percent	-33 percent	31 percent	11 percent	22 percent	1 percent
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.23	0.18	1.10	0.00	0.59	1.01
Cost Recovery	1.10	0.79	15.68	0.00	19.59	14.76
Liquidity						
Current Ratio	1.12	1.08	1.10	1.01	0.99	0.98
Quick Ratio	1.10	1.05	1.09	1.01	0.99	0.97
Accounts Receivables Days	647.15	552.63	59.00	124.41	57.69	36.50
Accounts Payables Days	1558.93	17785.07	-	1179145.16	785.76	219.96
Solvency						
Debt to Assets	1.00	1.00	0.78	0.90	0.92	0.91
Debt to Equity	5.80	6.64	3.63	8.72	12.15	9.99
Interest Coverage	-	-	-	-	-	-
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: COSOMA Audited Accounts and 2024/25 Performance Management Plans and Budgets

Copyright Society of Malawi (COSOMA) recorded a surplus of MK45.3 million in the financial year 2023/24 which increased to MK80.1 million as of mid-year, 30th September, 2025 with prospects to reduce to MK2.7 million by March, 2025. The Society's poor financial performance is still attributed to increased level of piracy including unauthorized reproduction of copyright-protected materials which is made possible by the advancement in technology.

COSOMA's liquidity position continues to worsen, from a current ratio of 1.01:1 in 2023/24 financial year to 0.99:1 registered as of 30th September, 2025 and projected to close at 0.98:1

at the end of 2024/25 financial year. The worsening of the current ratio is largely due to the client's failure to settle invoices as a result of the economic challenges they are facing. This contributes to cash flow challenges for the Society.

The new mechanisms that were put in place such as embarking on awareness campaigns and enforcement failed due to the resource constraint the Society faced. However, the Society anticipates the economy to stabilize in the remaining half and has devised some strategies like continued engagement with the Ministry of Education, Science and Technology, Independent Schools Association of Malawi, to assist in Reprographic right loyalty collections, continued secondment of Police Officers to the Society to facilitate enforcement and collection of revenue in areas of soft copy, copy shops and public performances.

17.2.14 Umodzi Holdings Limited (UHL)

Table 17.14 shows the financial performance of the UHL as of 31st March, 2024.

TABLE 17.14: SELECTED PERFORMANCE STATISTICS FOR UHL

Indicators	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Mid-Year Actual	Outlook to March 2025
Profitability						
Profit/loss (MK'000)	(730,919)	413,688	1,388,442	1,866,688	2,052,541	3,109,770
Gross Profit Margin	100 percent	100 percent	65 percent	64 percent	65 percent	66 percent
Operating Profit Margin	94 percent	95 percent	-17 percent	28 percent	65 percent	66 percent
Return on Assets	-5 percent	3 percent	4 percent	5 percent	6 percent	8 percent
Return on Equity	-8 percent	4 percent	7 percent	9 percent	9 percent	13 percent
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.19	0.25	0.28	0.37	0.26	0.49
Cost Recovery	16.37	19.52	1.22	2.78	-	-
Liquidity						
Current Ratio	0.38	0.52	0.61	0.81	1.46	11.51
Quick Ratio	0.18	0.29	0.54	0.61	1.31	0.99
Accounts Receivables Days	97.14	125.81	58.96	77.37	165.50	64.61
Accounts Payables Days	-	-	301.14	317.18	484.59	266.36
Solvency						
Debt to Assets	0.41	0.42	0.42	0.40	0.36	0.36
Debt to Equity	0.68	0.72	0.72	0.66	0.56	0.56
Interest Coverage	4.93	6.24	(3.56)	10.89	-	-
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: UHL Audited Accounts and 2024/25 Performance Management Plans and Budgets

With a profit of MK1.9 billion at the end of March 2024 compared to a profit of MK1.4 billion in March 2023, Umodzi Holding Limited's (UHL) performance has steadily improved over the years. UHL reported a profit of MK2.1 billion as of September 30, 2024, and it anticipates recording MK3.1 billion by the end of March 2025.

High occupancy levels and BICC's large business volumes were the main drivers of this performance. Revenue from rooms exceeded budget, and the Presidents Hotel's occupancy rate averaged 67 percent. International gatherings and long-term visitors from multinational corporate organizations had maintained this excellent performance from the rooms.

The liquidity of UHL has largely improved from 0.81:1 in March 2024 to 11.51:1 as projected for March 2025. This implies the company has made improvements in its ability to meet its short-term obligations.

17.2.15 Lilongwe Handling Company Limited (LIHACO)

Table 17.15 shows the financial performance of the LIHACO as at 31st March, 2024.

TABLE 17.15: SELECTED PERFORMANCE STATISTICS FOR LIHACO

Indicators	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Mid-Year Actual	Outlook to March 2025
Profitability						
Profit/loss (MK'000)	(1,178,376)	(345,695)	2,738,999	634,720	384,435	348,846
Gross Profit Margin	20 percent	42 percent	75 percent	66 percent	69 percent	65 percent
Operating Profit Margin	-57 percent	-16 percent	36 percent	17 percent	38 percent	14 percent
Return on Assets	-36 percent	-11 percent	61 percent	13 percent	6 percent	6 percent
Return on Equity	-	-	119 percent	22 percent	14 percent	10 percent
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.40	0.74	1.66	1.38	0.65	1.50
Cost Recovery	1.29	1.72	2.56	2.03	3.24	1.95
Liquidity						
Current Ratio	0.23	0.26	1.36	1.55	2.40	1.41
Quick Ratio	0.09	0.14	1.22	1.55	2.31	1.34
Accounts Receivables Days	61.05	72.31	62.76	89.19	209.66	53.15
Accounts Payables Days	310.11	279.74	50.47	188.87	313.28	105.96
Solvency						
Debt to Assets	1.03	1.15	0.49	0.42	0.35	0.41
Debt to Equity	-37.58	-8.19	0.95	0.72	0.79	0.69
Interest Coverage	(12.96)	(1.70)	33.08	7.75	-	-
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: LIHACO Audited Accounts and 2024/25 Performance Management Plans and Budgets

The performance for LIHACO has slightly improved from a loss of MK61.0 million to a profit of MK634.7 million in 2024 largely on account of an increase in the Ground Handling Revenues. The MK2.74 billion profit which was registered in 2023 consisted of MK2.80 billion Government grant to LIHACO for the construction of its office.

As of mid-year, the company registered a profit of MK384.4 million and projects to make a profit of MK348.8 million as of March 2025. The downward movement in the profit registered is due to the total annual revenues being reported in local currency while the company generates most of its sales in United States dollars. Therefore, the loss of value in the local currency against the dollar over the past years has also had a huge impact on the value of sales generated in local currency over the period comparatively.

In terms of its liquidity, over the past four years, the company faced liquidity and cash flow challenges due to reduced revenues. These emanated from the huge losses that the company was making. However, the situation has slightly improved. Following the government bailout, the company's cash flow position improved as all creditors were paid. After the government bailout of 2022/23, there has been a significant improvement in cash flows which has enabled the company's ability the meet its short-term obligations.

17.2.16 Airport Development Limited (ADL)

ADL continues to remain profitable, recording a profit of MK13.3 billion in the financial year 2023/24. As of 30th September 2024, ADL registers a profit of MK4.4 billion and projects a profit of MK13.28 billion by 31st March 2025, of which MK13.2 billion is attributed to the increase in the fair value of investment properties. This strong performance is further supported by a rise in turnover, from MK4.6 million in 2023/24 to an anticipated MK6.3 million by March 2025.

Table 17.16 shows the financial performance of the ADL as at 31st March, 2024.

TABLE 17.16: SELECTED PERFORMANCE STATISTICS FOR ADL

Indicators	**2021 Audited**	**2022 Audited**	**2023 Audited**	**2024 Audited**	**2025 Mid-Year Actual**	**Outlook to March 2025**
Profitability						
Profit/loss (MK'000)	4,571,190	7,721,360	12,431,370	13,337,863	4,407,590	13,288,864
Gross Profit Margin	97 percent	97 percent	96 percent	96 percent	80 percent	82 percent
Operating Profit Margin	55 percent	80 percent	76 percent	75 percent	0 percent	1 percent
Return on Assets	8 percent	14 percent	16 percent	14 percent	4 percent	12 percent
Return on Equity	9 percent	15 percent	17 percent	338 percent	5 percent	15 percent
Dividend Payout Ratio	-	-	-	0.1	0.5	0.4
Asset Turnover	0.14	0.17	0.19	0.19	0.03	0.06
Cost Recovery	2.35	5.99	5.06	4.67	1.25	1.24
Liquidity						
Current Ratio	1.13	0.86	0.79	0.64	0.81	0.66
Quick Ratio	1.06	0.72	0.71	0.57	0.75	0.61
Accounts Receivables Days	220.49	332.64	135.30	89.12	234.18	69.21
Accounts Payables Days	1753.00	1595.33	948.40	1134.29	1461.58	469.58
Solvency						
Debt to Assets	0.04	0.05	0.04	0.04	0.05	0.05
Debt to Equity	0.04	0.06	0.04	1.02	0.06	0.06
Interest Coverage	136.99	73.94	54.45	41.97	(0.03)	0.15
Other						

Government Transfers to Total Revenue	-	-	-	-	-	-

Source: ADL Audited Accounts and 2024/25 Performance Management Plans and Budget

The company's liquidity shows a slight improvement, with the current ratio increasing from 0.64:1 in 2023/24 to a projected 0.66:1 by 31st March 2025. However, ADL continues to struggle to meet its short-term obligations as they fall due. Despite this, there is progress in trade receivables, improving from 89 receivable days to 69 receivable days, although as of 30th September 2024, ADL registered 234 receivable days, contributing to ongoing cash flow challenges.

Despite liquidity issues, ADL maintains a healthy debt-to-equity ratio, projected at 6 percent by the end of March 2025, indicating that the company continues to finance its operations primarily through internally generated resources, rather than relying on external borrowing. Additionally, ADL remains focused on clearing the backlog of infrastructure maintenance and reviving key projects aimed at expanding its revenue base and strengthening its long-term financial position.

17.2.17 Malawi Accountants Board (MAB)

The Malawi Accountants Board (MAB) maintains a favourable performance, recording a surplus of MK29 million as of 30th September 2024, with a projected surplus of MK23 million by March 2025. This performance surpasses the approved budget of MK11 million for the 2024/25 financial year. Additionally, MAB projects an increase in revenue from MK721 million in the approved budget to MK772 million by 31st March 2025, representing a 7 percent growth. This increase is largely attributed to significant growth in the collection of the ICAM levy.

While MAB's liquidity position has been robust in previous years, recording a current ratio of 11.82:1 in 2023/24, it has experienced a decline in the first half of 2024/25, with the current ratio dropping to 1.85:1. A further decline to 0.91:1 is projected by March 2025. This erosion in liquidity is primarily linked to the slow progress in revising and implementing the Public Accountants and Auditors Act of 2023, which has impeded MAB's revenue generation and enforcement functions. Additionally, financial losses from annual rentals on leased premises and reliance on outsourced ICT personnel due to the absence of in-house ICT staff have further strained liquidity.

Table 17.17 shows the financial performance of the MAB as of 31st March, 2024.

TABLE 17.17: SELECTED PERFORMANCE STATISTICS FOR MAB

Indicators	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Mid-Year Actual	Outlook to March 2025
Profitability						
Profit/loss (MK'000)	47,126	79,029	45,816	133,035	28,919	22,995
Gross Profit Margin	89 percent	88 percent	86 percent	91 percent	100 percent	100 percent
Operating Profit Margin	9 percent	25 percent	8 percent	71 percent	33 percent	24 percent
Return on Assets	11 percent	16 percent	8 percent	20 percent	2 percent	2 percent
Return on Equity	12 percent	16 percent	9 percent	21 percent	4 percent	9 percent
Dividend Payout Ratio	-	2.8	7.6	-	0.3	100.0
Asset Turnover	0.74	0.63	0.93	0.84	0.20	0.72
Cost Recovery	1.25	1.58	1.29	5.06	1.50	1.32
Liquidity						
Current Ratio	33.47	19.49	5.60	11.82	1.85	0.91
Quick Ratio	33.47	19.49	5.60	11.75	1.72	0.80
Accounts Receivables Days	239.07	314.11	166.96	110.77	657.98	114.20
Accounts Payables Days	105.76	191.35	374.18	200.76	-	-
Solvency						
Debt to Assets	0.02	0.04	0.14	0.05	0.31	0.57
Debt to Equity	0.03	0.04	0.16	0.05	0.59	2.41
Interest Coverage	-	-	-	-	43.91	3.29
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: MAB Audited Accounts and 2024/25 Performance Management Plans and Budgets

The persistent shortage of foreign currency in the country is expected to slow down economic activities, which may adversely affect MAB's revenue-generating efforts. To address these challenges, MAB is actively involved in revising the Public Accountants and Auditors Act to enhance its authority to impose fines on non-compliant stakeholders. The Ministry of Justice is currently drafting the revised Act. Furthermore, MAB is constructing its own offices to mitigate financial losses and is in the process of hiring a full-time ICT officer to lead the digitization initiative, reducing reliance on external ICT services.

17.2.18 National Economic Empowerment Fund Limited (NEEF)

Table 17.18 shows the financial performance of the NEEF as of 31st March, 2024.

TABLE 17.18: SELECTED PERFORMANCE STATISTICS FOR NEEF

Indicators	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Mid-Year Actual	Outlook to March 2025
Profitability						
Profit/loss (MK'000)	(7,572,619)	(13,595,062)	(4,944,694)	814,228	1,784,940	9,381,501
Gross Profit Margin	22 percent	70 percent	100 percent	100 percent	100 percent	100 percent
Operating Profit Margin	-56 percent	39 percent	-18 percent	17 percent	27 percent	41 percent
Return on Assets	-79 percent	-122 percent	-22 percent	1 percent	2 percent	4 percent
Return on Equity	-	-	-	2 percent	2 percent	4 percent
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.35	0.41	0.32	0.29	0.19	0.15
Cost Recovery	-0.45	-6.78	0.04	-2.13	1.36	1.69
Liquidity						
Current Ratio	2.28	0.91	1.41	10.77	49.62	161.28
Quick Ratio	0.44	0.91	1.35	10.54	1.86	5.98
Accounts Receivables Days	21.72	734.64	1198.73	1599.78	0.00	0.00
Accounts Payables Days	19.25	69.61	-	-	-	-
Solvency						
Debt to Assets	1.36	1.27	1.04	0.21	0.12	0.04
Debt to Equity	-3.79	-4.67	-24.41	0.27	0.14	0.05
Interest Coverage	(1.08)	1.43	(0.72)	3.33	-	-
Other						
Government Transfers to Total Revenue	0.18	-	-	-	-	-

Source: NEEF Audited Accounts and 2024/25 Performance Management Plans and Budgets

The National Economic Empowerment Fund (NEEF) registered a profit after tax of MK1.7 billion as of 30th September 2024, compared to MK814 million in the 2023/24 financial year. The Fund projects a profit after tax of MK9.3 billion by March 2025. This significant growth is driven by the Targeted Enhanced Loan Recoveries Program, initiated in 2022/23. The program emphasizes field recovery storms with a focus on spot cash collection, particularly for loans with arrears exceeding 90 days, increasing the loan collection rate from 73 percent in 2023/24 to 79 percent as of September 2024.

The gross loan portfolio shows a 23 percent growth, rising from MK47.7 billion in March 2024 to MK61.2 billion in September 2024, supported by disbursements totaling MK31.89 billion during this period. Principal loan repayments amount to MK83.78 billion, reflecting an average collection rate of 81.6 percent, surpassing the Regulator's benchmark of 80 percent. The net loan portfolio demonstrates a remarkable growth of 134.5 percent, increasing from MK26.1 billion in March 2023 to MK61.2 billion in September 2024.

NEEF's liquidity position has significantly improved, with a current ratio of 49.2:1 reported in September 2023, and a projection of 169.28:1 by March 2025. This commendable liquidity is largely attributed to an equity injection by the Government, which has been strategically invested in the loan portfolio for customer disbursements.

These positive financial outcomes highlight the Fund's robust performance and effective management strategies, positioning it for sustained growth and impact in the coming years.

Chapter 18

BANKING AND FINANCE

18.1 Monetary Developments

Broad Money (M2) registered a growth rate of 44.9 percent in 2024 to MK5.3 trillion, a significant increase from the 32.2 percent growth recorded in 2023. This rise in M2 was primarily driven by base effects following the devaluation of the currency in March 2024, as well as an increase in net credit to the Government.

18.2 Broad Money and its Components

The acceleration of the annual growth rate of M2 was on account of demand deposits, term (time and savings) deposits and currency outside banks, while foreign currency-denominated deposits decreased in 2024. In particular, demand deposits, term (time and savings) deposits and currency outside banks registered a higher year-on-year increase of MK835.4 billion, MK681.8 billion and MK183.6 billion to MK2.2 trillion, MK1.9 trillion and MK653.3 billion, respectively. On the other hand, foreign currency-denominated deposits decreased by MK50.7 billion, falling to MK608.9 billion.

18.3 Counterparts to Broad Money

The growth in M2 was entirely driven by the Net Domestic Assets (NDA) of the banking system, which rose by MK2.0 trillion to MK6.9 trillion in 2024, compared to a MK1.5 trillion increase in 2023. This expansion in NDA was mainly attributed to a MK2.2 trillion increase in net domestic claims, while other items net declined by 167.9 billion in the review period. Conversely, Net Foreign Assets (NFA) declined by MK397.9 billion (USD227.3 million) to minus MK1.6 trillion (minus USD926.1 million) at the end of the year. This is compared to an annual decline of MK632.8 billion (USD372.7 million) in 2023. The decrease in NFA of the banking system reflected a net outflow of foreign exchange due to importation of strategic commodities and external debt servicing.

18.3.1 Net Domestic Credit

The banking system's net domestic claims increased by MK2.2 trillion (40.8 percent) to MK7.6 trillion at the end of the year, compared to an annual increase of MK1.6 trillion (40.3 percent) in 2023. This was driven by a MK1.8 trillion increase in credit to the central government, MK310.7 billion to the private sector, MK65.4 billion to state-owned enterprises, and MK33.4 billion to other financial corporations during the review period.

18.3.2 Net Credit to the Public Sector

The public sector's (central government and statutory bodies) indebtedness to the banking system rose by MK1.9 trillion to MK6.0 trillion in 2024, higher than an annual increase of

MK1.4 trillion recorded in 2023. This was supported by expansion in both claims on government (net) and statutory bodies from the commercial banks and monetary authority in the year which increased to MK1.5 trillion and MK417.3 billion, respectively. Commercial banks' claims on the central government (net) increased by MK1.4 trillion to MK3.1 trillion in 2024, on account of commercial banks' holdings of Treasury notes and Treasury bills which rose by MK1.2 trillion and MK171.7 billion in 2024, respectively. Additionally, direct loans from various government ministries increased by MK107.5 billion. The expansionary impact was partly offset by a MK36.1 billion increase in government deposits at commercial banks.

The increase in net claims on central government by the monetary authority was largely supported by increases in the stock of Treasury notes held by the RBM, a drawdown of government deposits and Ways and Means advances to central government of MK335.1 billion, MK137.6 billion and MK71.0 billion in 2024, respectively. However, a reduction in Treasury bills held by the RBM by MK28.8 billion countered the expansionary effects in the year under review.

Consequently, net credit to the statutory corporations rose by MK56.9 billion at the RBM and MK8.4 billion at Commercial banks in 2024.

18.3.3 Private Sector Credit

The banking system's credit to the private sector grew by 25.8 percent to a stock position of MK1.5 trillion compared to a growth of 17.9 percent in the preceding year. This MK310.7 upturn in private sector credit was driven by individual household loans, foreign currency denominated loans and commercial and industrial loans which increased by MK212.4 billion, MK80.8 billion and MK13.3 billion, to MK670.1 billion, MK250.8 billion, and MK517.4 billion, respectively.

In terms of economic sectors, the highest growth was recorded in Community, Social and Personal services sector (MK133.1 billion); followed by Agriculture, Forestry, Fishing and Hunting sector (MK60.2 billion); Manufacturing (MK39.1 billion); Wholesale and Retail Trade (MK26.7 billion); Restaurants and Hotels (MK16.9 billion); Construction (MK15.2 billion); Transport, Storage and Communications (MK6.7 billion); Electricity, Water, Gas and Energy (MK4.6 billion); Real Estate (MK2.8 billion); and Mining and Quarrying (MK1.5 billion). In contrast, a net repayment amounting to MK1.7 billion was observed in the financial services sector.

Consequently, Community, Social and Personal services sector continued to hold the largest share of the outstanding stock of private sector credit at 39.9 percent, followed by Agriculture, Forestry, Fishing and Hunting sector at 19.9 percent, Wholesale and Retail Trade sector at 15.1 percent and Manufacturing sector at 13.2 percent.

TABLE 18.1: MONETARY SURVEY (MK' MILLION)

	End Period Balances			Annual Changes During Period		
-	2022	2023	2024	2022	2023	2024
A. Net Domestic Credit	-	-	-	-	-	-
1. Credit to government (i+ii) …	2475.5	3686.2	5492.7	838.9	1210.7	1806.5
i. Monetary Authorities…………………...	1080.0	2027.3	2387.8	524.7	947.3	360.5
ii. Commercial Banks…………………….	1395.4	1659.0	3104.9	314.1	263.6	1445.9
2. Claims on statutory bodies…………………...	318.8	476.3	541.7	112.1	157.5	65.4
3. Credit to private sector (gross)……………...	1020.0	1202.2	1513.0	198.1	182.2	310.8
B. Money Supply (M2)	2782.1	3679.2	5328.9	778.1	897.1	1649.7
4. Currency outside banks……….………….…	397.7	469.7	653.3	97.9	72.0	183.6
5. Demand deposits………………………….	1063.2	1325.3	2160.7	427.7	262.1	835.4
6. Time and savings deposits………………...	962.1	1221.3	1906.1	223.1	259.2	684.8
7. Foreign currency denominated deposits….	359.2	659.6	608.9	29.0	300.4	-50.7
E. Net Foreign Assets	-588.6	-1221.4	-1620.6	-165.1	-632.8	-399.2
6. Monetary Authorities……………………….	-860.5	-1556.6	-1806.9	-273.9	-696.1	-250.3
7. Commercial banks……………	271.9	335.2	186.3	108.8	63.3	-148.9

Source: Reserve Bank of Malawi

18.4 Activities of Commercial Banks

Commercial banks' resources grew by MK2.4 trillion to MK7.3 trillion in 2024, compared to an annual increase of MK1.2 trillion in 2023. The growth was supported by private sector deposits, capital accounts, commercial banks' borrowing from the Reserve Bank of Malawi, uncategorized liabilities, official sector deposits and liabilities to non-residents which increased by MK1.3 trillion, MK309.6 billion, MK254.4 billion, MK247.2 billion, MK176.7 billion and MK89.4 billion respectively.

In terms of uses of funds, commercial banks expanded their lending to the domestic economy by MK1.8 trillion in 2024, a sharp increase from the MK557.6 billion growth observed in 2023. Specifically, claims on the central government, private sector, other financial corporations and statutory bodies rose by MK1.5 trillion, MK306.6 billion, MK18.9 billion and MK8.4 billion, respectively. In addition, the commercial banks increased their deposits with the Central Bank by MK433.2 billion in 2024. Meanwhile, claims on non-residents contracted by MK59.4 billion during the period.

TABLE 18.2: COMMERCIAL BANKS: SOURCES AND USES OF FUNDS (MK'MILLION)

	End Period Balances			Changes During Period		
	2022	2023	2024	2022	2023	2024
A. Sources of Funds						
1. Private sector…………………	2,211,959.2	2,974,877.8	4,299,446.0	588,658.5	762,918.6	1,324,568.2
2. Official Sector Deposits[1]…...	263,869.6	379,240.3	555,927.8	88,159.9	115,370.7	176,687.5
3. Borrowing from the RBM……	68,892.7	21,034.4	275,471.7	-205,741.1	-47,858.3	254,437.3
4. Liabilities to non-residents…...	102,012.2	128,789.0	218,220.2	18,052.9	26,776.8	89,431.2
5. Capital Accounts…………….	522,078.0	686,768.1	996,413.2	107,823.9	164,690.1	309,645.1
6. All other liabilities…………...	480,996.8	676,706.0	923,927.8	108,613.8	195,709.2	247,221.8
7. Total (1+2+3+4+5+6) ……….	**3,649,808.5**	**4,867,415.6**	**7,269,406.7**	**705,567.9**	**1,217,607.1**	**2,401,991.1**
B. Uses of Funds						
I. Domestic credit to:						
8. Private sector (gross)…………	988,873.5	1,162,937.9	1,469,488.2	192,200.1	174,064.4	306,550.3
9. Statutory bodies (gross)……...	83,283.1	52,304.2	60,723.0	13,489.6	-30,978.9	8,418.8
10. Central Government (gross)...	1,487,508.9	1,807,059.9	3,289,130.2	310,979.1	319,551.0	1,482,070.3
11. Other financial corporations…	24,387.6	33,591.3	52,480.6	2,886.8	9,203.7	18,889.3
12. Sub-total (8+9+10+11) ……	2,584,053.1	3,055,893.3	4,871,822.0	519,555.6	471,840.2	1,815,928.7
II. Deposits with Reserve Bank plus currency in banks……………….	188,646.4	360,274.6	793,521.4	32,373.0	171,628.2	433,246.8
III. Foreign assets………………….	373,870.7	463,942.2	404,511.7	126,804.2	90,071.5	-59,430.5
IV. All other assets………………...	503,238.3	987,305.5	1,199,551.6	26,835.0	484,067.2	212,246.0
V. Total (I+II+III+IV).…………	**3,649,808.5**	**4,867,415.6**	**7,269,406.7**	**705,567.9**	**1,217,607.1**	**2,401,991.1**

Source: Reserve Bank of Malawi

18.5 Reserve Bank of Malawi: Sources and Uses of Funds

Similar to the developments in the commercial banks, Reserve Bank of Malawi's resource envelope increased by MK1.3 trillion in 2024 to MK4.9 trillion as at end of the year, compared to an increase of MK880.6 billion in 2023. This development was explained by increases in miscellaneous assets, liabilities to deposits of commercial banks and currency outside banks by MK1.1 trillion, MK358.8 billion, MK291.2 billion and MK115.1 billion, respectively. In contrast, repurchase agreements, official sector deposits and the foreign sector contracted by MK173.8 billion, MK137.5 billion and MK61.9 billion, respectively.

TABLE 18.3: RESERVE BANK OF MALAWI: SOURCES AND USES OF FUNDS (MK'MILLION)

	End Period Balances			Changes During Period		
	2022	2023	2024	2022	2023	2024
A. Sources of Funds						
i. Private sector:						
1. Currency outside banks…….	469,581.3	559,939.9	851,144.5	110,311.6	90,358.6	291,204.6
ii. Commercial banks						
2. Deposits plus till money……	100,623.7	267,935.9	626,724.3	11,367.5	167,312.2	358,788.4
iii. Official sector deposits……	580,618.0	775,001.3	637,492.4	312,408.4	194,383.3	-137,508.9
3. Sub-total (i+ii+iii)………….	1,150,823.1	1,602,877.1	2,115,361.2	434,087.5	452,054.0	512,484.1
iv. Repurchase agreements……	142,173.8	287,128.8	113,347.9	-18,363.6	144,955.0	-173,780.9
v. Foreign sector………………	1,177,940.6	1,977,446.6	2,092,569.1	240,413.4	799,506.0	115,122.5
vi. All other liabilities………..	210,131.6	375,340.0	587,342.9	-113,508.1	165,208.4	212,002.9
vii. Total (i+ii+iii+iv+v+vi)……	**2,681,069.1**	**4,242,792.4**	**4,908,621.2**	**542,629.3**	**1,561,723.3**	**665,828.8**
B. Uses of Funds						
i. Domestic claims (gross)……	1,990,278.0	3,298,156.9	3,759,282.0	688,709.7	1,307,878.9	461,125.1
1. Statutory bodies……………	322,834.7	582,384.1	639,406.7	175,536.6	259,549.4	57,022.6
2. Central Government………	1,573,252.5	2,643,830.0	2,866,601.3	760,256.0	1,070,577.5	222,771.3
3. Commercial Banks………..	94,190.7	71,942.8	253,274.0	-247,082.9	-22,247.9	181,331.2
ii. Foreign assets (gross)………	317,459.1	420,885.5	286,993.4	-33,457.7	103,426.4	-133,892.1
iii. All other assets……………	373,332.0	523,750.0	862,345.8	-112,622.7	150,418.0	338,595.8
iv. Total ………………………	**2,681,069.1**	**4,242,792.4**	**4,908,621.2**	**542,629.3**	**1,561,723.3**	**665,828.8**

Source: Reserve Bank of Malawi

Following the expansion in resource envelope, the Reserve Bank of Malawi increased its credit to government and miscellaneous assets by MK1.0 trillion and MK220.7 billion in 2024, respectively. In addition, the central bank increased its investment in commercial banks and statutory bodies, foreign assets by MK181.3 billion, and MK57.0 billion, respectively. However, claims on non-residents reduced by MK143.4 billion in 2024.

Chapter 19

INFORMATION AND COMMUNICATION TECHNOLOGY

19.1 Overview

The chapter provides information on the performance, challenges and lessons learnt by the Information and Communications Technology (ICT) Sector. The ICT sector forms the backbone of business activity, productivity, trade and social advancement. The sector continues to contribute significantly towards GDP and could be further nurtured to enhance its performance. In 2024/25, the ICT sector, through the Ministry of Information and Digitalization, achieved the following milestones:

i. Finalized the Communications Amendment Bill which was submitted to the Ministry of Justice for vetting.
ii. Finalized and presented the National Digital Broadcasting Policy to the PSs Committee;
iii. Produced Zero Drafts for the following critical national policies and strategies:

National Information and Communication Policy: It emphasizes the importance of clear, timely, and accurate communication to build trust, ensure informed decision-making, and strengthen governance.

National Postal Policy: the policy aims at providing direction on key issues central to the development and functioning of Malawi’s postal sub-sector.

Cybersecurity Policy: The policy is essential for safeguarding digital assets, ensuring compliance, managing risks, and preparing for future challenges in the evolving cybersecurity landscape.

National Broadband Strategy: the strategy aimed at enhancing connectivity, affordability, and promoting digital inclusion throughout the country.

19.2 Performance in 2023/24 and Projections for 2024/25

Table 19.1 provides the key performance indicators that guide the ICT sector in Malawi.

TABLE 19.1: KEY ICT INDICATORS

	ICT Indicators	2020/21 Target	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Targets	2022/23 Actuals	2023/24 Targets	2023/24 Actual	2024/25 Target
1	Voice Telephony Penetration raised (%)	*75*	*54*	*60*	*63*	*65*	*65*	*70*	*72*	*75*
2	Internet Penetration increased (%)	*25*	*37*	*40*	*41*	*42*	*41*	*45*	*43*	*50*
3	Ratio of Postal and Courier Penetration	*1:55,000*	*1:54,264*	*1:50,000*	*1:54,264*	*1:45,000*	*1:62,225*	*1:43,000*	*1:63,696*	*1:40,000*
4	Electronic Commerce Penetration increased (%)	*55*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*
5	Level of regulatory compliance raised (%)	*100*	*90*	*>95*	*90*	*>96*	*90*	*>97*	*90*	*>98*
6	ICT contribution to GDP increased (%)	*8.0*	*4.8*	*5.0*	*5.6*	*6.0*	*6.3*	*7.0*	*6.4*	*8.0*
7	Proportion of individuals who own a mobile telephone (%)	*39*	*43.2*	*50*		*55*	*43.2%*	*60*	*56.6%*	*65*
8	Proportion of population covered by a mobile network (2G) (%)	*90*	*83*	*95*	*86*	*95*	*86*	*95*	*89.1%*	*95*
9	Proportion of population covered by by a mobile network (3G) (%)	*60*	*82*	*75*	*84*	*80*	*84*	*85*	*88.7%*	*90*
10	Proportion of population covered by a mobile network (4G) (%)	*45*	*65*		*68*		*69*		*74.9%*	
11	Fixed Internet Broadband subscriptions (Internet users per 100 people) (%)	*0.001*	*<0.001*	*>0.001*	*0.03*		*0.03*		*0.024*	
12	Proportion of individuals using the internet (%)	*40*	*37*	*40*	*41*	*45*	*41*		*40.7*	
13	Retail Price of Prepaid Mobile Broadband Monthly bundle, 500MB (USD) Data Volume (US$)	*3.5*	*2.7*	*3*	*2.91*		*2.54*	*2.60*	*2.54*	*2.40*
14	ICT development Index	*167*	*Not available*		*167*		*31.5*	*120*	*31.5*	
15	Number of licensed TV broadcasters	*40*	*22*	*25*	*16*		*26*		*26*	

16	Number of licensed Radio broadcasters	*60*	*53*		*83*		*81*		*72*	
17	Number of Telecentres/Public Internet/Information Access Centers		*138*		*138*		*138*		*138*	
18	Number of licensed ISPs		*42*		*45*		*29*		*29*	
19	Number of active ISPs	*10*	*19*	*15*	*23*	*20*	*28*	*25*	*28*	*30*
20	Number of post Offices converted into One Stop Public Service Delivery Centres	*2*	*2*	*2*	*2*		*2*	*2*	*2*	*4*

Source: MACRA Annual Report and 2019 ICT Survey
*Projection

TABLE 19.2: CORPORATE HISTORICAL NON-FINANCIAL PERFORMANCE

No	Non-Financial Performance Targets	2020/21 Targets	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Targets	2022/23 Actuals	2023/24 Targets	2023/24 Actuals	2024/25 Target
1	Satellite Coverage (%)	100	100	100	100	100	100	100	100	100
2	Satellite availability (%)	99.6	99.6	99.6	99.6	99.6	99.6	99.6	99.6	99.6
3	Terrestrial coverage – radio (%)	80	75	95	80	85	80	85	75	85
4	Terrestrial Analogue Coverage – TV (%)	0	30	0	0	0	0	0	0	0
5	Number of Viewers (%)	87	90	94	87	89	87	89	60.4	84
6	Number of Listeners (%)	80.2	80.2	87	80.2	84	83	95	39.4	95
7	Programming Local Content Television	95	95	92	99	90	99	90	99	90
8	Programming Local Content (%) Radio	97	99	99	95	99	98	99	98	97
9	News Local Content (%) TV	97	98	99	99	99	99	99	99	97
10	News Local Content (%) Radio	97	99	99	100	99	100	99	99	97
11	Compliance with the strategic plan	70	90	100	90	100	90	90	100	100

Source: MBC Performance Management Plans and Budget (PMPB) Half Year Report (2024/25)

TABLE 19.3: PERFORMANCE INDICATORS FOR ACCESS TO INFORMATION

	Non-Financial Performance Targets	2020/21 Targets	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Targets	2022/23 Actuals	2023/24 Targets	2023/24 Actuals	2024/25 Targets
1	Percentage of population accessing information through various channels of communication	100	90	100	NA	100	NA	100	92	100
2	Number of publications (Boma Lathu) and IEC materials produced and distributed	324,000	144,000	120,000	42,500	80,000	189,000	324,000	192,000	288,000
3	Number of news articles produced and transmitted to various media houses/institutions	16500	15,480	16,000	NA	4,800	3,581	4,800	2576	7200
4	Number of documents translated from English to local languages	15	13	15	13	NA	NA	3	0	3
	Number of photographic images produced	80,000	72,450	82,000	NA	30,000	5,300	30,000	14,500	40,000
5	Number of documentaries produced and distributed to various media houses	42	36	45	33	48	40	52	17	52

Source: Ministry of Information and Digitization

19.2.1 Projects Performance

19.2.1.1 Last Mile Rural Connectivity Project

The Government of Malawi is implementing the project with the aim of extending network connectivity to rural areas through construction and operationalization of telecommunication towers across the country. The project is vital for the socio-economic development of the country through increase in use of efficient and effective electronic services among citizens.

TABLE 19.4: PROJECT PERFORMANCE FOR LAST MILE RURAL CONNECTIVITY

Planned Activities 2023/24	Progress Attained in 2023/24	2024 – 25 Targets	2024-25 Achievements	2025-26 Planned Activities
Construction and operationalizing the 5 towers (Procurement and installation of telecommunication equipment and solar system)	The project has constructed and operationalized 2 towers namely: Chafumbwa in Dedza and Chamaliwa in Mzimba. Cumulatively, the Project has constructed and operationalized 30 towers across the country.	Construct and operationalize 4 towers	Construction is underway for five (5) towers at Chitheka in Nkhatabay, Thunduwike in Rumphi, Misuku (Mughese) in Chitipa, Ndawambe in Mchinji, and Bemba in Mwanza. This shows that the achievement has surpassed the target for the 2024/25FY. Cumulatively, the project has constructed 35 telecommunication towers	Construct and operationalize 10 telecommunication towers

Source: e-Government-Project Report

19.2.1.2 National College of Information and Technology (NACIT) Project

This Project was developed in 2012 and received approval from PSIP in 2015 and was supposed to be completed in 2021. The purpose of the project is to improve the quality and scope of ICT training in the public sector through the improvement of the dilapidated and outdated NACIT infrastructure (both physical infrastructure and ICT infrastructure), as well as strengthening the essential human capital investment through ICT training.

TABLE 19.5: PROJECT PERFORMANCE FOR NACIT

Planned Activities 2023/24	Progress Attained in 2023/24	2024 – 25 Expectations/ Targets	2024-25 Achievements	2025-26 Planned Activities
Construction of a girl’s hostel, library and recreation Centre at Blantyre NACIT campus	Initiated the procurement Project awarded a contract to a contractor to construct a girls’ hostel and started the ground work. The contractor also completed rehabilitation works to existing buildings at Blantyre NACIT Campus.	Construction of a girl’s hostel at Blantyre NACIT Campus	The construction of a new girls' hostel at NACIT Blantyre Campus is progressing with foundational work completed	Complete the construction of a girl’s hostel at Blantyre NACIT Campus

Source: e-Government-Project report

19.2.1.3 Digital Malawi Project

Given the national need on transitioning the nation to technologically advanced levels, the Government is implementing a number of key priority initiatives in attaining the desired technology status. Among the initiatives being implemented is the Digital Malawi project which is paramount in developing the nation into a digital economy through harnessing a number of key sectors within the economy. Several deliverables have been attained since the commencement of the project and the Government still sets projections to be attained in 2024-2025.

TABLE 19.6: PROJECT PERFORMANCE FOR DIGITAL MALAWI PROJECT

Planned Activities 2023/24	Progress Attained in 2023/24	2024/25 Projections	2024-25 Achievements	2025-26 Planned Activities
• Develop Data Protection Bill • National Data Center in place • Connection of 500 sites to robust internet • Data Exchange (Enterprise Service Bus) Platform developed • Developing New Official Government Email System • Developing digital service gateway • Operationalize Malawi Enterprise Architecture Framework	• Data Protection Bill 2023 was developed and approved by Parliament on 7th December 2023 • A 3-tier state of the art National Primary Data Centre is being constructed in Lilongwe • Internet for the 500 public institutions has been successfully completed (100%) • Successfully developed an innovative solution, a data exchange platform known as the Enterprise Service Bus (ESB) to facilitate cohesive integration among different MDAs involved in delivering	• Operationalization of National Digitalization Policy • Operationalize the data protection act • Develop the Government Information and Communication Policy • Finalize development of the National Postal Policy • Enhancement of Government Sector Computer Emergency Response Team (GCERT) • Expansion of the Data Exchange Platform (ESB)	• Operationalized the National • Digitalization Policy • Enacted the Data Protection Act • Government Sector Computer Emergency Response Team (G-CERT) operationalized • Construction of this Tier 3 modern facility is 99% complete • The Enterprise Service Bus (ESB), which is a data exchange platform has onboarded 7 MDAs for the pilot phase and is named Bomalathu. It can be accessed through web portal *(https://bomalathu.gov.mw).* Some of the institutions include: NRB, PPDA, Immigration, MRA, RBM, MoH, Min of Education, Dpt of Registrar General, Dpt of Accountant General,	• Completion of site appraisal, safeguards survey and selection for the 500 connectivity sites across. • Support the provision of next generation ID systems to NRB. • Launch of digital skills requests for proposals to tech hubs and other stakeholders. • Recruitment of a team of specialists to assist the Department of e-Government • Provide connectivity to 2000 schools • Expansion of the Boma lathu Portal and Mobile Application to offer more e-services in key sectors

	Government services electronically • Government has successfully created official emails for all civil servants and transitioned the emails to the newly established official Government email system • Successfully developed an electronic-service gateway/portal	DHRM&D, DRTSS are identified for piloting phase	

Source: e-Government-Project report

19.2.1.4 Digital Migration Project

The Malawi Digital Broadcast Network Limited (MDBNL) implements the Digital Migration Project which is being funded by the Malawi Government Development Budget Part II. The Project was approved to be in PSIP by Government to run from July 2015 to June 2020. Due to a number of challenges that the project went through during this period such as delayed disbursement of funds and underfunding, some of its targets were not met. In January of the 2019/20 financial year, MDBNL equipment was gutted by fire and was completely burnt to ashes. This again forced the management of MDBNL to request for another project extension so that it may re-install the equipment in the 2021/22 FY and the subsequent years. Hence, Management requested for an extension to 2024.

19.2.1.4.1 Performance Overview

Project Description: Transit from Analogue to Digital Television Broadcasting by installing digital television equipment to improve efficiency in management of frequencies and improved quality picture and sound. The project intends to provide the rural community with technology that is in urban areas. The strategic plans that are planned in form of priority have been set up as follows;

TABLE 19.8 PROJECT PERFORMANCE FOR DIGITAL MIGRATION

	Non-Financial Performance Targets	- 2020/21 Targets	- 2020/21 Actuals	- 2021/22 Targets	- 2021/22 Actuals	2022/23 Targets	- 2022/23 Actuals	- 2023/24 Targets	- 2023/24 Actuals	- 2024/25 Targets
1	Number of equipment shelters constructed	3	2					2	1	1
2	Number of technical staff trained in conditional access (CAS) and electronic program guide (EPG) and sent for long - or short - term trainings	7	7	10	4			3	3	2
3	Number of transmitters installed	2	2	5	1	2	1	2	0	2
4	Number of decoders provided in the system	7,000	5,000	10,000	7,000	6,000	5,000	4,000	3,000	6,000
5	Number of channels in the Headend	22	22	25	25	32	25	32	25	32
6	Monitoring and evaluation exercise conducted	1	1	1	1	1	1	1	2	1

Source: MDBNL – Project Report

19.3 Challenges

19.3.1 Inadequate Funding

Inadequate and inconsistent flow of funds for projects fully funded by the Government has been a challenge. This has led to very minimal progress in such projects, most of which should have been completed by now. This has also led to the rescheduling of other projects to future Financial Years. In addition, there has not been Counterpart funding (Development Budget part 2) for initiatives like the National Fibre Backbone Project which the sector intends to utilize for supervision, monitoring and evaluation. As a result, Monitoring and Evaluation for the project has been difficult.

19.3.2 Delays in Procurement Processes and Approval Processes in Construction

Delays in processing of various processes with other Government Departments have greatly affected projects' performance. This is particularly evident with Departments such as Buildings who have spent over a year processing bills of quantities and are still yet to complete the exercise for the NACIT Enhancement Project.

19.3.3 Inadequate Human Capacity

The Ministry has been experiencing shortage in human capacity and lack of staff functional adjustments due to low levels of staff trainings and inadequate resources respectively. The lack of trainings has continuously stagnated the effectiveness of staff in delivering Ministry services. This challenge has also been hand in hand with increase in Ministry's structure on long bureaucracy hence slowing implementation of activities.

19.3.4 Inadequate Equipment

With the world going digital, the Ministry still lags behind in using advanced equipment to support the rolling in of technology in areas of work. i.e. Microsoft software for the E-Government Department to support and develop new operating systems, inadequate equipment to support GWAN network across the country.

19.3.5 Mobility Challenges

The Ministry continues to face the challenge due to a shortage of vehicles hence posing transportation problems for staff on a number of Ministry duties.

19.3.6 Scarcity of Forex

Failure to meet invoices in time made the institution lose content which it uses to improve service quality.

19.3.7 Variation of Exchange Rate

The Digital Migration Project invests in equipment procured from Europe and the United States of America. The kwacha movement affects budget execution.