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MALAWI GOVERNMENT

ANNUAL ECONOMIC REPORT 2024

Ministry of Finance and Economic Affairs

ANNUAL ECONOMIC REPORT 2024

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THE WORLD ECONOMIC OUTLOOK

1.1 World Output

1.1.1 World Output Developments in 2023

World economic growth slowed down from 3.5 percent in 2022 to 3.1 percent in 2023, reflecting slow and uneven recovery of the world economy from the negative impacts of the COVID-19 pandemic and the continued negative impacts of the war in Eastern Europe. Advanced economies' growth slowed down from 2.6 percent in 2022 to 1.6 percent in 2023 and about 90 percent of the advanced economies experienced a slow growth with the exception of the United States (US) which maintained a stronger than expected growth of 2.5 percent in 2023 from 1.9 percent 2022. For the US economy, growth is attributed to stronger business investments especially in the second quarter of the year and resilient consumption growth reflecting a tight labour market, in addition to the government's expansionary fiscal stance.

The Euro area, however, experienced a weaker than expected growth of 0.5 percent in 2023 from a growth of 3.4 percent in 2022. The decline in the region is attributed to tight monetary policy and lingering impacts of the terms-of-trade shock, from high energy prices. Growth for Emerging Markets and Developing Economies has stagnated at 4.1 percent since 2022. In the Emerging and Developing Asia region, the growth rose to 5.2 percent in 2023, from 4.5 percent in 2022 on account of India's improved growth following stronger domestic investments and China's stronger-than-expected growth, which was a result of increased net exports, off-setting investment weaknesses, likely to undermine growth. Economic growth in Emerging and Developing Europe rose to 2.4 percent in 2023 from 0.7 percent in 2022, reflecting Russia's rebound growth in 2023, as a result of substantial fiscal stimulus, strong investment, and resilient consumption in the context of a tight labor market.

1.1.2 World Output Prospects for 2024 and 2025

The global economy is projected to grow by 3.1 percent in 2024, maintaining the growth realised in 2023. This reflects restrictive monetary policies, withdrawal of fiscal support and as well as low underlying productivity growth as the global economy slowly recovers from the setbacks of the COVID-19 pandemic, war in Eastern Europe and the cost-of-living crisis. In 2025, global growth is projected to grow at 3.2 percent, a slight increase from 3.1 percent growth realised in 2023 (IMF World Economic Outlook, January 2024).

Growth for the US economy is projected to drop from 2.5 percent in 2023 to 2.1 percent in 2024 while the Euro Area is expected to recover from a low rate of 0.5 percent attained in 2023 to 0.9 percent in 2024. On the other hand, growth for Emerging and Developing Economies is projected to remain constant at 4.1 percent in 2024; reflecting the same growth realised in 2023. Table 1 below shows world output growth since 2022.

TABLE 1.1: WORLD OUTPUT (ANNUAL PERCENTAGE CHANGE)

	2022	2023	2024*	2025*
World Output	**3.5**	**3.1**	**3.1**	**3.2**
Sub-Saharan Africa	**4.0**	**3.3**	**3.8**	**4.1**
Advanced Economies	**2.6**	**1.6**	**1.5**	**1.8**
United States	2.5	2.5	2.1	1.7
Euro Area	3.3	0.5	0.9	1.7
Japan	1.0	1.9	0.9	0.8
United Kingdom	4.1	0.5	0.6	1.6
Canada	3.4	1.1	1.4	2.3
Emerging Market and Developing Economies	**4.1**	**4.1**	**4.1**	**4.2**
Emerging and Developing Asia	4.5	5.4	5.2	4.8
China	3.0	5.2	4.6	4.1
India	7.2	6.7	6.5	6.5
Emerging and Developing Europe	0.8	2.7	2.8	2.5
Latin America and the Caribbean	4.1	2.5	1.9	2.5
Middle East and Central Asia	5.6	2.0	2.9	4.2

Source: IMF World Economic Outlook January, 2024.
* Projections.

1.2 Regional Output

1.2.1 Regional Output Developments in 2023

Sub-Sahara African countries registered a slowdown in economic growth from 4.0 percent in 2022 to 3.3 percent in 2023. The decline reflects weak international demand due to inflationary shock following factors such as war in Eastern Europe, worsening weather shocks in the region, and domestic supply challenges, notably, in the electricity sector.

South Africa's growth, declined from 1.9 percent in 2022 to 0.9 percent in 2023 due to persistent power shortages in the country. Tanzania's growth rose to 5.2 percent from 4.7 percent in 2022 whereas Zambia's growth declined to 3.6 percent in 2023 from 4.7 percent in 2022. Mozambique, however, grew exceptionally with a rebound growth of 7.0 percent in 2023 from 4.2 percent in 2022. Table 1.2 below shows a summarised regional output performance since 2022.

TABLE 1.2: REGIONAL OUTPUT (ANNUAL PERCENTAGE CHANGE)

	2022	2023*	2024*
Sub-Saharan Africa **	**4.0**	**3.3**	**3.8**
Ethiopia	6.4	6.1	6.2
Kenya	4.8	5.0	5.3
Uganda	6.4	4.6	5.7
Nigeria**	3.3	2.8	3.0
South Africa**	1.9	0.6	1.0
Tanzania	4.7	5.2	6.1
Zambia	4.7	3.6	4.3
Mozambique	4.2	7.0	5.0
Zimbabwe	6.2	4.1	3.6

Source: IMF World Economic Outlook October 2023.
** Updated with the IMF World Economic Outlook, January 2024
* Projections.

1.2.2 Regional Output Prospects for 2024

The economic outlook in the Sub-Saharan Region is expected to rise to 3.8 percent in 2024 from 3.3 percent in 2023 on account of reduced negative impacts of weather shocks experienced earlier in 2023, the improvement of supply conditions, falling inflation and stabilizing public finances and improvements in the energy sector.

Some countries in the region such as Tanzania, Zambia, and South Africa are expected to register improved growth rates except for Mozambique which is expected to drop down from 7.0 percent in 2023 to 5.0 percent in 2024.

1.3 Inflation and World Commodity Prices

1.3.1 Inflation and World Commodity Prices in 2023

Global headline inflation steadily declined from 8.7 percent in 2022 to 6.8 percent in 2023. Headline inflation for advanced economies hugely dropped by 2.7 percentage points, from 7.3 percent in 2022 to 4.6 percent in 2023. The decline in headline inflation was as a result of a fall in global energy prices caused by low demand, following the tight global monetary policies which reduced economic activities. Food prices, on the other hand, declined modestly in 2023, with lower demand being offset by supply side reductions, resulting from Russia’s withdrawal from the Black Sea Grain Initiative in July 2023, which reduced the supply of wheat to the global market. In emerging markets and developing economies, inflation likewise dropped by1.4 percentage points from 9.8 percent in 2022 to 8.4 percent in 2023.

In contrast, the Sub-Saharan Africa region experienced a rise in inflation from 14.5 percent in 2022 to 15.8 percent in 2023 reflecting weak monetary policy frameworks and communication, high exposure to shocks in commodity prices and exchange rate depreciations as shown in Table 1.3 below.

TABLE 1.3: CONSUMER PRICES (ANNUAL PERCENTAGE CHANGE)

	2022	2023*	2024*
Consumer Price Growth			
Advanced Economies	7.3	4.6	2.6
Emerging Markets and Developing Economies	9.8	8.4	8.1
Sub-Saharan Africa	14.5	15.8	13.1

Source: IMF WEO, October 2023/January, 2024.
* Projections.

1.3.2 Inflation and World Commodity Price Prospects for 2024

Global inflation is set to further drop from 6.8 percent in 2023 (annual average) to 5.8 percent in 2024. The projected disinflation reflects declining fuel and non-fuel commodity prices as well as the expected cooling effects of monetary tightening on economic activities.

Advanced economies are set to see a faster disinflation compared to Emerging and Development economies. Headline inflation for advanced economies is expected to steadily drop by 2.0 percentage points from 4.6 percent in 2023 to 2.6 percent in 2024 where as for Emerging markets and Developing economies, inflation is expected to drop by just 0.3 percentage points to 8.1 percent in 2024 from 8.4 percent in 2023. The difference in disinflation of advanced economies and those emerging and developing ones, reflects advanced economies' benefits from stronger monetary policy frameworks and communications which facilitates disinflation, and lower exposure to shocks caused by commodity price and exchange rates.

Inflation in advanced economies is projected to steadily drop to 2.6 percent in 2024 while in the Sub-Saharan Africa region, consumer price growth, is expected to drop by 1.7 percentage points from 15.8 percent in 2023 to 13.1 percent in 2024.

1.4 Global Financial Sector

1.4.1 Global Financial Sector Developments in 2023

The global financial conditions significantly tightened in 2023, as central banks worldwide raised policy rates, in an attempt to dampen inflationary pressures to achieve price stability. This caused credit and investment demand to contract in the first half of 2023, reflecting tighter supply as well as lower demand for credit, as many businesses began to deleverage in response to higher interest rates and production overcapacity.

In advanced economies, the fiscal policy was somehow eased, as compared to emerging markets and developing economies and other economies whose recovery is not yet complete. In the US, for example, where GDP had already exceeded its pre-pandemic path, the policy was eased more than other economies. In contrast, in low-income countries, liquidity squeezes and the elevated cost of interest payments, crowded out necessary investments, thereby hampering the recovery of large output losses compared with the pre-pandemic trends.

1.4.2 Global Financial Sector Prospects for 2024

Global financial conditions in 2024 are projected to remain contractionary as central banks still have the duty to restore price stability while using policy tools to relieve potential financial stress in their respective economies. In 2024, the fiscal policy stance is expected to tighten in several advanced and emerging market and developing economies in order to rebuild budgetary room for manoeuvre and curb the rising path of debt, and this shift is expected to slow growth in the near term.

Despite economic activities proving more resilient and inflation being on the downward path, the potential risks to this growth are more balanced yet tilted to the downward side and as such, central banks are more likely to maintain a restrictive monetary policy stance in an attempt to manage inflationary pressures.

1.5 International Trade

1.5.1 International Trade Developments in 2023

World Trade steadily declined from 5.2 percent in 2022 to 0.4 percent in 2023 reflecting the path of global demand and a shift in its composition towards domestic services, lagged effects of the dollar appreciation which slowed trade owing to the widespread invoicing of products in dollars and the rising trade barriers.

Furthermore, exports from developing countries underperformed whereas south-south trade sharply decreased and East Asia trade remained below average. Annual growth in imports for the advanced economies dropped significantly from 6.7 percent in 2022 to 0.1 percent in 2023 whereas for emerging markets and developing economies, both exports and imports hugely declined with Exports recorded at -0.1 percent in 2023 from 4.1 percent in 2022. Imports on the other hand, declined from 3.2 percent in 2022 to 1.7 percent in 2023. Current account balances for most economies declined in 2023 due to the decrease in prices of commodities whose prices were earlier elevated due to the widening in oil prices and other commodity prices, as caused by the war in Ukraine.

TABLE 1.4: WORLD TRADE (ANNUAL PERCENTAGE CHANGE) 2022-2024

	2022	2023*	2024*
World Trade Volume (Goods and Services)	**5.1**	**0.9**	**3.3**
Imports			
Advanced Economies	6.7	0.1	3.0
Emerging Markets and Developing Economies	3.2	1.7	4.4
Exports			
Advanced Economies	5.3	1.8	3.1
Emerging Markets and Developing Economies	4.1	-0.1	4.2

Source: IMF World Economic Outlook October 2023.

* Projections.

1.5.2 International Trade Prospects for 2024

World trade growth is projected to pick up to 3.3 percent in 2024 from 0.9 percent in 2023, due to increased trade in goods and services that are closely linked to the business cycle such as machinery and consumer durables. Domestic demand for advanced economies is anticipated to also increase to 1.4 percent in 2024 from 1.0 percent in 2023. Growth in exports for both advanced and emerging and developing economies is expected to pick up to 3.1 and 4.2 percent respectively, in 2024.

Chapter 2

MACROECONOMIC PERFORMANCE IN 2023 AND PROSPECT FOR 2024 AND 2025

2.1 GDP Performance and Forecast

Malawi's GDP growth rate for 2023 was estimated at 1.5 percent, a slight increase from 0.9 percent growth in 2022. This is however a drop from the earlier projected growth of 2.7 percent for 2023. The meagre performance in industries such as agriculture, wholesale and retail, and manufacturing accounted for the missing of the projected growth target. The economic shocks that impacted the economy in 2022 such as shortages of foreign exchange, inflation, and acute fuel shortages, persisted in 2023. This affected the procurement and distribution of affordable farm inputs in the 2022/23 farming season which hampered performance of the agriculture industry. Furthermore, Tropical Cyclone Freddy (TCF) contributed to the negative performance of crop production as it swept away crop fields in the southern region of Malawi. TCF also left the country in a humanitarian crisis as it claimed human lives, displaced thousands of people, and damaged infrastructure. Inadequate foreign exchange reserves affected the performance of the Manufacturing and Wholesale and Retail Trade industries due to lack of intermediary inputs. This resulted in closure of some companies in the industries. Furthermore, the foreign exchange crisis prompted the Reserve Bank of Malawi to realign the Malawi Kwacha by 44 percent in November, 2023.

Nevertheless, the economy still registered a positive growth rate due to the improvement in the electricity and water industry which has forward and backward linkages with most of the industries of the economy. The restoration of Kapichira Power Plant improved the generation of power for the national grid. The positive growth was also realised by the good performance in construction industry. Government's commitment to expedite construction projects across the country benefited the industry and the economy as it increased employment as well as induced demand in other industries such as mining of rock aggregates and cement manufacturing. The rebound of the accommodation and transport industries mainly buoyed by the increase in the arts activities also contributed to the modest positive economic growth.

The growth rate is estimated to increase to 3.2 percent in 2024 and further projected to grow at 4.8 percent in 2025. The economy's performance is expected to improve in comparison to 2023, mainly due to International Monetary Fund granting Malawi the Extended Credit Facility which is expected to improve the foreign reserves. This intervention is expected to address importation impediments, improve foreign reserves, reduce fuel shortages and inflationary pressure. It is, therefore, expected that industries such as manufacturing, wholesale and retail will be restored to their normal operation capacity. Despite the murky prospects of the 2023/24 agricultural performance due to the anticipated El Nino weather condition as forecasted by meteorological authorities and the reduction in AIP beneficiaries, mega farms are expected to offset agricultural declines and restore food security in the country. In addition, 2024 is a campaign year which induces aggregate demand. As shown in Tables 2.1 to 2.3 below, industries such as transport, professional services, construction, information and communication, among others, will perform well in 2024 as they benefit highly from the aforementioned activity as these industries facilitate political campaigns and rallies.

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

INDUSTRY	2021	2022	2023	2024*	2025*
Agriculture, Forestry and Fishing	1,705,940.5	1,721,942.2	1,734,917.8	1,767,361.5	1,817,449.4
Crop and Animal Production	1,622,861.6	1,631,535.9	1,645,877.2	1,675,507.3	1,723,446.7
Forestry and Logging	8,750.2	9,030.3	9,253.0	9,649.0	10,185.9
Fishing and Aquaculture	74,328.6	81,376.0	79,787.7	82,205.2	83,816.8
Mining and Quarrying	52,448.6	53832.0	55,698.8	58,930.1	62,852.3
Manufacturing	919,760.5	907,251.5	910,683.0	950,319.0	993,570.0
Electricity, Gas and Water Supply	211,867.1	205,712.7	222,173.0	231,507.1	244,393.4
Construction	245,532.3	253,096.4	273,745.7	289,015.7	308,363.1
Wholesale and Retail Trade	938,400.5	916,452.4	899,088.2	911,929.6	946,853.3
Transportation and Storage	331,890.1	339,236.1	350,805.1	366,696.3	385,057.0
Accommodation and Food Services	84,035.3	89,464.6	97,180.1	106,763.5	117,625.4
Information and Communication	461,460.6	468,589.9	483,657.8	516,462.1	555,441.0
Financial and Insurance Activities	479,507.6	505,387.0	523,823.5	555,903.6	593,194.9
Real Estate Activities	499,509.5	507,049.3	518,269.1	537,316.8	558,668.7
Professional and Support Services	92,371.0	95,421.7	97,454.1	103,075.7	109,620.6
Public Administration and Defence	242,944.1	254,799.3	263,907.5	276,829.3	289,761.9
Education	301,089.1	314,578.1	324,715.2	345,154.8	365,978.6
Health and Social Work Activities	427,418.3	436,430.5	447,732.8	467,353.9	485,531.7
Other Services	137,593.3	143,708.92	151,204.1	158,717.99	167,335.7
Sum of All Industries	7,131,768.4	7,212,952.7	7,355.141.9	7,643,336.8	8,001,697.0
Plus: Taxes less Subsidies on Products	461,651.4	450,411.2	420,697.0	381,950.5	409,368.1
GDP AT CONSTANT 2017 PRICES	**7,593,419.8**	**7,663,363.9**	**7,775839.0**	**8,025,287.3**	**8411065.1**

Source: National Accounts and Balance of Payment Committee

TABLE 2.2: INDUSTRIAL CONTRIBUTION TO GDP (IN PERCENT)

INDUSTRY	**2021**	**2022**	**2023**	**2024***	**2025***
Agriculture, Forestry and Fishing	22.5	22.5	22.3	22.0	21.6
Crop and Animal Production	21.4	21.3	21.2	20.9	20.5
Forestry and Logging	0.1	0.1	0.1	0.1	0.1
Fishing and Aquaculture	1.0	1.1	1.0	1.0	1.0
Mining and Quarrying	0.7	0.7	0.7	0.7	0.7
Manufacturing	12.1	11.8	11.7	11.8	11.8
Electricity, Gas and Water Supply	2.8	2.7	2.9	2.9	2.9
Construction	3.2	3.3	3.5	3.6	3.7
Wholesale and Retail Trade	12.4	12.0	11.6	11.4	11.3
Transportation and Storage	4.4	4.4	4.5	4.6	4.6
Accommodation and Food Services	1.1	1.2	1.2	1.3	1.4
Information and Communication	6.1	6.1	6.2	6.4	6.6
Financial and Insurance Activities	6.3	6.6	6.7	6.9	7.1
Real Estate Activities	6.6	6.6	6.7	6.7	6.6
Professional and Support Services	1.2	1.2	1.3	1.3	1.3
Public Administration and Defence	3.2	3.3	3.4	3.4	3.4
Education	4.0	4.1	4.2	4.3	4.4
Health and Social Work Activities	5.6	5.7	5.8	5.8	5.8
Other Services	1.8	1.9	1.9	2.0	2.0
Sum of All Industries	93.9	94.1	94.6	95.2	95.1
Plus: Taxes less Subsidies on Products	6.1	5.9	5.4	4.8	4.9

Source: National Accounts and Balance of Payment Committee

TABLE 2.3: ANNUAL PERCENTAGE GROWTH RATES (IN PERCENT)

INDUSTRY	2021	2022	2023	2024*	2025*
Agriculture, Forestry and Fishing	3.8	0.9	0.8	1.9	2.8
Crop and Animal Production	4.2	0.5	0.9	1.8	2.9
Forestry and Logging	-0.2	3.2	2.5	4.3	5.6
Fishing and Aquaculture	-5.4	9.5	-2.0	3.0	2.0
Mining and Quarrying	-3.6	2.6	3.5	5.8	6.7
Manufacturing	4.1	-1.4	0.4	4.4	4.6
Electricity, Gas and Water Supply	-1.8	-2.9	8.0	4.2	5.6
Construction	2.8	3.1	8.2	5.6	6.7
Wholesale and Retail Trade	3.3	-2.3	-1.9	1.4	3.8
Transportation and Storage	5.7	2.2	3.4	4.5	5.0
Accommodation and Food Services	1.7	6.5	8.6	9.9	10.2
Information and Communication	6.9	1.5	3.2	6.8	7.5
Financial and Insurance Activities	6.3	5.4	3.6	6.1	6.7
Real Estate Activities	4.5	1.5	2.2	3.7	4.0
Professional and Support Services	3.7	3.3	2.1	5.8	6.3
Public Administration and Defence	3.6	4.9	3.6	4.9	4.7
Education	2.6	4.5	3.2	6.3	6.0
Health and Social Work Activities	2.2	2.1	2.6	4.4	3.9
Other Services	6.4	4.4	5.3	4.9	5.4
Sum of All Industries	3.8	1.1	2.0	3.9	4.7
Plus: Taxes less Subsidies on Products	17.0	-2.4	-6.6	-9.2	7.2
GDP AT CONSTANT 2017 PRICES	**4.6**	**0.9**	**1.5**	**3.2**	**4.0**

Source: National Accounts and Balance of Payment Committee

2.2 Real Sector Performance in 2023 and Prospects for 2024 and 2025

2.2.1 Agriculture, Forestry, and Fishing

The growth rate for agriculture industry in 2022 was recorded at 0.9 percent from 3.8 percent recorded in 2021. This positive but slow growth was largely attributed to the adverse weather conditions experienced in 2022 as the country was hit by Tropical cyclones, Anna, Gombe and Dumako which affected crop and animal production. The cyclones also affected large-scale agriculture, such as tobacco and sugarcane production.

The industry's growth rate for 2023 was estimated at 0.8 percent, a slight decline in performance compared to 2022. The country experienced unfavourable weather conditions in form of TCF and incessant rainfall which affected crop and animal production. This resulted in poor production in the main crops such as soybean. According to the 2023 Post-Disaster Needs Assessment (PDNA) report, losses caused by TCF to the crop and livestock industry were estimated at US$55.01 million and US$3.04 million, respectively, across all the 16 affected districts. Furthermore, the northern region was affected by dry spells, which undermined rice production. In addition, the government experienced operational challenges in the procurement and distribution of affordable inputs prior to, and during the farming season. This had a detrimental impact on small-scale agriculture hence affecting production.

Growth is projected to be at 1.9 percent and 2.8 percent, for 2024 and 2025 respectively. The industry is expected to perform better than 2023 due to the expected increased operations of the megafarms and irrigation farming which will increase production. This is in spite of the reduced number of beneficiaries for AIP and the forecasted El-Nino weather conditions which do not guarantee favourable agricultural production.

2.2.2 Mining and Quarrying

The growth for 2022 was estimated at 2.6 percent from a growth of -3.6 percent in 2021 on account of an upsurge in demand for rock aggregates, limestone, iron ore, and gemstones. The estimated growth for 2023 was 3.5 percent. This was an improvement in the industry's performance compared to the estimated growth for 2022 due to the improved electricity production in 2023. Additionally, the government's commitment to continue implementing ongoing construction projects in the country during the 2023/24 fiscal year increased the demand for the industry's products.

The industry is expected to experience significant growth in 2024 and 2025, with a forecast of 5.8 percent and 6.7 percent, respectively. This positive outlook is driven by the Ministry of Mining's efforts to formalize the Artisanal and Small-scale Miners (ASMs) Act, which is anticipated to boost the production of gemstones and other minerals in 2024. Furthermore, a number of mining projects have been aligned such as re-commissioning of Kayelekera Uranium Mine, the development of major mineral projects like the Kanyika Niobium Project in Mzimba, Songwe Rare Earth Project in Phalombe, and expected increased construction activities in the industry.

2.2.3 Manufacturing

The industry experienced a contraction in 2022, with a growth estimate of -1.4 percent from a growth of 4.1 percent in 2021. This is attributed to shortage of foreign exchange and fuel, a recession in the agricultural industry, and unreliable electricity supply among others.

In 2023, the industry's growth estimate was at 0.4 percent. Many manufacturing companies reduced production levels due to the challenges related to foreign exchange and devaluation of the Kwacha which continued to compromise ability to import necessary raw materials and increased input costs for production. The decline in agricultural production further exacerbated the industry's challenges by causing a shortage of domestic raw materials. Regardless, the industry registered a positive but slow growth due to the rehabilitation of the Kapichira Power Plant, which stabilized electricity supply and enhanced business operations in the industry.

Growth rate in 2024 and 2025 is projected to be at 4.4 percent and 4.6 percent, respectively. This forecast is based on expectations of an improved foreign exchange situation, consistent power supply, fuel availability, and enhanced agricultural production.

2.2.4 Electricity, Gas and Water

2022 growth rate for this industry was estimated at -2.9 percent in comparison to the -1.8 percent growth registered in 2021. This is mainly on account of persistent intermittent power supply caused by the damaged Kapichira Power Plant, which supplies over 128 MW to the nation's grid.

The growth rate for 2023 was estimated at 8.0 percent. There was a significant improvement in the energy industry due to the rehabilitation of the Kapichira Power Plant. In addition, the Southern Region Water Board increased the number of water plants from 11 to 15, while the Lilongwe Water Board rehabilitated and raised Kamuzu Dam 1 by 7 meters. Moreover, there were several solar power projects that also improved the supply of electricity, such as the Nkhotakota Solar Power Station. A number of projects in the water sub-industry improved access through water distribution network rehabilitation and expansion. Further, the Lilongwe Water and Sanitation Project (LWSP) curbed non-revenue water, which improved production efficiency. Despite Tropical Cyclone Freddy (TCF) damaging water infrastructure in the southern region, the industry still performed well.

The industry is forecasted to grow by 4.2 percent in 2024 and 5.6 percent in 2025. The government has plans to increase national generation capacity to 1,000 MW by 2025. There are a number of anticipated projects, such as the Bwengu Solar Power Station, a 50-megawatt solar power plant; and the Kam’mwamba Thermal Power Plant, a 300 MW coal-fired power project.

2.2.5 Construction

The growth rate for 2022 was recorded at 3.1 percent a slight increase from 2021 growth of 2.8 percent. This slight growth is the negative impact of most projects stalling after May 2022 devaluation of the currency to allow revision of the contracts and forex shortages.

Construction activities in the country skyrocketed in 2023 due to the government's commitment to finalize/continue implementing ongoing projects with support from the donor community. This was reflected in the growth rate of 8.2 percent. Road infrastructure developments such as the M1 rehabilitation of the Kamuzu International Airport Junction to Mzimba road, the dualization of the crossroads to Kanengo road, upgrading of Kasungu municipal roads projects increased performance of the industry. The resumption of the construction of 10,000 housing units for Malawi's Defence Force, Malawi Police Force, and Immigration also contributed to the improved industry growth. The first part of the first phase of the project is the construction of 231 houses and the progress is at 74 percent. The second part is at 17 percent from a target of constructing 797 houses.

The industry’s good performance is projected to persist in 2024 and 2025 as there are increased economic activities during the campaign period and election year. Projects in the pipeline include the rehabilitation of Balaka-Nkhotakota-Dwangwa-Nkhata-Bay M6 road, construction of learning complexes in public universities, among others. The projected growth rate for the industry in 2024 and 2025 is, therefore, projected to be 5.6 percent and 6.7 percent.

2.2.6 Wholesale and Retail

Growth estimates for the year 2022 was at -2.4 percent compared to 2021 growth of 3.3 percent. The poor performance in the industry was mainly as a result of shortage of foreign exchange and fuel. Growth for 2023 was estimated at -1.9 percent on the account of the worsening of foreign exchange availability, devaluation of the Kwacha and continued fuel shortages in the year. In addition, the negative performance was due to the underperformance in the agriculture and manufacturing industries, where most of the inputs for the wholesale industry are derived from. Furthermore, the rise in inflation negatively affected the wholesale and retail industry by reducing the disposable income of households and other economic agents, who are the key players in the industry.

Projections for 2024 and 2025 stand at 1.4 percent and 3.8 percent, respectively. This is ascribed to the anticipated resumption of the ECF Program which is expected to improve forex availability thereby improving performance in the industry.

2.2.7 Transportation and Storage Services

A slower growth rate was estimated in 2022 at 2.2 percent a decline from 5.7 percent growth in 2021 mainly emanating from the effects of the Russia-Ukraine crisis such as increased oil prices.

The growth rate for 2023 was estimated at 3.4 percent. This was attributed to the improvement in demand for transportation services in both passenger and courier from the devastating COVID-19 Pandemic that limited the industry's performance. Despite the Tropical Cyclone Freddy damaging some infrastructure in this industry, and periodic acute fuel shortages distorting operating costs; there was significant improvement in performance of railway, airline and road transport. Railway transport improved due to low fares and reliability of the service whilst the airline services also performed better due to increase in religious and recreation activities in 2023. Road transport proved to be highly competitive in the year that eluded monopolistic tendencies by major players in the industry. This rendered prices to be competitive and relatively fair for consumers. Finally, the upsurge in the electricity supply also improved the service provision of cold storage facilities.

The prospect for 2024 and 2025 is positive for the transportation and storage industry as it will be campaign period which induces increased demand for the transportation and storage services. Besides, it is expected that most roads projects will be finalized during this period which will improve movements of individuals and cargo for both business and leisure. As such, the industry is projected to grow at 4.5 percent in 2024 and 5.0 percent in 2025.

2.2.8 Accommodation and Food Services

The growth rate for 2023 was estimated at 8.6 percent a further improvement from 6.5 percent growth. The faster growth in the industry was on account of the increase in the number of arts, entertainment, and recreational activities in the year, which created a demand for accommodation and food services. Furthermore, there was an influx of different humanitarian and development organizations in the country for support triggered by the occurrence of the Tropical Cyclone Freddy (TCF). The industry also benefited from the resumption of conference meetings from government and NGOs. The industry is forecasted to grow by 9.9 percent in 2024 and 10.2 percent in 2025. This anticipated growth is on account of increase in arts, entertainment, and recreational activities during the campaign period in the run up to the 2025 general election.

2.2.9 Information and Communication

In 2022 a slower growth was recorded at 1.5 percent from 6.9 percent in 2021 emanating from the economic hardships experienced in the period. For the year 2023, growth rate for the industry was estimated at 3.2 percent. The improvement in the industry is on account of the revision of data prices by leading companies in the communication industry and introduction of different innovations and promotions which has increased data usage.

In 2024 and 2025, the industry is expected to pick up and grow at 6.8 percent and 7.5 percent, respectively. The improvement in the industry is anticipated as the economy is expected to recover from the economic hardships the country is going through. Besides, 2024 being a campaign year, it will trigger an increase in economic activities in the industry which will boost performance.

2.2.10 Financial and Insurance Services

The industry growth rate for 2022 was estimated at 5.4 percent due to an increase in the use of digital banking and insurance services. A slightly lower growth rate of 3.6 percent was estimated in 2023. This slower growth is attributed to the further tightening of the monetary policy which saw an upward adjustment of the policy rate to 24.0 basis points. The industry, however, still registered a positive growth on an account of the increase in holding of government treasury bills.

The industry is projected to grow at 6.1 percent in 2024 and 6.7 percent in 2025. This growth is attributed to the anticipated disinflation which is expected to decrease the policy rate and thus increase credit to the private sector.

2.2.11 Real Estate

The growth rate for real estate in 2022 was recorded at 1.5 percent from 4.5 percent growth in 2021 due to economic hardships experienced such as devaluation, inflation, and foreign exchange shortages. For 2023, the growth rate was estimated at 2.2 percent, a slight improvement attributed to the small improvement of the economy compared to 2022.

The industry’s performance is expected to pick up in 2024 and 2025 with a growth rate of 3.7 percent and 4.0 percent. This is on the account of improvement in the economy and completion of construction projects in the industry by Malawi Housing Corporation that will increase demand. In addition, election activities will also induce demand in the industry.

2.2.12 Professional and Support Services

In 2022 the industry grew by 3.3 percent from a growth rate of 3.7 percent in 2021. The growth in 2022 is attributed to increased competition and employment in this industry. The growth rate for 2023 was estimated at 2.1 percent. The industry experienced a slower growth as major companies in legal services such as Savjani & Co, and renting motor vehicles services such as Countrywide closed due to lack of business and competition on the market. There is, however, an improvement in the industry as there are emerging companies which are rendering services at competitive rates.

In 2024 and 2025, the industry is projected to grow by 5.8 percent and 6.3 percent, respectively. The improvement in growth is attributed to the political campaign period which induces increased demand for services from the industry for transport as well as legal and accounting services.

2.2.13 Public Administration and Defence

Growth rate for 2022 was recorded at 4.9 percent an increase from the 3.6 percent growth in 2021. For 2023, growth was maintained at 3.6 percent, reflecting government’s efforts through IMF Staff Monitored Program to progress towards enforcing fiscal responsibility and reducing the national debt. In 2024 and 2025, Public Administration is expected to grow further due to the more recruitments that are expected emanating from the increased demand from the political campaign activities. As such growth is projected at 4.9 percent and 4.7 percent in 2024 and 2025, respectively.

2.2.14 Education

The industry's performance for 2022 was recorded at 4.5 percent compared to 2.6 percent growth in 2021. This growth was attributed to the recovery of the industry from COVID-19 pandemic as enrolment in both the private and public schools increased.

The growth rate for 2023 was estimated at 3.2 percent. This is attributed to expansion projects for most public universities that have increased access to education. Construction of hostels, and satellite campuses; and rehabilitation of existing infrastructure to facilitate open and distance learning led to an increase in enrolment. The industry has also vibrant private players that compete with public institutions at all levels of education which continues to improve performance of the industry.

For 2024 and 2025, the industry is expected to grow by 6.3 percent and 6.0 percent. This is on the account of the continuing expansion of both public and private industry. Construction projects in this industry are expected to improve access to education at all levels.

2.2.15 Health and Social Work Activities

In 2022, the industry experienced a growth of 2.1 percent from a 2.2 growth registered in 2021. This is on an account of various initiatives within the industry, including construction of hospitals in Phalombe, Mponela, and Domasi.

In 2023, the growth rate was estimated at 2.6 percent. This improved performance is attributed to the Tithetse Cholera campaign launched in February 2023, as a response to collectively contain the cholera outbreak that had plagued the country since December 2022. By August of the same year, the outbreak had been successfully contained. Furthermore, the addition of new health facilities, including the Lilongwe Institute of Orthopaedics and Neurosurgery and various health posts across different districts, is contributing to this positive trend.

Looking ahead, the industry is forecasted to grow by 4.4 percent in 2024 and 3.9 percent in 2025. This growth is being driven by the increasing popularity of government and development partner-backed health campaigns and projects aimed at addressing various health challenges, such as maternal mortality, malnutrition, and mental health.

2.2.16 Arts, Entertainment, and Other Industries

The industry's growth rate in 2021 was 6.4 percent whilst in 2022 it was recorded at 4.4 percent attributing to the increase in entertainment and betting activities. The growth rate for the industry was estimated 5.3 percent in 2023, on account of many recreation activities that the country experienced. This included domestic and international recreation acts, as well as religious events which attracted a large audience hence inducing demand in the industry.

For the projections, the industry will perform well in 2024 and 2025 as political activities will increase due to campaign and proceeding elections in 2025. This industry complements such events as its services are demanded for political rallies and so forth. Hence, the projected growth rate for 2024 is at 4.9 percent and for 2025 is at 5.4 percent.

2.3 Price Developments

Prices in 2023 continued to be on an upward trajectory, with the end period and annual average inflation rates projected at 34.5 and 28.7 percent respectively, higher than the 2022 rates (the end period at 25.4 percent and the annual average at 20.9 percent). In 2023, inflation was driven by an increase in both food and non-food inflation which rose from among others, occurrence of the Tropical Cyclone Freddy, which caused damage to food crops, mostly in Southern Malawi, as well as the drought in the Northern region, which degraded the outlook for food prices. The picture is similar regarding the non-food basket as the outlook for foreign exchange remained pessimistic, given the delay in resumption of the IMF-supported ECF program, which was expected to unlock donor inflows and mitigate the local currency against significant depreciation risks. Tropical Cyclone Freddy and dry spells which hit the country, also exerted pressure on the fiscal budget through reduced revenues and high expenditures, as government strived to rehabilitate damaged infrastructure and provide relief services to the victims of natural disasters. In addition, the devaluation of the Malawi Kwacha by 44 percent in November 2023 increased the inflationary pressures on both food and non-food commodities. The devaluation caused an average of 40 percent increase in the price of non-food commodities. For instance, fuel prices increased by an average of 44 percent whilst electricity tariffs increased by 40.9 percent. Increases in these commodities increased the prices of other non-food and food commodities.

In 2024, inflation is expected to slowly decline with the end period and annual inflation rates projected at 17.4 and 27.1 percent, respectively. The anticipated decline in inflation is on account of a number of factors such as an improvement in agricultural production and the resumption of the IMF's ECF program, which will unlock donor inflows and help address forex challenges. In 2024, the country is also expected to slowly recover from the shocks experienced in 2022 and 2023.

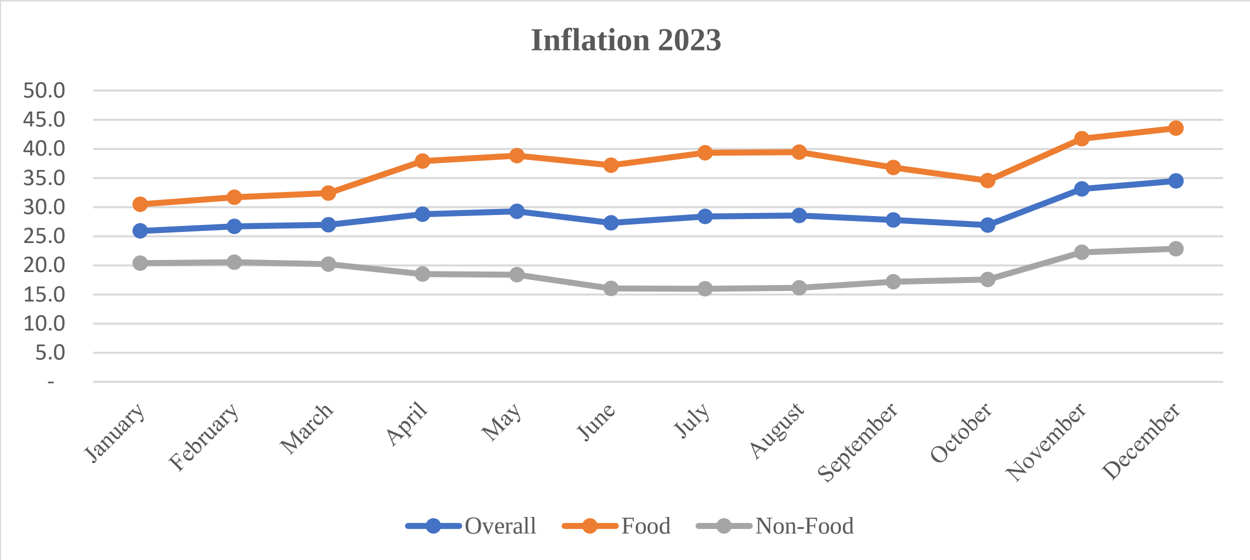
TABLE 2.4: AVERAGE AND END PERIOD INFLATION RATES

Inflation Rates	2021	2022	2023	2024*
End Period	11.5	25.4	34.5	17.4
Annual Average	9.3	20.9	28.7	27.1

Source: Department of Economic Planning and Development
*Projections

Figure 2.1 shows that in 2023, overall inflation was driven by both food and non-food inflation. During the first half of the year, the month of May had the highest food inflation at 38.8 percent which was a diversion from the normal trend of low food inflation right before the end of the harvesting season and non-food inflation attained its lowest at 16.0 percent in June. High food and non-food inflation was observed from January to August 2023 and a disinflation from September to October 2023. In the last two months of 2023, however, food and non-food inflation was higher mainly due to the devaluation of the Malawi Kwacha in November 2023.

FIGURE 2.1: FOOD AND NON-FOOD INFLATION FOR 2023



Source: Department of Economic Planning and Development

2.4 Balance of Payments 2023-2024

2.4.1 Current Account Balance

The current account balance remains in a deficit, but it is expected to improve slightly in 2024. In 2023, the current account deficit remained relatively the same, from a deficit of US$2.28 billion in 2022 to US$2.27 billion, representing a 0.2 percent drop. This was mainly due to the improvement in the primary and secondary income account balance. The primary income account improved by 27 percent, marginally reducing from a deficit of US$559 million to US$403 million; attributed to slow-down in payments in the primary income as well as in decrease of payments. The secondary income account also improved from a surplus of US$503 million to US$517 million, as receipts on secondary income decreased by 10.6 percent while payments on secondary income decreased by 46.3 percent. The goods account slightly deteriorated in 2023 as it worsened from a deficit of US$2.0 billion to US$2.2 billion, reflecting a 7.5 percent increase in imports of goods. The services account also worsened from a deficit of US$214.8 million to US$226.0 million, as imports of services increased by 1.7 percent.

In 2024, the current account is projected to improve from a deficit of US$2.3 billion to US$2.1 billion, representing a 5.6 percent decrease. This is on the account of the expected improvement of 20 percent in the primary income account from a deficit of US$403.9 million to US$322.1 million as payments on primary income are projected to decrease by 18.9 percent while receipts on primary income are projected to increase by 4.3 percent. The secondary income account is also expected to improve from a surplus of US$517.1 million to US$55.4 million, as receipts on secondary income are projected to increase by 6.4 percent. The services account is also expected to improve from a deficit of US$226.0 million to US$181.5 million, as imports of services are projected to decrease by 19.7 percent. The goods account is expected to widen from a deficit of US$2.15 billion to US$2.19 billion. Even though exports of goods are expected to increase by 10.2 percent; a 4.5 percent increase in imports of goods is expected to worsen the account.

2.4.2 Goods Balance

The goods balance remained in a large deficit in 2023, but it showed some signs of improvement. In 2023, the trade balance worsened by 7.7 percent from a deficit of US$2.0 billion in 2022 to US$2.2 billion in 2023. The increase in imports of goods was driven by the high demand for petroleum oil, pharmaceuticals, and farm inputs, as the country was recovering from the foreign exchange crisis and was partly assisted by IMF and other development partners. The increase in exports of goods were mainly due to the high production and prices of tobacco, sugar, tea, pulses and edible nuts, as shown in Table 2.5 below.

In 2024, the goods balance is expected to worsen by 1.5 percent from a deficit of US$2.15 billion to US$2.19 billion. This is mainly due to the increase in imports of goods by 4.5 percent from US$3.3 billion in 2023 to US$3.4 billion in 2024. In 2024 exports of goods are projected to improve by 10.2 percent from US$1.1 billion in 2023 to US$1.2 billion. The increase in exports of goods is expected to be driven by the continued growth and diversification of the agricultural sector, as well as the expansion of the mining and manufacturing sectors.

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

COMMODITY	2020	2021	2022	2023
Tobacco	366.3	406.1	181.7	389.3
Tea	73.2	72.2	36.5	62.6
Sugar	74.7	74.4	10.9	35.7
Cotton	2.0	4.5	5.2	3.9
Coffee	1.8	2.8	1.1	1.6
Pulses	39.6	64.0	25.9	62.8
Soya Beans	6.2	42.3	2.0	6.9
Ground Nuts	38.9	43.1	39.4	49.1
Macadamia	20.6	25.5	11.9	15.6

Source: National Statistics Office and Department of Economic Planning and Development

2.4.3 Capital and Financial Account Balance

The capital account improved by 27.5 percent in 2023 from US$762.2 million in 2022 to US$971.9 million in 2023, reflecting the growth in capital transfers to the general government sector, which increased by 27.4 percent in 2023. Capital transfers to non-profit institutions also increased by 33.3 percent in 2023, reversing the declining trend in previous years. In 2024, the capital account is expected to improve further by 6.6 percent to US$1,035.8 million, as capital transfers to both the general government sector and non-profit institutions are projected to increase by 6.5 percent and 6.7 percent, respectively.

The financial account remained in a net incurrence of liabilities in 2023, but it showed some improvement. In 2023, the financial account improved by 13.4 percent from a net incurrence of liabilities of US$1.0 billion in 2022 to US$882.3 million in 2023. This was mainly due to the improvement of the reserve assets account, which turned from a net acquisition of assets of US$308.7 million in 2022 to a net incurrence of liabilities of US$174.4 million in 2023, reflecting the accumulation of foreign exchange reserves by the central bank. The portfolio investment account also improved from a net incurrence of liabilities of US$95.2 million in 2022 to a net acquisition of assets of US$100.3 million in 2023, as the government reduced its borrowing from foreign bondholders. The direct investment account remained stable at a net incurrence of liabilities of US$206.2 million in 2022 and US$204.6 million in 2023, as the net acquisition of financial assets and the net incurrence of liabilities both decreased slightly. The other investment account worsened from a net incurrence of liabilities of US$591.4 million in 2022 to US$743 million in 2023, as the net acquisition of financial assets decreased by 159.6 percent while the net incurrence of liabilities decreased by 9.7 percent.

In 2024, the financial account is expected to improve further by 37.1 percent from a net incurrence of liabilities of US$882.3 million in 2023 to US$555.4 million in 2024. This is mainly due to the improvement of the reserve assets account, which is expected to improve by 111.1 percent from a net incurrence of liabilities of US$174.4 million in 2023 to a net acquisition of assets of US$367.9 million in 2024, as the central bank continues to build up its foreign exchange reserves. The portfolio investment account is also expected to improve by 4.0 percent from a net acquisition of assets of US$100.3 million in 2023 to US$104.3 million in 2024, as the government further reduces its external debt. The direct investment account is expected to worsen by 9.9 percent from a net incurrence of liabilities of US$204.6 million in 2023 to US$225 million in 2024, as the net acquisition of financial assets increases by 10 percent while the net incurrence of liabilities increases by 10 percent as well. The other investment account is expected to improve by 18.2 percent from a net incurrence of liabilities of US$743 million in 2023 to US$607.7 million in 2024, as the net acquisition of financial assets increases by 232.3 percent while the net incurrence of liabilities increases by 8.9 percent.

TABLE 2.6: BALANCE OF PAYMENTS 2022-2024 (US$ MILLIONS)

	2022	2023	2024
Current account	**(2,275.5)**	**(2,271.3)**	**(2,143.5)**
Credit	2,198.6	2,200.0	2,261.0
Debit	4,474.1	4,471.4	4,404.5
Goods	**(2,004.3)**	**(2,158.6)**	**(2,191.3)**
Credit	1,022.8	1,095.1	1,207.2
Debit	3,027.1	3,253.7	3,398.5
Services	**(214.8)**	**(226.0)**	**(181.5)**
Credit	464.0	464.5	373.0
Debit	678.9	690.5	554.5
Primary income	**(559.9)**	**(403.9)**	**(322.1)**
Credit	21.3	22.9	23.9
Debit	581.2	426.8	346.0
Secondary income	**503.6**	**517.1**	**551.4**
Credit	690.4	617.5	656.9
Debit	186.9	100.4	105.5
Capital account	**762.2**	**971.9**	**1,035.8**
Credit	762.5	972.3	1,036.2
Debit	0.3	0.4	0.4
Net lending (+) / net borrowing (-) (balance from financial account)	**(1,019.5)**	**(882.3)**	**(555.4)**
Direct investment	**(206.2)**	**(204.6)**	**(225.0)**
Net acquisition of financial assets	37.0	38.9	42.8
Net incurrence of liabilities	243.2	243.5	267.8
Portfolio investment	**95.2**	**(100.3)**	**(104.3)**
Net incurrence of liabilities	(95.2)	100.3	104.3
Financial derivatives (other than reserves) and employee stock options	**(8.2)**	**(8.9)**	**13.7**
Net acquisition of financial assets	(25.1)	(4.1)	18.9
Net incurrence of liabilities	(16.8)	4.7	5.2
Other investment	**(591.4)**	**(743.0)**	**(607.7)**
Net acquisition of financial assets	139.2	(83.4)	110.3
Net incurrence of liabilities	730.6	659.5	718.0
Reserve assets	**(308.7)**	**174.4**	**367.9**

Source: National Accounts and Balance of Payment Committee

2.5 Fiscal Performance 2023-2024

The 2023/24 budget was implemented amidst external and domestic shocks which negatively affected fiscal performance. The Russia-Ukraine war disrupted global supply chains for essential commodities such as fuel, fertilizer, and wheat products leading to high inflation and high cost of production. The Cyclone Freddy and sporadic dry spells which affected the southern region of the country reduced agriculture production. As a result, the country was affected by acute foreign exchange shortages which resulted in the devaluation of the domestic currency against the US Dollar in November 2023. These challenges affected fiscal performance on two fronts: the subdued economic activity and growth which resulted in below-par revenue performance, and the heightened need for resources to respond to the challenges and cushion the effects of the devaluation. The 2023/24 budget deficit is expected to be around 8.9 percent of GDP; a sizeable value considering the country's debt position.

In the current financial year, revenue is estimated at 19.7 percent of GDP. This is compared to the 18.2 percent recorded in 2022/23 financial year. The estimated revenue comprises: taxes amounting to 14.5 percent of GDP, grants at 3.9 percent of GDP, and other revenue at 1.4 percent of GDP. All the three revenue categories are estimated to perform satisfactorily with a projected outturn of above that projection in the fiscal year.

Expenditure in the 2023/24 financial year is estimated at 28.6 percent of GDP. This is compared to the 29.4 percent recorded in the 2022/23 financial year. The estimated expenditure is comprised of two values. The first is expenses at 21.8 percent of GDP. The second is the net acquisition of non-financial assets at 6.9 percent of GDP.

In 2024/25 financial year, the Government will continue to implement the Domestic Revenue Mobilization Strategy and expenditure control measures. In addition, the Government will focus on improving the management of public finances to promote economic growth, macroeconomic stability, and job creation while maintaining overall fiscal deficit low. Such an arrangement is expected to create the fiscal space necessary to the implementation of development projects.

2.6 Monetary Policy Development

Elevated and mounting inflationary pressures prompted the Monetary Policy Committee (MPC) to tighten the policy stance in 2023. The escalating inflation was largely driven by rising food prices, reflective of a relatively lower 2022/23 agricultural harvest, resulting from localised drought and devastating effects of Cyclone Freddy. Furthermore, exchange rate pressures emanating from foreign exchange supply shortages also fuelled price pressures on imported consumer goods. The foregoing resulted in heightened inflation expectations, necessitating monetary policy tightening to re-anchor expectations.

Cumulatively, the MPC raised the policy rate by 600 basis points during 2023. Specifically, the Policy Rate was adjusted upwards by 400 basis points from 18.00 percent to 22.00 percent during the second MPC meeting in April 2023, followed by another adjustment of 200 basis points to 24.00 percent at the subsequent meeting in July 2023. Furthermore, the Liquidity Reserve Requirement on domestic deposits was increased by a cumulative 400 basis points to 7.75 percent from 3.75 percent during the year. The policy stance was complimented by enhanced public communication on monetary policy developments in order to contain market expectations and tame price pressures.

Chapter 3

AGRICULTURE AND NATURAL RESOURCES

3.1 Overview

This chapter provides the performance of the Agriculture and Natural Resources Sector for the 2022/23 fiscal year. The chapter is divided into three sections: agriculture, fisheries and forestry.

3.2. Agriculture Sector

This section highlights weather forecast in the 2022/23 growing season, crop and livestock production and the national food security situation. In addition, the section highlights milestones registered in the implementation of the National Agriculture Investment Plan (NAIP) and the Affordable Input Programme (AIP).

3.2.1 2022/23 Weather Forecast

With the exception of Shire-Valley, all Agricultural Development Divisions (ADDs) witnessed an early onset of rainfall compared to the previous season, that is, the 2021/22 growing season. The distribution of rains was generally even, spanning from low to high intensities throughout the season, except for Karonga and Shire-Valley ADDs. Unfortunately, heavy rains in Blantyre, Shire-Valley, Machinga, Lilongwe, and Mzuzu ADDs led to detrimental outcomes such as floods, mudslides, and water logging, causing significant damage to crops, irrigation infrastructure, livestock, and fish ponds, and unfortunately, multiple human casualties. Karonga ADD faced dry spells from February 2023 to the first week of March 2023, while Shire-Valley ADD experienced dry spells around January 2023 and February 2023. Additionally, Mzuzu and Kasungu ADDs had to contend with hailstorms, adversely affecting various crops. On average, the ADDs received higher amounts of rainfall in the 2022/23 season compared to the 2021/22 season. This rainfall pattern facilitated good crop development, stimulated pasture growth, and also provided adequate water for fish and livestock.

3.2.2 Crop production

The results of the third round of the 2022/23 Agriculture Production Estimates Survey (APES) indicated a decrease in the production of certain cereal crops. For instance, maize production declined by 5.6 percent, dropping from 3,716,479 MT to 3,509,837 MT in 2023. Similarly, rice production decreased from 136,083 MT to 124,344 MT, falling below the targeted 220,000 MT/season outlined in the NAIP. The decline was attributed to limited access to farm inputs. Millet, sorghum, and wheat production, however, experienced increases of 20.8 percent, 8.1 percent, and 16.6 percent, respectively, during the 2022/23 season. This rise in production is attributed to favorable rainfall patterns and the availability of improved seeds.

Conversely, the production of all legumes, except soybeans, witnessed an increase in the 2022/23 season as shown in Table 3.1 below. Beans, groundnuts, and pigeon peas recorded increases of 7.4 percent, 7.7 percent, and 6.4 percent, respectively, with soybeans showing a decline of 22.3 percent. This overall increase is attributed to an expansion in the cultivation area under legumes, driven by price incentives from the previous season and the availability of improved seeds from various projects implemented by the Ministry with support from development partners.

TABLE 3.1: NATIONAL CROP PRODUCTION IN METRIC TONNES (MT)

Crops	Third Round 2022/23	Third Round 2021/22	Percentage change
Maize	3,509,837	3,716,479	-5.6
Rice	124,344	136,083	-8.6
Millet	49,631	41,071	20.8
Sorghum	126,333	116,918	8.1
Groundnuts	468,045	434,762	7.7
Cotton	13,822	20,666	-33.1
Sesame	9,686	7,031	37.8
Sunflower	15,674	20,884	-24.9
Wheat	190	163	16.6
Pulses	1,019,766	1,038,086	-1.8
Beans	235,089	218,889	7.4
Pigeon Peas	456,033	428,609	6.4
Cow Peas	56,691	52,035	8.9
Soya Beans	235,487	303,084	-22.3

Source: Ministry of Agriculture

3.2.2.1 Maize Production

All ADDs experienced a decrease in maize production in the 2022/23 season, except for Machinga and Shire Valley ADDs, as compared to the 2021/22 growing season. Blantyre ADD recorded the highest decrease in maize production at 23.8 percent, while Mzuzu ADD registered the lowest decline of 3.1 percent. Only Shire Valley and Machinga ADDs recorded an increase in maize production of 19.2 percent and 8.6 percent, respectively. Table 3.2 summarizes maize production by ADD.

TABLE 3.2: 2022/23 MAIZE PRODUCTION BY ADD IN METRIC TONNES

	Maize Production in metric tons		
ADD	Third Round 2022/23	Third Round 2021/22	percent change
Karonga	152,101	158,812	-4.2
Mzuzu	354,406	365,684	-3.1
Kasungu	1,035,327	1,085,782	-4.6
Lilongwe	808,157	847,021	-4.6
Salima	156,886	175,373	-10.5
Machinga	423,146	389,784	8.6
Blantyre	438,929	575,788	-23.8

Shire Valley	140,885	118,235	19.2
NATIONAL	**3,509,837**	**3,716,479**	**-5.6**

Source: Ministry of Agriculture

3.2.2.2 Cash Crop Production

Production of cotton and sunflower decreased during the 2022/23 season by 33.12 percent and 24.95 percent, respectively, while tobacco production registered an increase of 35.54 percent. The decrease in cotton and sunflowers, among other cropss, is attributed to high dropouts of farmers due to low prices in the previous season, while the increase in tobacco production is, among others, attributed to good weather conditions and good prices that prevailed on the market in the 2021/22 season.

TABLE 3.3 CASH CROP PRODUCTION ESTIMATES IN METRIC TONNES

Crop	2021/22 Third Round	2022/23 Third Round	Percentage Change
Tobacco	88,579	120,056	35.54
Cotton	20,666	13,822	-33.12
Sunflower	20,884	15,674	-24.95

Source: Ministry of Agriculture

3.2.2.3 National Horticultural Crops Production

In the 2022/23 season, all horticultural crops witnessed an increase in production when compared to the 2021/22 season, except for avocado pears and tomatoes. Lemons, with a remarkable 25.9 percent increase, made the highest surge in production, while oranges recorded a more modest 1.2 percent increase, representing the lowest growth. Additionally, bananas, potatoes, and onions experienced notable increases of 15.2 percent, 5.1 percent, and 7.8 percent, respectively.

TABLE 3.4: 2022/23 NATIONAL HORTICULTURAL CROPS PRODUCTION ESTIMATES IN METRIC TONNES

Crops	Third Round 2022/23	Third Round 2021/22	Percentage change
Cassava	6,195,735	6,193,001	0.04
S/Potato	7,609,426	7,491,115	1.6
Potato	1,516,396	1,442,661	5.1
Pineapples	370,626	363,444	2
Mangoes	1,357,653	1,310,964	3.6
Oranges	94,225	93,114	1.2
A. Pears	117,768	124,237	-5.2
Tomatoes	694,260	710,162	-2.2
Banana	1.077,474	935,429	15.2
Cabbage	241,686	228,231	5.9
Onions	291,689	270,600	7.8
Tangerines	263,431	259,201	1.6

Lemons	24,273	19,273	25.9

Source: Ministry of Agriculture

3.2.3 Livestock Production

During the 2022/23 season, the population of cattle increased from 2,054,208 to 2,187,583, representing a 6.6 percent increase. The population of goats, sheep, pigs, and quails also increased by 6.2 percent, 5.6 percent, 10.7 percent, and 48.5 percent, respectively, while the chicken population declined by 4.5 percent from 221,056,541 to 211,129,975. The increases are attributed to the rise in births as a result of improved management practices, which include good housing, feeding, breeding, and disease control. Furthermore, there is an increase in the number of households keeping livestock due to the Government and non-state actors' injections and through pass-on programs.

TABLE 3.5: LIVESTOCK CENSUS

Species	Third Round 2022/23	Third Round 2021/22	Percentage Change
Cattle	2,187,583	2,052,933	6.6
Goats	12,994,613	12,238,382	6.2
Sheep	427,754	404,956	5.6
Pigs	11,507,091	9,318,943	10.7
Chickens	211,129,975	221,056,541	-4.5
Rabbits	3,978,376	3,861,884	3
G/Fowls	3,264,591	3,098,713	5.4
Turkey	527,770	510,812	3.3
G/Pigs	834,601	777,418	7.4
Pigeons	14,064,017	11,749,822	19.7
Ducks	5,003,171	4,438,063	12.7
Quails	11,891,654	8,007,641	48.5

Source: Ministry of Agriculture

3.2.4 National Food Security

The percentage of households that did not have food from their own production varied across the ADDs during the third round of the Agricultural Production Estimates Survey (APES). The general observation, however, is that the food situation worsened across the country in 2022/23 season compared to the 2021/22 season. 5.8 percent of farm households (FHHs) did not have food from their own production in 2022/23 season, as compared to 5.1 percent at the same time in the 2021/22 season. The worst affected ADDs were Shire Valley and Machinga, with 16.3 percent and 7.8 percent of households without food from their own production, respectively. Coping mechanisms for households without food from their own production included relief programs, the sale of livestock, casual Labour, selling river sand, remittances, and different social-economic activities. Table 3.6 below provides details of the food situation.

In terms of food availability, field and horticultural crops such as maize, millet, sorghum, rice, cassava, sweet potatoes, and bananas were available on the local markets. During the reporting period, most farming households without food from their own production were buying from vendors and other private traders, as well as from Agricultural Development and Marketing Corporation (ADMARC) markets. On average, the price of maize ranged from MK574 to MK900.00 per kilogram as compared to MK150.00 to MK265.00 per kilogram at the same time last season across the country. The price of all other fish species had gone up, apart from chambo, which remained the same. In general, prices of all food commodities were reported to be slightly higher than at the same time last season. The drop in harvest for major crops last season, the devaluation of the Kwacha in May 2022, and high inflation were some of the contributing factors to the rising food prices.

TABLE 3.6: NATIONAL FOOD SITUATION AS AT JUNE 2023

ADD	2022/2023 SEASON			2021/2022 SEASON		
	Total FHs	FHs Without Food	Percent of FHs Without Food	Total FHs	FHs Without Food	percent of FHs Without Food
KRADD	131,502	7,763	5.9	131,502	1,865	1.4
MZADD	347,753	5,215	1.5	347,753	4,861	1.4
SLADD	566,154	7,938	1.4	566,154	7,052	1.2
KADD	246,762	5,752	2.3	246,762	4,989	2
LADD	807,548	22,448	2.8	807,548	46,291	5.7
MADD	829,290	64,327	7.8	829,290	61,687	7.4
BLADD	857,412	82,210	9.6	857,412	53,456	6.2
SVADD	215,772	35,188	16.3	201,838	24,997	12.4
TOTAL	4,002,193	230,841	5.8	3,988,259	205,198	5.1

Source: Ministry of Agriculture

3.2.5 National Agriculture Investment Plan (NAIP)

During the period under review, the National Agriculture Investment Plan (NAIP) continued to serve as the primary implementation tool for the National Agriculture Policy (NAP). The sector has consistently structured its initiatives based on the NAIP, which functions as a prioritized and coordinated investment framework aligned with Malawi 2063 and its first 10-year implementation plan (MIP 1), as well as regional and global development policies. The NAIP stands as a key reference document for sector-specific policies, ensuring cohesive investment.

Ongoing initiatives within the agriculture sector, implemented within the NAIP framework, include the Sustainable Agriculture Production Program (SAPP), the Empowering Women and Youth in Agriculture (EWAYA) Project, and Agricultural Commercialization (AGCOM). In the period under review, a series of activities aimed at fostering a supportive policy environment were executed. Notably, the enactment of the Seed and Fertilizer Bills built upon the foundation laid by the development of Seed and Fertilizer Policies in the preceding financial years. Additionally, efforts were directed towards formulating a successor policy to the 2016 National Irrigation Policy and the completion of review processes for the National Agriculture Policy (NAP), which informed the current draft policy.

3.2.6 Affordable Inputs Programme (AIP)

During the 2022/23 season, AIP targeted 2,483,532 farming households with fertilizer and cereal seed. Among these targeted beneficiaries, 9,526 households in the Balaka and Rumphi districts were earmarked to receive two female goats each. The program initially planned to provide 249,050 MT of fertilizer and 21,000 female goats. This, however, was later adjusted to 248,353 MT of fertilizer, comprising 124,177 MT each of NPK and urea and 19,052 female goats, after a thorough cleaning and screening process. Additionally, the initiative included a maximum distribution of 12,418 MT of cereal seed and 318 MT of legume seed (such as soybeans, beans, and groundnuts).

Beneficiaries were required to contribute MK15,000.00 for each bag of NPK or Urea, with the Government covering the remaining cost up to the market price. Regarding cereal seeds, the Government set its contribution, while farmers contributions varied based on preference. Livestock beneficiaries paid MK15,000 per female goat, with the Government subsidizing MK25,000 per goat. Legume seeds were provided free of charge to the beneficiaries, but the Government paid MK5,000 for each accessed pack.

Upon the closure of the program, the following achievements were noted: For NPK, 2,081,641 bags (104,081.5 MT out of the 123,692 MT target) were obtained, indicating a progress rate of 84.15percent, slightly lower than the 87.51percent recorded at the same point the previous season. In the case, 1,805,725 bags of Urea (90,270.85 MT out of the 123,692 MT target) were accessed, representing a 72.99 percent achievement, lower than the 82.51 percent recorded at the same time the previous season. Overall, 3,887,366 bags of fertilizers (194,352.35 MT against the target of 247,384 MT) were accessed, marking a 78.57 percent accomplishment, which is slightly lower than the 85.01 percent recorded at the same time the previous season.

Goat retailing closed on March 17, 2023, with 15,096 goats redeemed out of 16,451 (93.49 percent redemption rate), surpassing the performance of the previous season, which stood at 87.6 percent. Fifty suppliers participated, with 16 failing to supply even a single goat. The legume seed redemption closed at the end of January 2023 in Zomba district, with a total of 314 MT of legume seed sold against the 318 MT target, achieving 98.62 percent. At the program's closure, 1,786,326 packs (8,931.53 MT out of the 12,369 MT target) had been redeemed, indicating a 72.21 percent completion rate, which was proportionally higher than the 71.11 percent recorded at the same time the previous year.

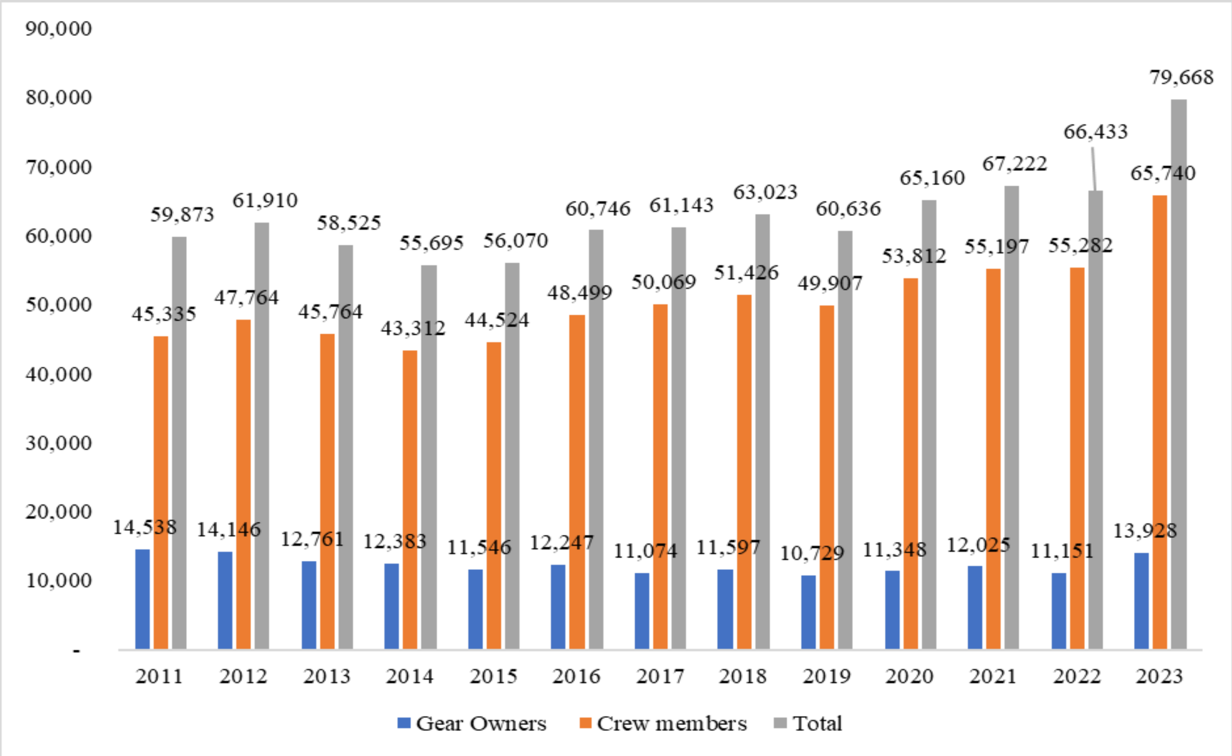
3.3 The Fisheries Sector

3.3.1 The Socio-Economic Role of the Fisheries Sector

3.3.1.1 Employment

The fisheries sector is comprised of capture fisheries, aquaculture, and aquarium trade sub-sectors. The sector continues to be a major source of employment. Figure 3.1 below shows that in 2023, gear owners increased from 11,151 in 2022 to 13,928 in 2023, representing a 24.9 percent increase. The number of crew members increased from 55,284 to 66,433, representing an increase of 20 percent. This increase is attributed to the reforms that were introduced during the 2023 annual frame survey in capturing the data for fishing crew, which previously contributed to underreporting on the number of crew members. Previously, a gear owner was being asked the total number of crew members in his company. This question provided a lump sum number of fishing crew members without being disaggregated by fishing gear types being owned. In the current survey, information on the fishing gear types was being collected before asking the number of crew members required to operate each fishing gear type. For instance, if the gear owner had three gear types, namely Kandwindwi, Chilimira, and Fish Traps, the 2023 annual frame survey would record 40 crew members in Kandwindwi, 10 in Chilimira, and 1 in Fish Trap, for a total of 51 crew members. This entails that the number of people directly employed in the sector is currently 79,668.

FIGURE 3.1: NUMBER OF FISHERS EMPLOYED IN THE FISHING INDUSTRY FROM 2011 TO 2023



Source: Department of Fisheries

Additionally, the sector continues to indirectly employ over half a million people who are engaged in ancillary activities, such as fish processing, fish marketing, boat building, and engine repair. Furthermore, the fish value chain supports over 1.6 million people and makes a substantial contribution to their livelihoods.

3.3.1.2 Food and Nutrition Security

The fisheries sector plays an important role in the food and nutrition security of Malawians, most of whom are rural-based. With a production of 202,045.61 metric tons, fish continues to be 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. Table 3.7 shows the fish production of different species in the major lakes and rivers in 2023. The 2023 annual fish production shows that Usipa comprises most of the fish protein in the Malawian diet, contributing to 45 percent of the annual catch (table 3.8). There has been, however, an increase in total fish landings by 8.12 percent when compared with 2022 fish landings of 186,865.35 metric tons.

TABLE 3.7 FISH CATCH LANDING BY WATER BODY FOR 2022 AND 2023

Water Body	Catch landing by water body		Percentage increase or decline
	2022	2023	
Lake Malawi artisanal	173,159.36	154,364.43	-11 percent
LakeMalawi commercial	936.28	1,654.29	77 percent
Lake Malombe	2,651.21	1,763.21	-33 percent
Shire River	6,477.71	3,420.64	-47 percent
Lake Chilwa	634.53	39,551.72	6133 percent
Lake Chiuta	3,006.00	1,291.32	-57 percent
Total	**186,865.09**	**202,045.61**	8 percent

Source: Department of Fisheries.

TABLE 3.8: FISH PRODUCTION BY SPECIES FOR 2023 COMPARED WITH 2022

Species	Metric tons in Year 2022	Metric tons in Year 2023
Chambo	2,212.19648	3,850.477129
Kambuzi	4,450.91851	3,593.476136
Kasawala	735.955041	499.6889188
Chisawasawa	2,661.660897	838.2413754
Kampango	1,606.4608	1,735.8556
Mbaba	1,169	2,330.517014
Mcheni	2,994.8204	3,122.497544
Mlamba	5,553.8964	16,113.98627
Mpasa	147	20.32137156
Sanjika	273.05803	164.8000603
Nchila	153	103.7560592
Usipa	105,638.165	90,719.64452
Utaka	20,032.55483	16,375.06895
Ndunduma	16,119.478	10,710.54694
Makumba	3,173.17	9,565.780531

Matemba	905.47	19,795.1067
Other Tilapias	2,526.376	2,331.233214
Others	16,511.49355	20,174.61385
Total	**186,864.6739**	**202,045.6122**

Source: Department of Fisheries.

3.3.1.3 Source of income

In 2023, fish landings had a beach or landed value of MK358.57 billion (US$177.92 million), with a volume of 202,045.61 metric tons. This is an increase in fish landing volume by 8.12 percent compared to 2022. In 2022, fish landings were worth MK219.65 billion (US$99.50 million), with a volume of 186,865.35 metric tons.

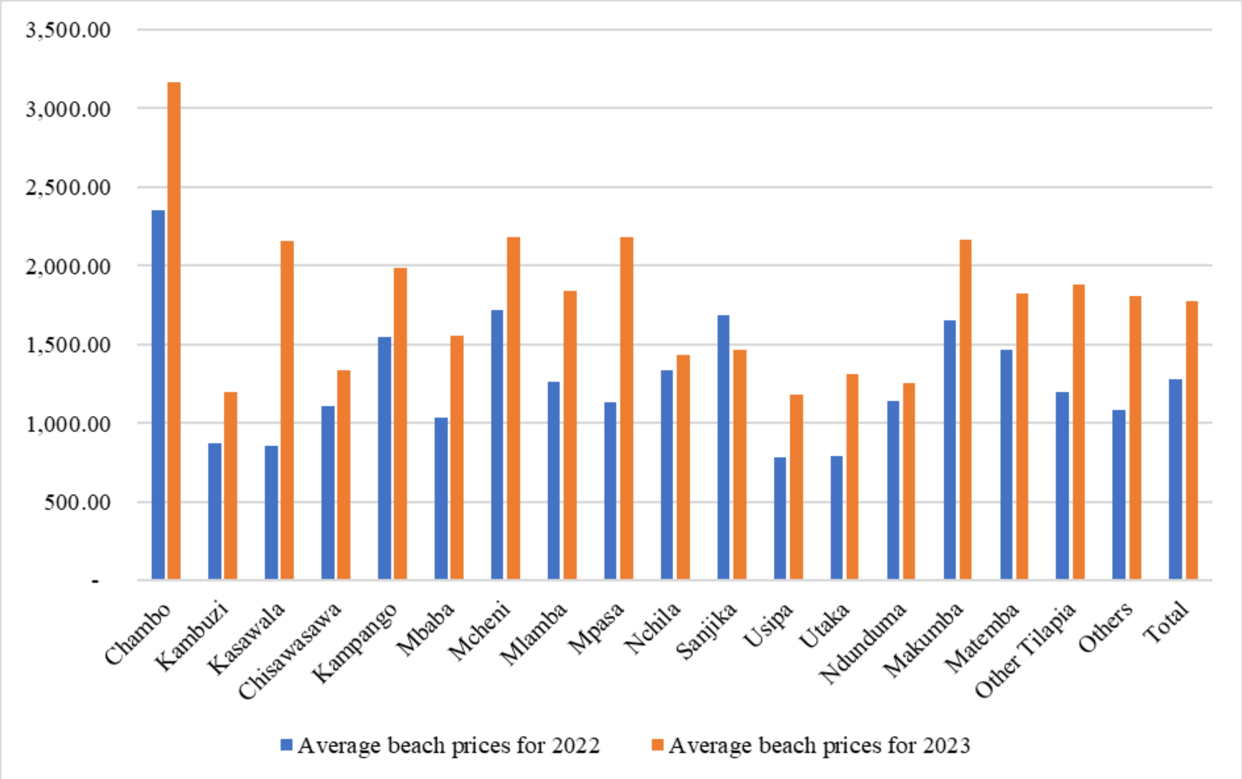
3.3.1.3.1 Average Beach Prices

The national average beach price was MK 1,774.72 per kilogram of fish, which is an increase from MK 1,175.21 per kilogram in 2022. Generally, all fish prices in 2023 increased, with Mlamba, Mbaba, Utaka, other tilapias, and Chambo registering a significant increase.

Species such as Usipa, Utaka, and Mbaba are the key species that are largely afforded by rural communities in terms of market prices. The rise in beach prices was caused by the increased demand for fish locally and the rising costs of operation. At MK 3,166.90, however, Chambo continues to fetch the highest average beach price.

There was a general upward trend in average beach prices for Phalombe, Machinga, Zomba, Karonga, and Rumphi in 2023 compared with 2022. Thus, average beach prices for all fish species were reported to be the highest in Phalombe (MK2,563.75/kg), while the lowest average beach prices were registered in Nsanje (MK911.24/kg).

FIGURE 3.2: AVERAGE BEACH PRICE (MK/KG) BY SPECIES FOR 2023 COMPARED WITH 2022

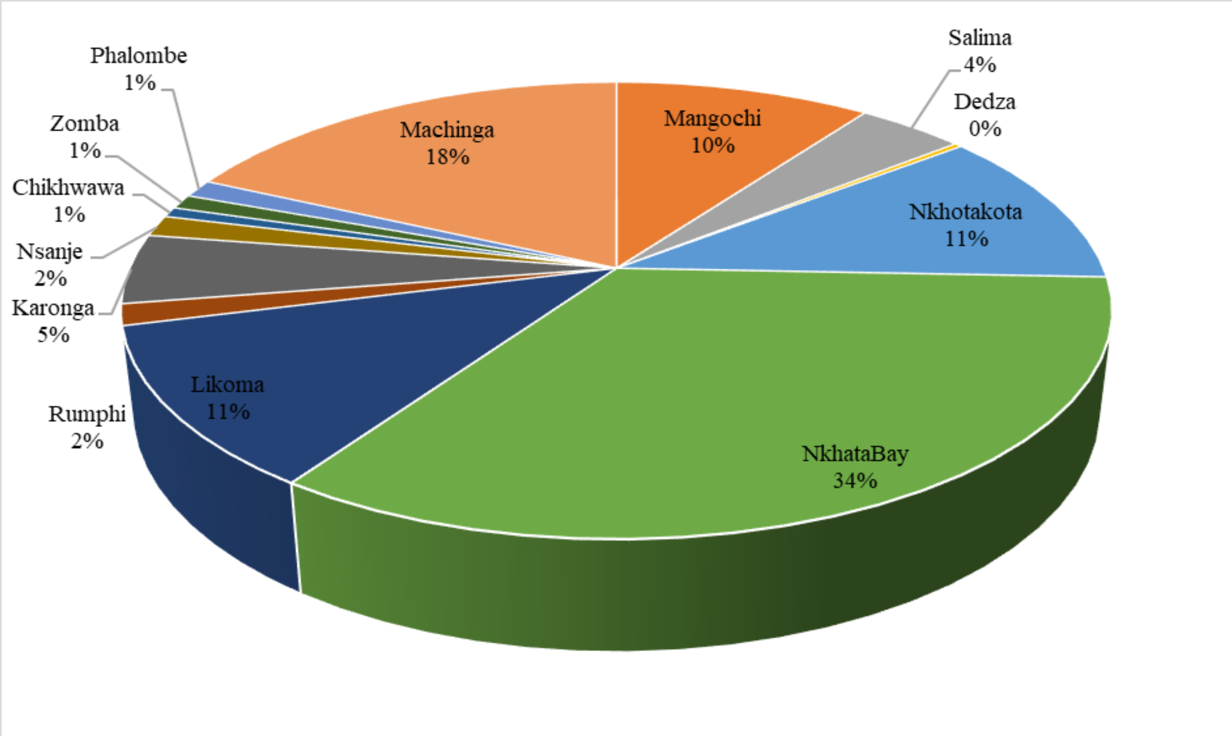


Source: Department of Fisheries.

3.3.1.3.2 Fish Landings by District

Figure 3.3 illustrates the fish catch contribution by district in 2023 compared with 2022. The statistics show that Nkhata Bay District contributed the highest catch of 65,571.44 metric tons in 2021, representing 33.9 percent of the total, followed by Machinga (36,454.67), representing 18 percent. However, fish catches from Machinga have exponentially increased by 872 percent, from 3,751.18 metric tons to 36,454.67 metric tons. The increase in fish catches from Machinga is attributed to the filling up of Lake Chilwa and the deposit of nutrients into the lake during cyclone Freddy. There was a significant decline in fish catches in the other districts, with major fishing activities still occurring in the northern parts of Lake Malawi. This implies that more fishers are moving to the northern districts to tap into the deep-water fish resources that have remained untapped for years. The overall fish landings for the year 2023 increased by 8 percent, standing at 202,045.61 metric tons from 186,865.35 metric tons in 2022.

FIGURE 3.3: FISH CATCH CONTRIBUTION BY DISTRICT FOR 2023 COMPARED WITH 2022



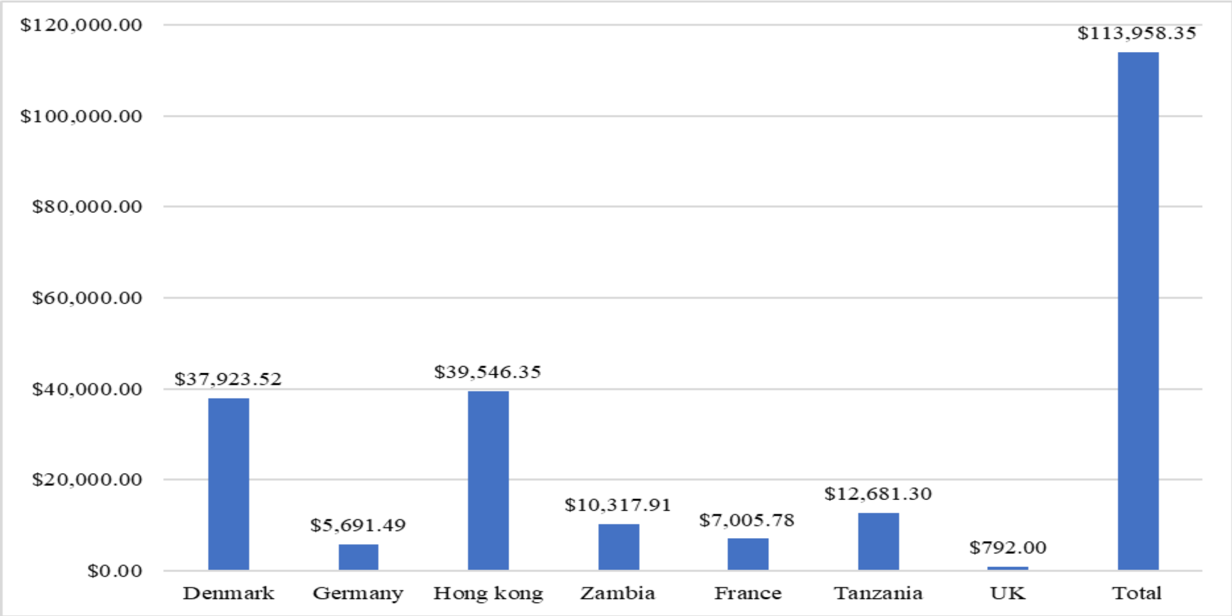
Source: Department of Fisheries

3.3.1.3.3 Foreign Exchange Earnings from Ornamental Fish Exports

Lake Malawi has over 800 endemic fish species, which are of both local and international scholarly importance and contribute to the nation’s tourism. Some fish species, such as Mbuna, are exported outside the country, and this brings in foreign exchange earnings. Cumulatively, from January to November 2023, a total of 20,293 live fish were exported, generating $113,958.35. This has been reduced from the exports of 2022, which generated revenue amounting to $146,255.03.

As shown in Figure 3.4, Hong Kong was the major importer of Malawi’s ornamental fish ($39,546.35), followed by Denmark ($37,923.52), Tanzania ($12,681.30), Zambia ($10,317.91), France ($7,005.78), and the United Kingdom ($792.00). Emerging markets include Tanzania and Zambia.

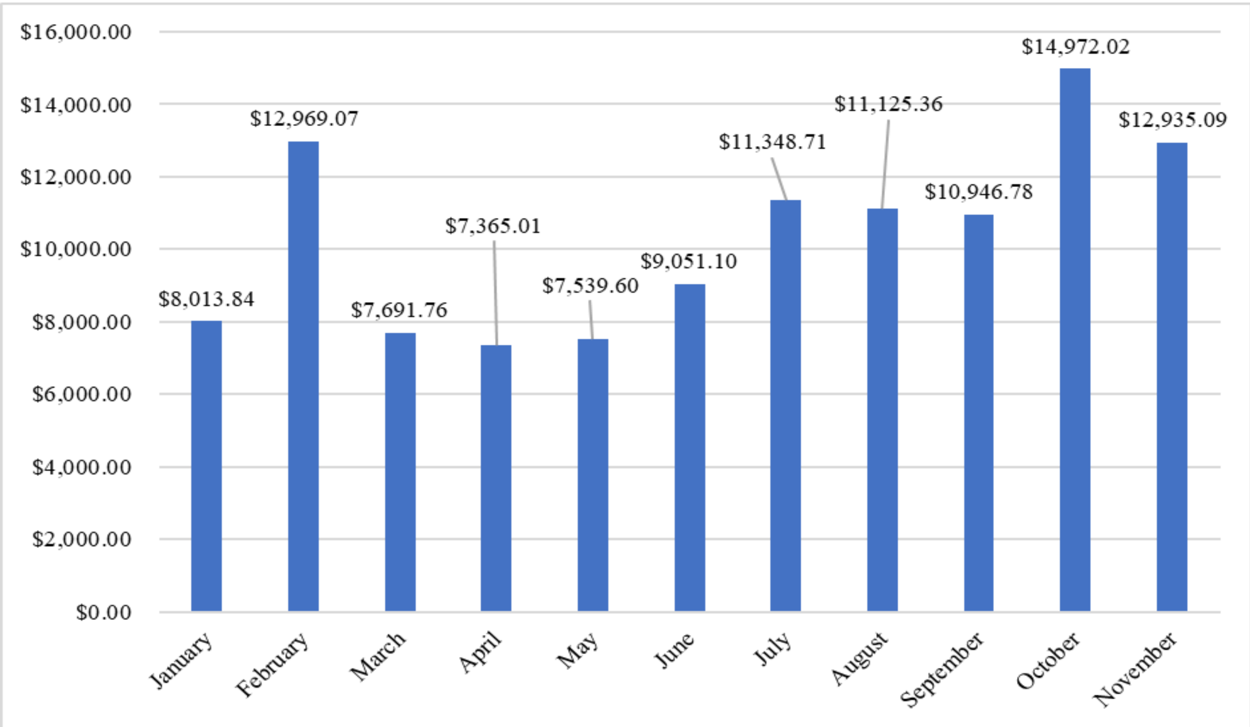
FIGURE 3.4: EXPORT VALUE OF LIVE ORNAMENTAL FISH IN 2023 TO VARIOUS COUNTRIES



Source: Department of Fisheries

In terms of monthly export trends, it was observed that more exports were made during the months of February and June to November 2023, as shown in Figure 3.5.

FIGURE 3.5 TRENDS IN MONTHLY EXPORT VALUE (MK) OF ORNAMENTAL FISH IN 2022



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 water bodies show that total fish production increased from 186,865.35 metric tons in 2022 to 202,045.61 metric tons in 2023, representing an 8 percent increase.

The cumulative catch as of December 2023 showed that over 156,016 metric tons (93.2 percent) of the total catch originated from Lake Malawi when artisanal and commercial production figures are added, whilst the other water bodies of Lake Chilwa, Lake Malombe, Lake Chiuta, and the Shire River system contributed minimal figures of 39,552 metric tons (3.5 percent), 1,763 metric tons (1.4 percent), 1,292 metric tons (0.8 percent), and 3,421 metric tons (1.6 percent), respectively (Table 3.9). This implies that Lake Malawi continues to be the major source of fish for the country.

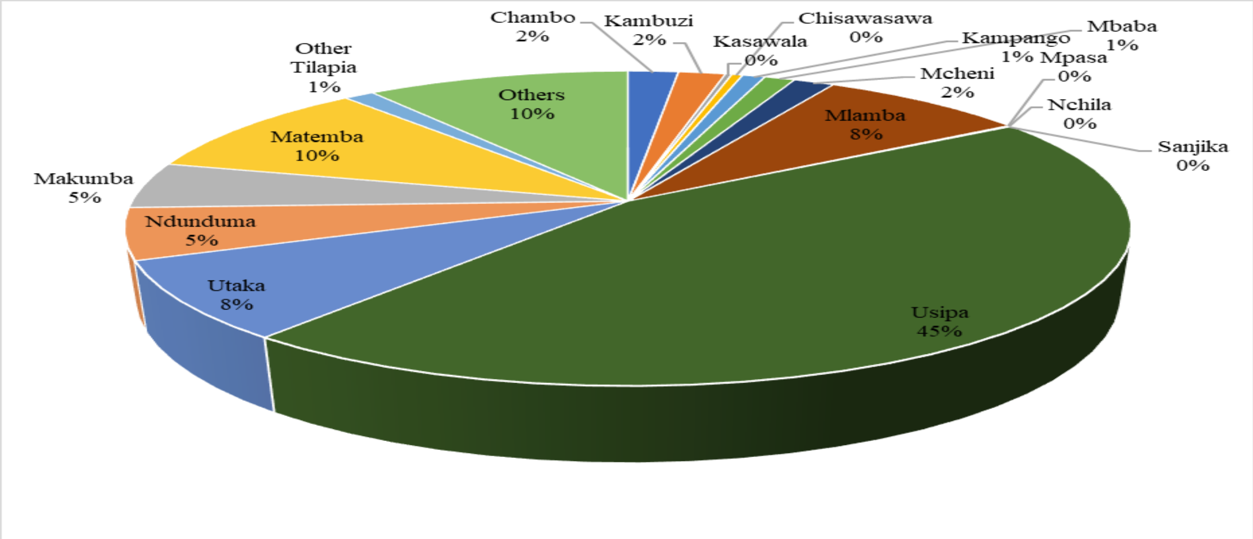
TABLE 3.9: FISH CATCH BY WATER BODY FROM 2010 TO 2023

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)
2010	80,623	3,470	3,336	8,019	2,549	1,197	95,724	19,900,000	210
2011	56,923	1,296	4,109	16,960	2,627	451	82,366	18,944,180	230
2012	106,769	2,367	1,608	7,993	1,322	269	120,328	35,903,597	298.38
2013	102,079	1,867	1,847	2,982	290	823	109,889	52,422,568	477.05
2014	105,284	2,455	4,170	2,889	293	1,037	116,128	74,332,669	640.09
2015	127,438	2,672	5,904	5,660	1,150	1,491	144,315	108,703,888	753.24
2016	143,556	4,416	4,053	2,834	1,298	1,111	157,268	129,738,212	824.95
2017	185,096	3,249	4,663	3,270	1,498	1,679	199,454	173,036,178	867.55
2018	205,814	2,818	6,985	1,835	1,703	2,694	221,849	196,691,396	928.96
2019	143,325	2,110	3,532	2,818	1,447	1,691	154,923	169,556,716	1,094.46
2020	154,212	2,154	6,197	5,353	851	2,076	170,844	183,839,582	1,076.07
2021	156,681	1,656	5,289	6,735	1584.9	1,535	173,480	187,280,388	1,079.55
2022	173,159	936	2,651	6,478	634.53	3,006	186,865	219,449,055	1,174.37
2023	154,364	1,654	1,763	39,552	1,291	3,421	202,046	358,575,343	1,774.72

Source: Department of Fisheries

In terms of catch composition, Usipa was the dominant fish species that contributed the largest share, at 45 percent of the total catch. This was followed by Matemba, Others, Utaka, Ndunduma, and Makumba, which accounted for 10 percent, 8 percent, and 5 percent, respectively, as shown in Figure 3.6 below.

FIGURE 3.6: CATCH COMPOSITION IN 2023



Source: Department of Fisheries

3.3.2.2 Annual Fish Production and Landed Value

The total annual fish production has been fluctuating with an increasing trend over the years, as seen from Table 3.9, which shows that in 2010, the fish catch was as low as 95,724 metric tons to the current 202,046 metric tons in 2023, representing a 211.07 percent increase. It is, however, anticipated that fish production will keep increasing from the current 202,046 metric tons to 222,250 metric tons and 256,699 metric tons in 2024 and 2025, respectively, as illustrated in Table 3.10. This would translate to an increased projected accrued monetary value of MK358.57 billion and MK422.28 billion, respectively.

TABLE 3.10: FISH CATCH AND VALUE FROM 2022 TO 2024 FOR MAJOR SPECIES

Sale of Local Fish Species		2023 Provisional		2024 Estimates		2024 Projection	
Local Name	Scientific Name	Quantity (tonnes)	Value (K'million)	Quantity (tonnes)	Value (K'million)	Quantity (tonnes)	Value (K'million)
Chambo	*Oreochromis spp.*	3,850	11,085,523.65	4,236	12,194,076	4,892	13,413,484
Kambuzi	*Lethrinops spp. & A*	3,593	3,916,888.99	3,953	4,308,578	4,566	4,739,436
Kasawala	*Juvenile oreochrom*	500	980,889.35	550	1,078,978	635	1,186,876
Chisawasawa	*Lethrinops spp. & A*	838	1,019,301.51	922	1,121,232	1,065	1,233,355
Kampango	*Bagrus meridionalis*	1,736	3,140,162.78	1,909	3,454,179	2,205	3,799,597
Mbaba	*Bucco chromis spp*	2,331	3,302,342.61	2,564	3,632,577	2,961	3,995,835
Mcheni	*Rham phochromis sp*	3,122	6,198,157.62	3,435	6,817,973	3,967	7,499,771
Mlamba	*Bathyclarias & clarias spp*	16,114	26,910,357.07	17,725	29,601,393	20,473	32,561,532

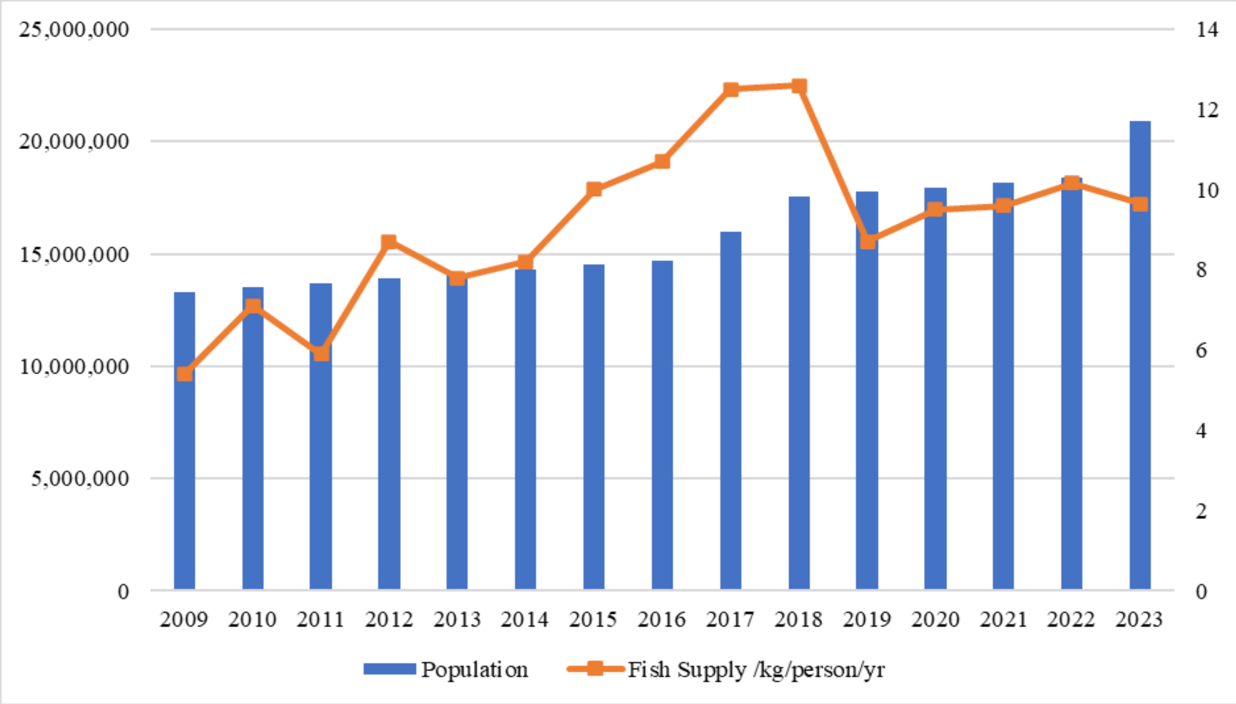
MPasa	*Opsaridium microlepis*	20	40,252.37	22	44,278	26	48,705
Nchila	*Labeo mesops*	104	135,609.17	114	149,170	132	164,087
Sanjika	*Labeo cylindricus*	165	220,222.32	181	242,245	209	266,469
Usipa	*Engraulicypris sardella*	90,720	97,432,898.21	99,792	107,176,188	115,259	117,893,807
Utaka	*Copadichromis virginalis & relatives*	16,375	19,584,582.46	18,013	21,543,041	20,805	23,697,345
Ndunduma	*Diplo taxodon spp*	10,711	12,240,655.71	11,782	13,464,721	13,608	14,811,193
Makumba	*Oreochromis shiran*	9,566	18,806,324.52	10,522	20,686,957	12,153	22,755,653
Matemba	*Barbus paludinosus*	19,795	32,859,877.12	21,775	36,145,865	25,150	39,760,451
Other Tilapia	*Tilapia rendali and other tilapias*	2,331	3,979,415.10	2,564	4,377,357	2,962	4,815,092
Others	*Various species*	20,175	33,126,715.94	22,192	36,439,388	25,632	40,083,326

Source: Department of Fisheries

3.3.2.3 Fish Supply 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 3.11. Even though there has been a registered increase in fish catches, the current fish supply does not meet the needs of the growing population. The per capita fish consumption will, therefore, be 9.65 kg/person/year in 2023, which is an increase from the 8.7 kg/person/year registered in 2019. This is still below the recommended 13–15 kg by the World Health Organization (WHO).

FIGURE 3.7: TRENDS IN PER CAPITA FISH SUPPLY FROM 2009 TO 2023



Source: Department of Fisheries

TABLE 3.11: PER CAPITA FISH SUPPLY FROM 2009 TO 2022 WITH ESTIMATED POPULATION GROWTH

Year	Population	Fish Supply /kg/person/yr
2009	13,300,000	5.4
2010	13,500,000	7.1
2011	13,700,000	5.9
2012	13,900,000	8.7
2013	14,100,000	7.8
2014	14,300,000	8.2
2015	14,500,000	10
2016	14,700,000	10.7
2017	16,000,000	12.5
2018	17,563,749	12.6
2019	17,763,749	8.7
2020	17,963,749	9.5
2021	18,163,749	9.6
2022	18,374,174	10.17
2023	20,931,751	9.65

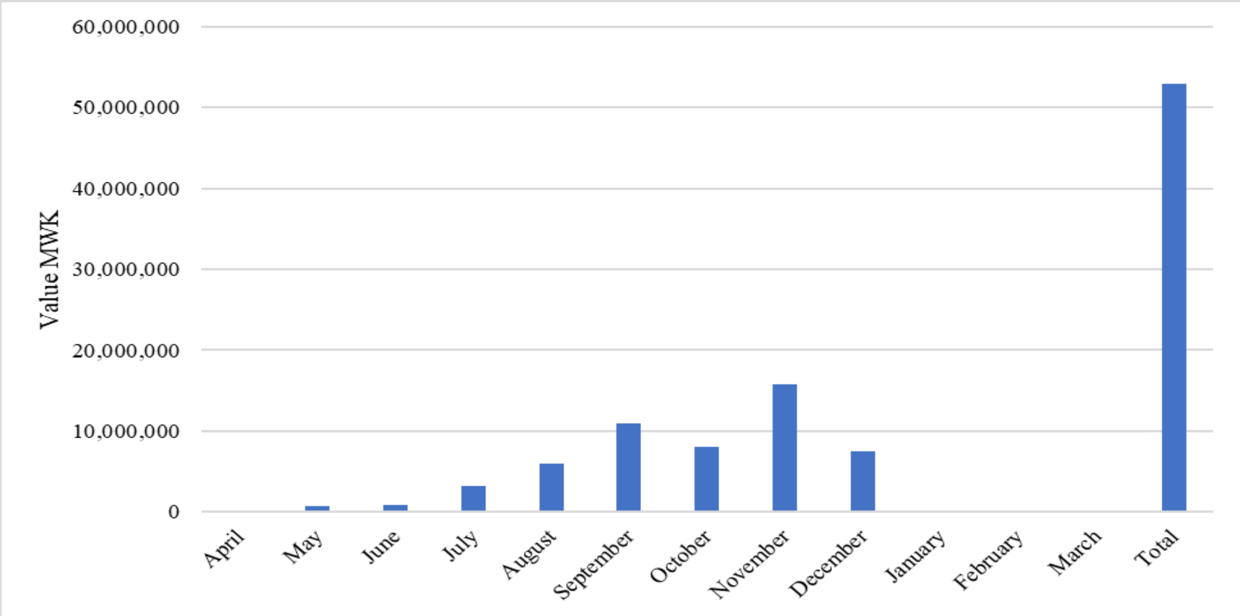
Source: Department of Fisheries

3.3.2.4 Fish Resource Monitoring and Licensing

To increase fisheries and aquaculture investments, the sector continued to promote fishing-related activities through public-private partnerships (PPPs). In this regard, a total of 20 large-scale commercial fishing units have been licensed to tap the offshore deep-water fish resources, generating MK22,605,000.00. In addition, 700 small-scale fishing licenses and 40 sanitary certificates have been issued, generating MK30,291,000.00.

Hence, the total revenue generated from the licensing exercise of both commercial and small-scale fishers is currently at MK52,896,000.00, representing 65 percent of the annual revenue target of MK80,000,000.00 set by Treasury. Figure 3.8 shows the monthly revenue collections from March 2023 to December 2023.

FIGURE 3.8: MONTHLY REVENUE COLLECTIONS FROM LICENSING OF FISHING ECONOMIC UNITS FROM APRIL 2023 TO DECEMBER 2023



Source: Department of Fisheries

Table 3.12 below indicates that there has been a continued increase in the collection of revenue from the 2011/12 fiscal year to the current fiscal year of 2023/24. The increase is partly explained by the continued revision of the license fees and enhanced awareness by the district offices of the importance of collecting more revenue from fisheries-related entrepreneurs along the fish value chain.

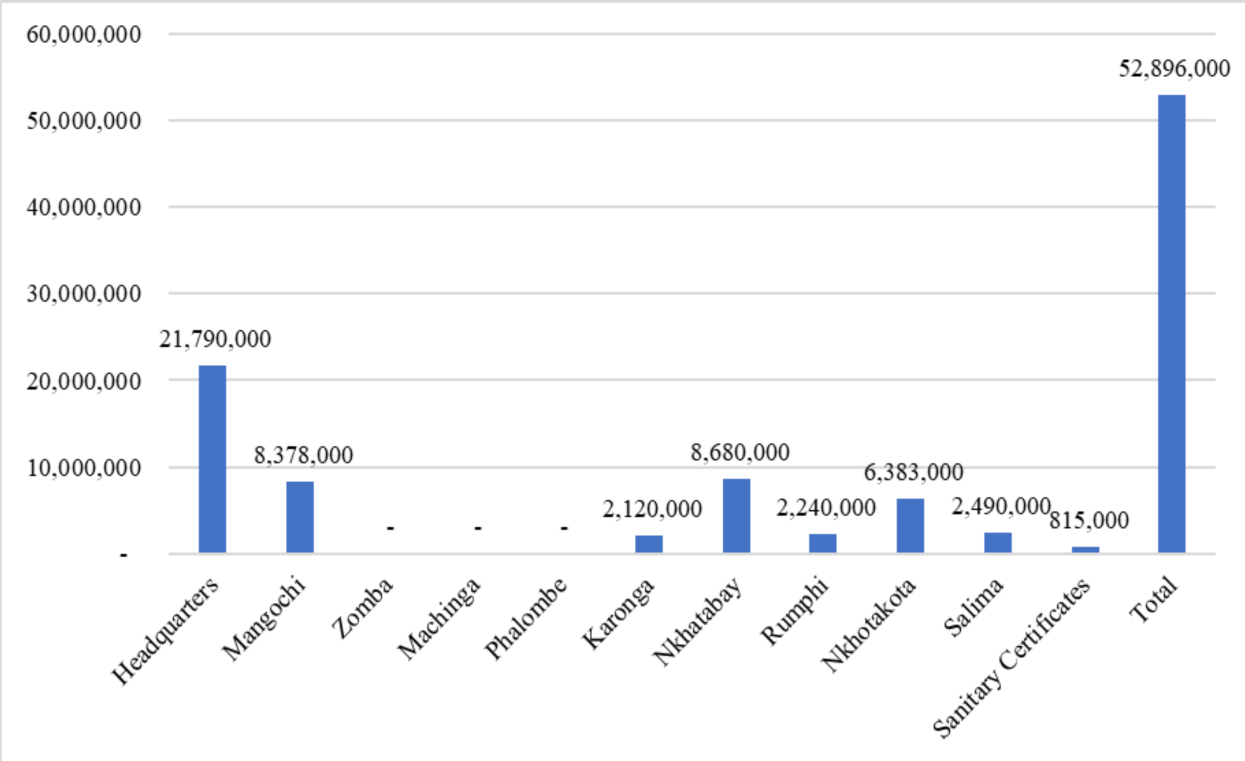
TABLE 3.12: TRENDS IN REVENUE COLLECTION FROM LICENSING OF FISHING ECONOMIC UNITS

Year	Revenue (MK – Small Scale)	Revenue (MK – Large Scale	Total Revenue (MK)
2011/12	8,820,000	1,641,750	10,461,750
2012/13	11,250,000	2,000,000	13,250,000
2013/14	12,900,000	2,286,000	15,186,000
2014/15	2,751,400	4,000,000	16,751,400
2015/16	17,438,250	8,564,000	26,002,250
2016/17	17,731,700	13,792,000	36,417,200
2017/18	15,522,250	16,280,000	31,802,250
2018/19	28,962,000	19,636,000	48,598,000
2019/20	15,012,000	22,608,000	37,620,000
2020/21	21,231,750	27,148,200	48,379,950
2021/22	25,946,000	13,640,000	39,586,000
2022/23	57,149,000	31,070,000	88,219,000

Source: Department of Fisheries

In terms of revenue performance from districts and the performance of all the districts involved in revenue collection, it is noted that Nkhata Bay, Mangochi, and Nkhotakota Districts had the highest revenue collections of MK8.68 million, MK8.38 million, and MK6.38 million, respectively, as indicated in Figure 3.9 below.

FIGURE 3.9: REVENUE COLLECTIONS FROM LICENSING OF FISHING ECONOMIC UNITS FOR LAKESHORE DISTRICTS AND HEADQUARTERS



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 61.51 percent are males and 38.49 percent are females. The total recorded number of ponds is currently 11,000. This is countrywide, with a total pond area of 276.15 hectares.

In terms of fingerling production, a total of 13,359,790 fingerlings were produced during the year, as shown in Table 3.13. The production came from four hatcheries: the National Aquaculture Centre (NAC), Mzuzu Fish Farming Station, Kasinthula, and private hatchery operators. When compared with the production in 2022, there was an increase in fingerling production of 6 percent. This could be explained by the interventions the sector has put in place to commercialize the aquaculture sector.

TABLE 3.13: TRENDS IN FINGERLING PRODUCTION FROM PUBLIC AND PRIVATE HATCHERIES

Year	Number of Fingerlings Produced by Public Hatcheries (DAC, MAC and KAC)	Number of Fingerlings Produced by Public Hatcheries	Total Number of Fingerlings (Public + Private
2013	785,906	5,006,011	5,791,917
2014	731,756	5,613,964	6,347,720
2015	965,811	6,423,307	7,389,118
2016	1,670,526	6,625,000	8,295,526
2017	1,891,835	7,619,920	9,511,755
2018	2,407,050	10,358,000	12,765,050
2019	5,464,290	9,166,380	14,630,670
2020	2,049,670	9,870,000	11,919,670
2021	2,364,958	4,808,336	7,173,294
2022	7,052,701	5,540,430	12,593,131
2023	8,378,402	4,981,388	13,359,790

Source: Department of Fisheries

In terms of aquaculture fish production, a total of 9,321 metric tons of fish were harvested from ponds and cages in 2023, compared to 9,393 metric tons harvested in 2020, as illustrated in Table 3.14.

TABLE 3.14: ESTIMATED PRODUCTION LEVELS (TONNES) AND VALUE (US$) OF THE MAJOR CULTURED FISH SPECIES (2012 – 2023)

Species	Estimated Units	Years											
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Oreochromis Shiranus/ Mossambicus	Production (t)	2,186	2,578	3,300	3,422	7,080	8,624	6,460	6,553	6,669	6,620	5,362	7,016
	Value (US$)	1,219,780	2,704,783	3,462,123	3,849,012	18,893,010	23,498,202	17,602,977	17,856,771	21,130,419	24,072,227	19,498,909	10,048,519
Tilapia Rendalli	Production (t)	633	641	820	851	142	2,593	1,878	1,871	2,261	2,732	1,116	1,460
	Value (US$)	543,747	813,460	1,041,229	957,027	377,860	6,919,542	5,010,785	4,994,036	7,164,863	9,935,437	4,059,255	4,551,234

Clarias Gariepinus	Production (t)	262	333	426	508	212	900	676	782	440	440	616	806
	Value (US$)	225,058	339,786	434,926	571,915	566,790	2,452,316	1,842,172	2,131,499	1,394,170	1,600,000	2,240,000	2,045,120
Cyprinus Carpio	Production (t)	67	71	91	94	118	44	0	11	11	11	40	22
	Value (US$)	57,553	88,884	113,772	106,005	314,884	119,891	0	30,180	35,134	40,366	145,455	115,210
Oncorhynchus Mykiss	Production (t)	84	82	105	109	94	56	0	12	12	12	13	17
	Value (US$)	72,156	103,511	132,494	122,428	251,907	152,589	0	32,695	38,070	43,747	47,273	40,069
	Total Major Species (t)	**3,232**	**3,705**	**4,742**	**4,984**	**7,646**	**12,217**	**9,014**	**9,229**	**9,393**	**9,815**	**7,147**	**9,321**
	Total Value (US $)	**2,118,294**	**4,050,424**	**5,184,544**	**5,606,387**	**20,404,451**	**33,142,540**	**24,455,934**	**25,045,181**	**29,762,656**	**35,691,777**	**25,990,892**	**16,800,152**

Source: Department of Fisheries.

3.3.4 Challenges

i. High gaps in district data relating to employment and fish harvesting, resulting in underestimation and undervaluation of the sector;
ii. Low participation of the private sector in the aquaculture value chain results in low fish production.
iii. Limited accessibility to high-quality farm inputs such as floating feed and fingerlings
iv. Low adoption of fish husbandry by majority of the farmers

3.3.5 Proposed Mitigation Measures

i. Undertake a comprehensive survey of fish farmers countrywide to establish the total number of farmers and pond coverage for better production estimates.

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

iii. Investments in fish feed production are being made by two main investors, such as Lenz Mills and Central Poultry (CP).

iv. There is a plan to install a procured feed mill for the production of extruded floating feed to be managed under a public-private partnership arrangement.

v. Enhance capacity-building activities for all fish value chain actors to be implemented through SFAD WM and other partners' projects.

3.4 The Forestry Sector

The forestry sector contributes to the achievement of the 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 analyzes the 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).

3.4.1Forest Utilisation and Marketing

Forest products (both timber and non-timber products) in Malawi are consumed locally and internationally. Timber products, however, are exported to external markets within the South African Development Community (SADC) and East Africa regions. The most exported timber products include curios/wood carvings, MDF boards (plain and laminated), pine timber, plywood, rubber, rubber timber, shutter ply, and Colombo roots.

3.4.1.1 Exports of Forest Products

In the year under review, a total of thirty-two (32) export licenses and six hundred and seventy-five (675) 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 enable companies and individuals to export medium-density fiber boards (MDF boards), shutter ply, plywood, natural rubber, and rubber timber to various countries. The majority of these products are exported to Tanzania by Raiply Malawi Limited. Table 3.14 below summarizes the products and their quantities exported in 2023/24 FY.

TABLE 3.14: EXPORT OF FOREST PRODUCTS DURING THE 2023/2024 FY

No	Product type	Quantity Exported	Measure/unit
1	Curios/wood carvings	2,432	Kgs
2	Mdf Boards (Plain and laminated)	10,068,850	Kgs
3	Pine Timber	1,971	m^3
4	Plywood	905,500	Kgs
5	Rubber	663,840	Kgs
6	Rubber Timber	576	m3
7	Shutter ply	243,800	Kgs
8	Colombo roots	672,500	Kgs

Source: Department of Forestry

Table 3.13 shows that MDF boards (plain and laminated) covered 80.17 percent of the total quantity exported, and rubber timber was the least exported with 0.005 percent.

3.4.1.2 Revenue Generated from Exportation of Forest Product

As table 2 shows, approximately USD 4.3 million was generated from the exportation of various forest products during the period. According to the revenue generated, 62.83 percent originated from exports of MDF boards (plain and laminated), followed by natural rubber (12.91 percent) and shutter ply (8.64 percent), with curiosities and wood carvings generating the least revenue (0.72 percent). Most of these forest products were exported to South Africa, Tanzania, Zambia, Mozambique, and Kenya, as summarized in Table 3.15 below.

TABLE 3.15: REVENUE GENERATED FROM EXPORTATION OF FOREST PRODUCTS

Product type	Dollars(USD)
Curios/wood carvings	30,890.39
Mdf Boards (Plain and laminated)	2,691,693.84
Pine Timber	123,559.46
Plywood	227,868.26
Rubber	552,909.94
Rubber timber	260,591.93
Shutter ply	370,285.92
Colombo roots	26,063.74
Total	**4,283,863.49**

Source: Department of Forestry and Reserve Bank of Malawi

3.4.1.3 Imports of Forest Products

During the 2023/2024 financial year, the sector issued twenty-two (22) forest import licenses and one thousand and ten (1,010) forest import permits for the importation of various forest products into the country. The major imported products included pine timber, poles, and flash doors. Most of these forest products were imported from Mozambique, Tanzania, and South Africa. Table 3.15 below shows imported forestry-related products in various quantities.

TABLE 3.15: IMPORT FIGURES OF FOREST PRODUCTS FOR 2023/2024

No	Product Type	Quantity Imported	Measure/Unit
1	Pine Timber	17,000	m^3
2	Melamine	25,600	m^3
3	Flush doors	73,600	No
4	Poles	75,800	No
5	Shutter ply	20,250	m^3
6	Hard wood timber	1,000	m^3

Source: Department of Forestry

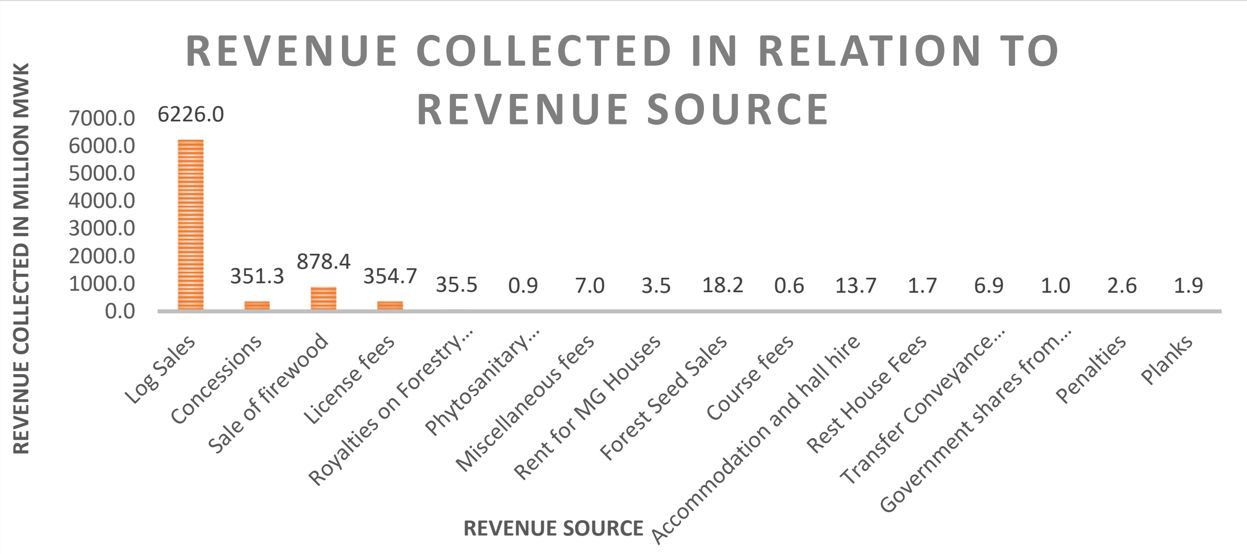
Table 3.15 indicates that poles and flush doors were imported in large quantities compared to other forest products, with 35.55 percent and 34.51 percent, respectively. On the other hand, hard wood timber is the least imported, contributing 0.47 percent of the total forest products imported. This is because it is more expensive than other wood products and because of the stringent screening mechanisms implemented by the Department, as most of the tree species from which it is derived are either endangered or protected.

3.4.1.4 Revenue Collection

The major sources of revenue for the Department of Forestry in the 2023/24 financial year were the sale of logs, the sale of firewood, and penalties for forestry-related crimes. The bulk of revenue was collected from plantations, mainly Viphya plantations, as shown in Figure 3.10.

The main source of revenue for the Department of Forestry for the year under review is the sale of logs. The total amount of revenue collected was seven billion nine hundred and three million, eight hundred and forty-two thousand, four hundred sixty-eight kwacha, and eighty-six tambala (MK7,903,842,468.86). Six billion two hundred and twenty-six million fourteen thousand one hundred seventy-one kwacha and eighty-three tambala (MK6,226,014,171.83) came from the sale of logs, representing 78.77 percent whereas the least amount of revenue originated from course fees, phytosanitary certificates/receipts on certificates, and Government shares from co-management.

FIGURE 3.10:REVENUES COLLECTED IN RELATION TO REVENUE SOURCE



Source: Department of Forestry

3.4.2 Tree Planting and Plantation Rehabilitation

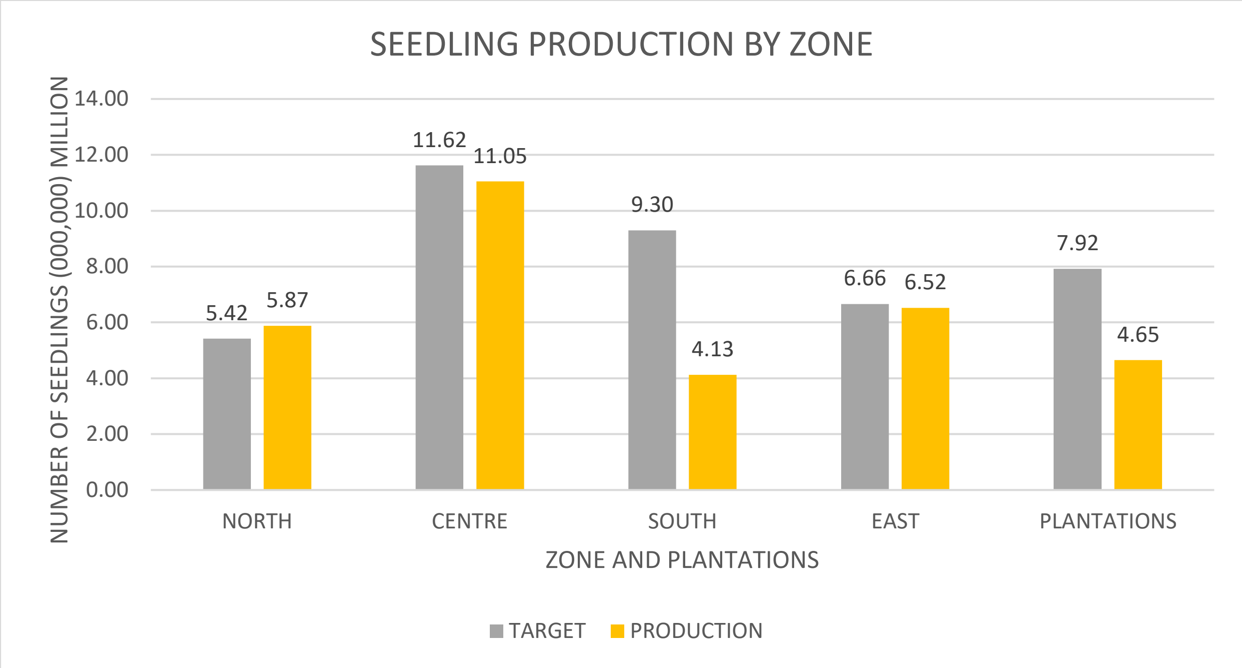
The Department of Forestry protects and manages 21 forest plantations and 88 gazetted forest reserves. Additionally, it supports the protection and management of trees and forests on customary estates. The Department sets aside the period that runs from December 15th to April 15th each year with a view to accelerating 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.

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

In the current fiscal year, the target is to plant thirty-three million trees (33,000,000) and seven million nine hundred and twenty thousand trees (7,920,000) on customary estates and Government forest plantations, respectively. As of November 2023, a total of thirty-two million two hundred and twenty-seven thousand two hundred ninty-five tree seedlings (32,227,295) were produced. Out of this, a total of twenty-seven million five hundred seventy-three thousand seven hundred thirty-two seedlings (27,573,732) were produced on customary estates, and four million six hundred fifty-three thousand seven hundred thirty-two seedlings (4,653,732) were produced on Government plantations. This shows that 78.8 percent of the annual target was achieved, as indicated in Figure 3.11 below.

The Department engages and collaborates with different 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

Figure 3.12 shows that Zone Forestry Office (North) produced more seedlings on customary estates and exceeded her by 8 percent. The Zone Forestry Office (South) under achieved 44.4 percent of her target.

3.4.2.2 Tree Protection

The Department protects and manages 90,000 ha of industrial timber plantations, fuelwood plantations, and pole plantations. Protection and management, however, face 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 firebreak maintenance. During the 2023/24 financial year, however, 1140.30 ha were affected by bush fires. Table 3.16 below summarizes stations affected by fires and the areas affected.

TABLE 3.16: AREA AFFECTED BY STATION

No.	Station	Area Affected(ha)	Tree Species Affected
1	Chongoni	30	*P. orcapa,P. kesiya*
2	Dedza Mountain	235.53	*P.orcapa,P. kesiya,P. patula*
3	Kaombe	5	*E. calmadulesis*
4	Katete	128.61	*E.calmadulesis*
5	Ngala	24	*E. calmadulesis, E. dunaii*
6	Dzonzi mvai	9.2	*P. oo-rcapa* Brastegia species
7	Nauko	48	*P. patula*

8	Zomba Mountain	30.3	*P. patula*
9	Chigumula	1	Cedar, pine
10	Eastern outer slope	3	*P. kesiya*
11	Fortlister	0.8	*P. kesiya*
12	Nanchidwa	1.2	*A.polycantha, P.kesiya*
13	Ndirande	0.5	*A.polycantha, P.kesiya*
14	Thuchila	2	*E. grandis,* mixed species
15	Viphya	621.16	*P. kesiya, P.oorcapa, P. patula, P. pseudostrobus, P. Ellioti, E.grandis*
	TOTAL	**1140.30**	

Source: Department of Forestry

Table 3.16 shows that forest fires affected 1.27 percent of the plantations. Bush fires are the main cause of these fires, although specifics are drawn from each station. On the other hand, out of 21 Government plantations, 71.4 percent have at least been affected by fire this season, indicating that forest fires are one of the greatest enemies of government plantations, causing damage to trees.

3.4.3 Other Recurrent Transactions (ORT) and Forestry Development and Management Fund (FDMF)

In the fiscal year under review, the ORT and FDMF revised budgets for the department were MK92,216,864.00 and MK3,500,000,000.00, respectively. The ORT proposed budget for the 2024–25 financial year is MK381,360,000.00. The projection for ORT for 2024/25 FY is MK356,123,701.76.

The funding was used for the restoration of trees and forests and the promotion of conservation and management of forest resources. The main objective was to restore degraded forest landscapes and increase forest cover in the country. The major activities implemented included the following:

i. Tree planting and management
ii. Management of natural regenerants.
iii. Conducting law enforcement through patrols in forest reserves and other hot spots.
iv. Enforcing forestry legislation through supporting court cases and awareness campaigns.
v. Supporting Forestry Research in Four Strategy Areas

3.4.4 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 90,000 hectares of plantation from illegal logging and fires.
iii. Promoted natural regeneration in 6,525.95 hectares of natural forests, particularly on customary land.
iv. Rehabilitated 2,709.85 hectares of forests in 21 Government plantations during the 2022/23 National Forestry Season across the country.
v. Planted 14,979.11 hectares (37,447,775 tree seedlings) of customary forests during the 2022/23 National Forestry Season in all districts.
vi. Developed a strategic plan.
vii. Recruited 138 ground laborers, 100 assistant forest officers, and 4 lecturers who were deployed in 88 forest reserves, 21 forest plantations, and the Forestry Training College (Malawi College of Forestry).
viii. Promoted 33 forestry assistants to assistant forestry officers and 23 forestry officers to senior forestry officers.
ix. Trained 17 members of staff in the GIS short course.
x. Raised 32,227,295 treeseedlings of various species for the 2023/24 National Forestry Season.
xi. Enforced forestry legislation throughout the country, resulting in 90 completed cases with 333 arrests and 323 convicts, whereby 56 people were given custodial sentences ranging between 6 and 48 months and 267 people were fined an average of one hundred fifty nine thousand kwacha (MK159,000.00).
xii. Impounded four motor vehicles, which have been forfeited to the Government, and confiscated 2,797 bags of charcoal.

3.4.5 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 vacancy 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. Inconsistent and inadequate financial resources

3.4.6 Conclusion

The forestry sector contributed to GDP through the exportation of different forest products. In addition, the sector generated much revenue from the sale of logs, the sale of firewood, concession fees, and license fees, among others. It should, however, be noted that the provision of services such as water and carbon sequestration has not been costed.

Chapter 4

IRRIGATION AND WATER DEVELOPMENT

4.1 Irrigation

On the regulatory and institutional framework, the National Irrigation Policy (2016), the Irrigation Code of Practice, and the Irrigation Masterplan and Investment Framework (2015-35) continued to provide guidance to all stakeholders involved in the implementation and provision of irrigation-related goods, works, and services.

In terms of irrigation development, during the reporting period, the total land developed for irrigation increased from 146,966 to 148,850 hectares (ha), representing a 2.0 percent annual increase, which is below the 6 percent targeted minimum annual growth rate for the agriculture sector stipulated in the Comprehensive African Agriculture Development Program (CAADP) for the agricultural sector and also below the 5 percent average stipulated in the National Irrigation Master Plan and Investment Framework (2015–2025). The drop in annual growth is a result of Cyclone Freedy damage to irrigation infrastructure.

Out of the developed land for irrigation of 148,850 hectares, about 83 percent of the developed area was utilized, compared to 79 percent utilization in the previous financial year. Utilization was affected by floods, which destroyed some irrigation infrastructure, while other irrigation groups failed to raise enough funds to operate diesel-operated pumps or pay for electricity where pumping stations are connected to ESCOM power. The Department, therefore, continued the rehabilitation of flood-damaged infrastructure and the promotion of solar-powered irrigation technology with the hope of improving the utilization of irrigation schemes and also making irrigation an economically viable business for farmers.

4.1.1 Prospects for 2023/24

Guided by the Irrigation Master Plan and Investment Framework (IMPIF), the sector expects developed area to increase by 5,200 ha through private sector investment and continued implementation of Government irrigation programs and projects such as 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) that follow a pragmatic approach to irrigation development shifting from subsistence irrigated agriculture to commercialized oriented irrigated agriculture with a cumulative area reaching 155,400 ha. The associated projected investment costs of the projects and programs are estimated at US$40,960,086. Utilization rates are expected to reach 85 percent through the promotion of fully functional and financially autonomous farmer organizations (Water User Associations (WUAs) and Water User Groups (WUGs)), which are designed to ensure efficiency and sustainability in the utilization of the schemes. The number of registered WUAs is expected to increase by 15. Furthermore, there are plans to rehabilitate and modernize over 2,240 ha of existing irrigation schemes.

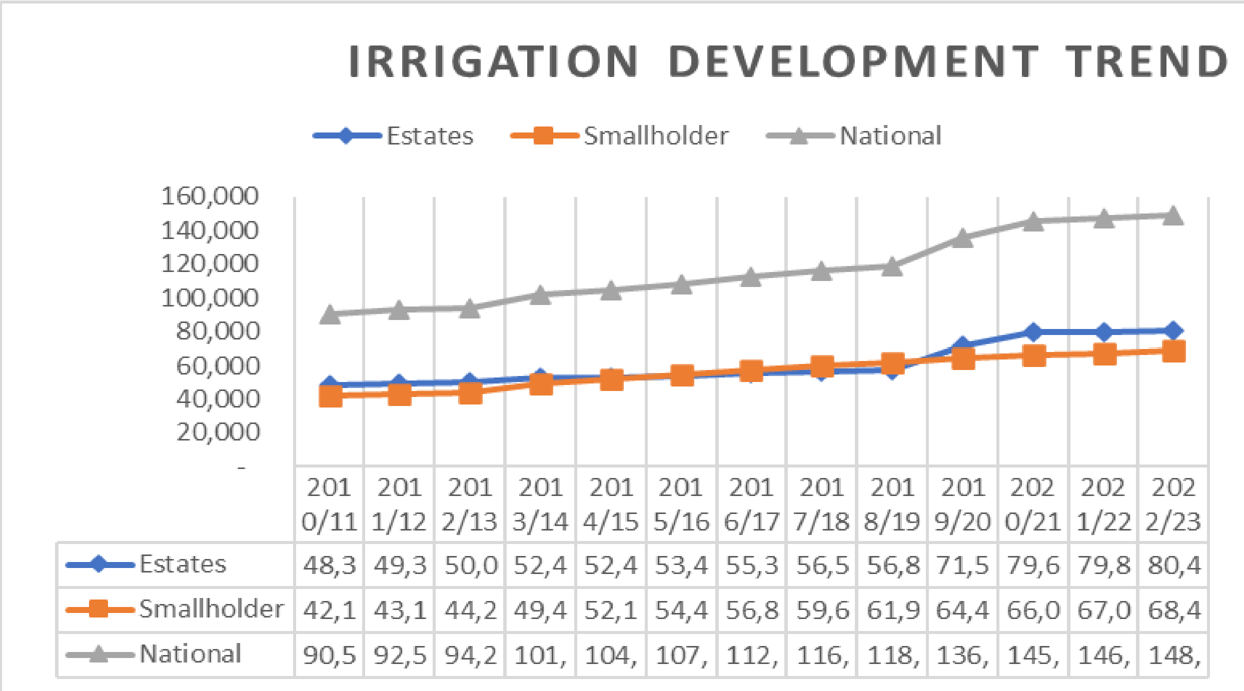
4.1.2 Progress on MIP 1 Targets

From the developed 68,423 hectares, of which 57,065 ha were utilized in the 2023/24 financial year by 367,391 smallholder farmers, the contribution to crop production can be estimated to be around 285,000 metric tons of food crops. The current level of irrigation farming is estimated to contribute about 20 percent of the gross national cereal production and about 30 percent for root and tuber production and from the 80,427 hectares developed by the private sector, of which about 55,916.7 ha were utilized. The total estimated production could be estimated to be around 702,000 metric tons of export crops.

4.1.3 Irrigation Development in Malawi

Malawi has a potential irrigable land area of 407,862 ha, according to the Irrigation Master Plan and Investment Framework (2015-2035). Considering the human and financial resources, the country has the capacity to develop 220,000 ha by the year 2035. In the 2023/24 financial year, 148,850 hectares were under irrigation, representing 37 percent of potential irrigable land. Figure 2.1 shows trends in irrigation development in the country disaggregated according to private sector and smallholder share since the 2010/11 financial year.

FIGURE 4.1 IRRIGATED AREA UNDER THE PRIVATE SECTOR AND SMALLHOLDER FARMERS



Source: Department of Irrigation

Smallholder irrigation has over the years increased significantly, while private estate irrigation remained virtually static between 2013/14 and 2015/16, possibly due to difficulties in identifying new pieces of land for new irrigation development and a lack of access to capital. There is, however, renewed momentum by the private sector in irrigation development, notably in 2018/19 financial year. This trend coincides with the changes in the policy and regulatory (frameworks) environment and recent sectoral reforms (introduction of NAIP), which might have provided a conducive environment for private sector participation and growth in the sector. Nevertheless, the huge investments that are being made in transformative projects like the Shire Valley Transformation Programme will result in smallholder irrigation areas surpassing those in the private sector. Overall, there is an increasing trend for irrigation development country-wide, despite challenges such as high electricity tariffs and insufficient funds to spur large-scale investments in the sub-sector.

4.1.4 Farmer Organisations

Water Users Associations (WUAs) are legally registered farmer organizations that assume all the responsibilities of managing smallholder irrigation schemes. This includes the operation and maintenance of the developed areas as well as planning for crops to be irrigated. During the reporting year, a total of 19 water user groups were at an advanced stage of registration, which, once finalized, will increase the total of registered WUAs from 97 to 106. Currently, most of the smallholder irrigation schemes are managed by Water User Groups, as they have not been legally registered.

4.1.5 The Irrigation Master Plan and Investment Framework

The Irrigation Master Plan and Investment Framework (IMPIF) has prioritized projects into short, medium, and long-term categories. The total cost is estimated to be around US$2.4 billion, of which 46 percent will be invested in new irrigation development, 32 percent in sustainable irrigation management, 21 percent in capacity building, and 1 percent in coordination and management. Around 89 percent of IMP costs represent investments and 11 percent represent recurrent costs, mainly irrigation scheme operation and maintenance. The IMPIF is significantly assisting in orderly irrigation development as more rewarding projects are implemented first. The main projects through which the IMPIF is being implemented are the Shire Valley Transformation Programme (SVTP), financed by the World Bank, African Development Bank, Global Environmental Facility, and Malawi Government, targeting about 43,000 ha in Chikwawa and Nsanje; the Programme for Rural Irrigation Development (PRIDE), targeting 5,100 ha in the districts of Chitipa, Karonga, Nkhata Bay, Phalombe, Machinga, Zomba, and Chiradzulu.; and the Agricultural Infrastructure and Youth in Agri-Business Project (AIYAP), funded by the African Development Bank and European Union, targeting 1,000 ha in Nkhata Bay. Other projects include the Malawi Resilient and Disaster Risk Management Project (MRDRMP), which involves the rehabilitation of existing schemes and the construction of solar-powered irrigation schemes mainly in plain areas of the country, targeting a total of 690 ha; KULIMA, funded by the European Union, which has a technical assistant component to conduct detailed design studies for two priority schemes and enhance WUA and cooperatives capacity for sustainable management of six developed irrigation schemes; and the Malawi Watershed Services Improvement Project (MWASIP), financed by the World Bank, targeting about 340 ha for irrigation development in Ntcheu, Zomba, Machinga, Neno, Blantyre, and Balaka.

4.1.6 Major Challenges

The irrigation sub-sector faced a number of challenges during the reporting period. Table 4.1 shows a summary of some major challenges and the proposed way-forward.

TABLE 4.1 MAJOR CHALLENGES AND THE PROPOSED WAY-FORWARD

ISSUE	WAY-FORWARD
Dwindling of water resources and poor catchment practices	Scaling up construction of dams, and creating awareness on guidelines for catchment management
Pest and diseases attack on crop reducing profits	Incorporate pest and disease management and prevention in the farmer training programs.
Theft of Solar equipment (Pumps and panels)	Community sensitization on problems of vandalism on area development
Unpredicted storms continually damaging irrigation structures	Intensify catchment protection in all irrigation schemes and climate proofing irrigation designs
High electricity bills at Nkopola, Lweya and Lifuwu making it difficult for farmers to utilize the scheme	The Department should continue lobbying for lower electricity tariffs for irrigation farmers
Under-utilization of developed irrigation schemes	Mobilise beneficiaries for effective utilisation of developed irrigation schemes and address technical challenges in the irrigation system through rehabilitation or modernisation

Source: Department of Irrigation

4.1.7 Conclusions and Recommendations

A number of irrigated crops, such as sugarcane, tea, rice, maize, vegetables, macadamia, tubers, and fruits, continue to significantly contribute to the stabilization of Malawi's economy. Land developed for irrigation continues to increase, and during the reporting period, however, climatic shocks undermined efforts towards irrigation development. Recovery measures taken against damaged irrigation infrastructure in past years could have gone a long way in sustaining the momentum for new irrigation development as targeted in the IMPIF. This calls for adequate and timely funding for irrigation development programs and projects.

The following recommendations have been made for the smooth implementation of irrigation development programs:

i. There is a need to construct dams and conserve the catchment areas.

ii. Lobby for more budget support from GoM and DPs to fully implement the Masterplan.
iii. Reduce farmer dependency syndrome on O&M through the establishment and continuous training of WUAs and WUGs.
iv. Encourage private sector participation in the entire value chain, i.e., from production to marketing.

4.2 Water Resources Management and Development

The water and sanitation sector is critical for the sustainable and social-economic development of our country, as well as ensuring sustainable, healthy ecosystems and human survival. During the reporting period, the water and sanitation 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 and sanitation services.

4.2.1 Water Resources Management and Development

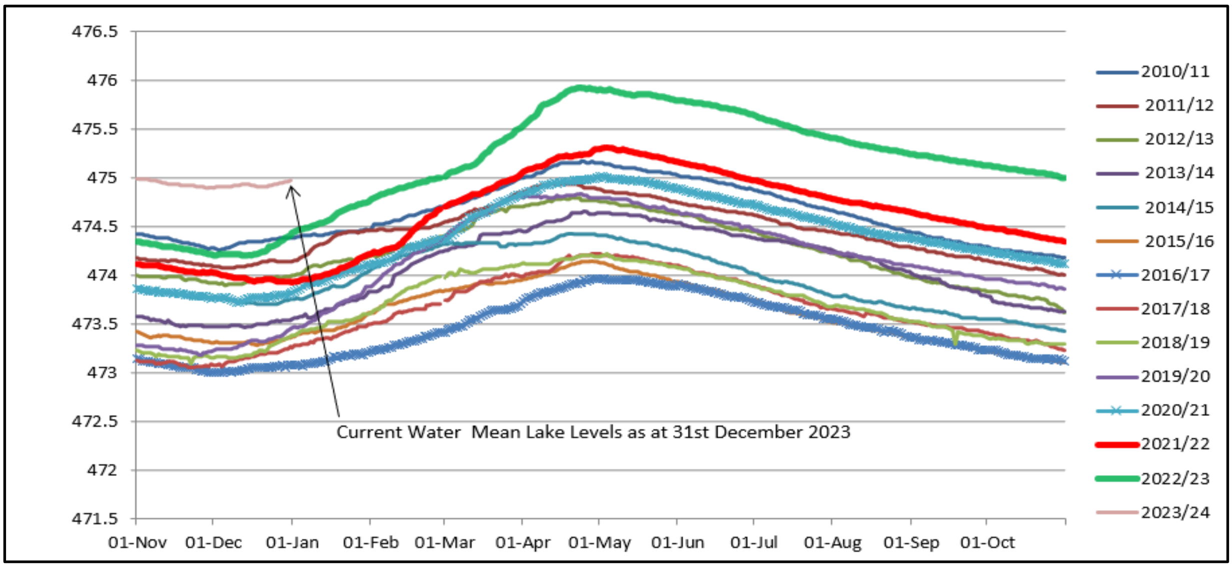
Under water resources management and development, among others, the sector implemented various projects that focused on the provision of sustainable water resources infrastructure, such as the construction of multipurpose dams and other hydraulic structures (including flood protection structures). Water resources monitoring was also emphasized to ensure the capture of accurate information on the condition and trends of the country's water resources (both surface and groundwater) for socio-economic development and maintenance of environmental quality. As such, during the period under review, the Department collected and analyzed 2,929 drinking water samples and 88 surface water samples for ambient surface water analysis. 2,517 out of the 2,929 drinking water samples complied with the Malawi standards for drinking water, whereas 57 out of 88 samples complied for ambient surface water analysis. From the results, it was noted that the ambient rate of surface water systems was 64.7 percent and the compliant rate of drinking water was 85.93 percent.

Furthermore, during the reporting period, the estimated water availability stood at 1,044.6 m3/capita/year, showing a downward trend when compared to the 2022/23 period, in which it was 1,102.5 m3/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 1000 m^3/capita/year, a mark that is used to measure the water scarcity of any country based on annual renewable water. This situation is exacerbated by the 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, and the review of the National Water Policy, which will foster an increase in water availability in the years ahead. Such interventions include the construction of water harvesting structures and the promotion of managed aquifer recharge.

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). This enables the regulation of flow in the Shire River to meet hydropower generation and other water demands downstream, but it also helps to regulate the water level in Lake Malawi. During the year under review, the water levels registered the highest at 475.93 masl in May 2023 since 2010, as can be observed in Figure 4.2.

FIGURE 4.2: LAKE MALAWI MEAN LEVELS SINCE 2010



Source: Department of Water Resources

In addition, the sector, through the National Water Resource Authority (NWRA), managed to register 48 borehole drillers as companies that would be monitored and follow acceptable drilling standards. This brings sanity to the drilling industry. Furthermore, the NWRA continued with its regulatory function during the year under review. The NWRA rolled out a civic education campaign about its regulatory mandate, among others. Subsequent to this, the Authority received, processed, and issued 1,307 licenses to various users of water resources. This ensures that water usage is controlled and protected in a sustainable manner. The licenses issued were for surface water users, groundwater users, effluent discharge, and borehole drillers, as shown in Table 4.2 below.

TABLE 4.2: APPLICATIONS ON VARIOUS WATER RESOURCES USAGE

Surface water applications	Groundwater application	Effluents Discharge	Borehole Drillers application	Total
108	1188	22	48	1355

Source: National Water Resources Authority.

The NWRA managed to monitor 65 clients complying with effluent quality standards against a target of 85. The remaining users will be monitored during the remaining period of the year.

Out of the 65 institutions that were monitored, three were penalized due to the effluent standards, representing 95 percent compliance in this sample.[1]

The NWRA is also mandated to establish a catchment management committee for the effective and efficient management of water resources. In the year under review, the sector, through NWRA, established 19 Sub-Catchments Management Committees (CMCs) through the Malawi Watershed Services Project (MWASP) in the districts of Machinga, Balaka, and Mangochi. In the same vein, NWRA has commenced the establishment of the Linthipe Catchment Management Committee, which spans across four districts: Lilongwe, Salima, Dowa, and Dedza. With these developments, the management of water resources will be improved.

In the year under review, NWRA has worked on the approval of the guidelines for borehole construction and abstraction of surface water in water board-gazetted areas. This, once gazetted, would bring sanity to the drilling of boreholes in the water board water supply area and reduce the prevalence of water-borne diseases.

In order to understand the changes in the bathymetry of Lake Malawi due to sediments, the NWRA managed to carry out bathymetric surveys on Lake Malawi at key strategic points. The NWRA has also managed to carry out bathymetric surveys on the Shire River from Liwonde to Zalewa Roadblock. The results will help the NWRA make informed decisions on causes and recovery.

In order to properly recommend the usage of the water in Lake Malawi and rivers in the country, knowledge of its quality is important. In view of this, the NWRA carried out the water quality tests along Lake Malawi at thirty-eight key points and on all major rivers in the country. This information is key for economic development, including healthy services.

In an effort to reduce water flooding levels and reduce impacts on livelihoods, health, assets, and the socio-economic development of the country, the sector further embarked on the construction of eight dykes along the Namiyala-Nkhande, Thangadzi West, and Thangazi East Rivers in Nsanje District; Lingoni in Machinga District; Thuchila in the Mulanje District; Likangala and Magoli Rivers in the Zomba District; and Nafafa River in the Chikwawa District. River training for the Chisengeleni River in the Phalombe District is in progress. In addition, an Operation Decision Support System (ODSS) has been established for the South Rukuru and North Rukuru River Basins, and the upgrading of the same ODSS for the Shire River Basin is in progress. This ODSS is used as a tool for the flood early warning system in Malawi.

Implementation of the feasibility study, detailed design, and construction supervision of 15 small and medium-sized dams and 4 high-yielding boreholes is underway. In terms of the preparatory activities for the construction of the Lower Songwe Dam, implementation of various consultancy services is currently underway, including those on flood early warning systems, MIS, GIS, ICT, and M&E system development. These structures and activities are

[1] These were SANA, Lilongwe City Council, and Zomba City Council. With this, clients will be deterred from polluting the water resources.

expected to enhance water harvesting to support irrigation, water supply, fisheries, domestic uses, livestock watering, groundwater recharge, recreation, and also be used for flood control.

In terms of providing reliable water sources for urban and peri-urban areas, the raising of Kamuzu Dam I for water supply to Lilongwe City by the Lilongwe Water Board has been completed. Currently, 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 centers 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, which is used to supply reliable water to Mzuzu City, are in progress. Besides, the procurement of a consultant for the raising of Mudi Dam by the Blantyre Water Board is also in progress.

The sector has also started implementing a solar-powered groundwater development project whereby groundwater sources will be developed for the installation of a solar pedaflo pump that uses solar power to pump water into an elevated tank for piped water supply in rural areas and market centers. The pump has an in-built water treatment system for treating any possible bacteriological contamination in the developed water supply system.

As the country continues to experience water scarcity problems, the need for reliable hydrological 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. As such, 26 officers in the hydrology section have been trained in operational hydrology, and 22 flood early warning monitoring stations have been rehabilitated in the Bua/Linthipe catchment (15) and Shire River Basin (7). These stations will go a long way in supporting the operations of flood early warning systems.

Furthermore, the sector has continued with the development of groundwater sources; as such, during the period under review, a total of 40 groundwater resources have been developed, and recapitalization of the borehole fund has been initiated too.

4.2.2 Water Supply Services

The Government realizes the importance of access to safe drinking water for the wellbeing of the nation. The Ministry of Water and Sanitation (MoWS), the Ministry of Local Government through the District Councils, and the five Water Boards are the major institutions that are responsible for safe water supply and delivery. The MoWS through the Department of Water Supply Services and District Councils, supported by CSOs and NGOs, are responsible for services at the rural level, while the Water Boards are responsible at the urban and peri-urban levels. According to the Integrated Household Survey (NSO, 2019/20), 88.3 percent of the population in urban and rural households has access to improved sources of drinking water. The proportion of urban households with access to improved water sources was 97.1 percent, while that of rural households was 86.5 percent. Stand pipes were the main source of drinking water in urban areas at 64.9 percent, while boreholes were the main source for rural areas at 73.9 percent (see Table 4.3).

TABLE 4. 3: PROPORTION OF HOUSEHOLDS WITH ACCESS TO IMPROVED SOURCE OF DRINKING WATER AT NATIONAL, REGIONAL, URBAN AND RURAL LEVEL

Area/ Location	Access to improved water source	Piped into dwelling	Piped into yard/plot/ communal standpipe	Borehole	Protected well in yard/plot/public well	Open well in yard/plot/open public well	Spring/ River/ Stream/ Dam/Pond/ Dam/Lake/ Rain water	Other	Total
National level									
	88.3	2.4	17.8	64.5	3.6	6.8	4.9	0.1	100
Rural/Urban level									
Rural level	86.5	0.6	8.6	73.9	3.5	7.7	5.7	0.1	100
Urban level	97.1	12	64.9	16	4.2	2.1	0.7	0.1	100
Regional level									
Northern region	86.9	3.3	21.6	58.9	3.1	4.6	8.5	0	100
Central region	86	2	16.3	62.5	5.2	9.4	4.5	0.1	100
Southern region	90.8	2.6	18.1	67.8	2.3	4.9	4.2	0.1	100

Source: National Statistical Office, IHS5 2019-2020.

At the urban level, out of the 97.1 percent that accessed improved water sources, 76.9 percent accessed piped water, 16 percent through boreholes, 4.2 percent through protected wells, and 2.8 percent accessed unprotected and surface water sources.

At the rural level, out of the 86.5 percent that accessed improved water sources, 9.2 percent accessed piped water, 73.9 percent through boreholes, 3.5 percent through protected wells, and 13.4 percent accessed unprotected and surface water sources.

In order to improve access to potable water services, the Ministry continued implementing water supply projects aimed at extending, upgrading, and rehabilitating piped water supply systems, as well as constructing new piped water schemes and boreholes across the country.

4.2.2.1 Rural Water Supply

For the rural areas, the following notable projects were implemented through the Ministry: The Post Cyclone Idai Emergency Recovery and Resilience Project (PCIERP), the Malawi Resilience and Disaster Risk Management Project (MRDRMP), the Sustainable Rural Water and Sanitation for Improved Livelihood Project (SRWSILP), and the Groundwater Extraction Project.

Through these projects, the sector is rehabilitating and extending five gravity-fed piped water supply schemes in Mzimba, Balaka, Thyolo, and Zomba districts, and the rehabilitation works are at an advanced stage. In addition to the above, 12 solar-powered piped water supply systems are being constructed in Dowa, Phalombe, Zomba, Mulanje, Chikwawa, Nsanje, Dedza, Lilongwe, Dowa, Kasungu, Mangochi, and Rumphi. 310 water supply connections (tap points) were constructed, and this number is expected to increase considerably once all rehabilitation works are completed and 354 boreholes are constructed.

Apart from the construction activities, Water User Associations are also being established for the constructed piped water supply sources for sustainable management of the schemes, and so far, 1 WUA has been established for Mphangwe WUA in Dowa district, with 7 others in progress of being established. As for boreholes, 354 borehole management committees have been formed and trained.

In addition to the above, the Ministry is in the process of amending the Water Works Act (1995) with the aim of strengthening systems and improving service delivery in the sub-sector.

4.2.2.2 Urban Water Supply

4.2.2.2.1 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 4.4, during the reporting period, the population covered with safe drinking water in the urban and town centres serviced by the water boards increased by 254,207, representing an 8 percent increment. During the year under review, the Southern Region Water Board (SRWB) registered the highest increment of about 16 percent, followed by the Northern Region Water Board, which registered 12 percent, while the Blantyre Water Board (BWB) registered the lowest percentage increment of 1 percent. The substantial increase in the population served by the Southern Region Water Board is partly attributed to the rehabilitation and extension of the Mangochi Water Supply Systems as well as the implementation of the free water connection initiative.

TABLE 4.4: POPULATION SERVED BY WATER BOARDS

Water Board	Population Served 2022/23	Population Served 2023/24	Population Increase	Percentage Increase
LWB	1,100,000	1,200,000	100,000	9
BWB	1,257,720	1,268,191	10,471	1
NRWB	497,300	575,400	78,100	16
SRWB	459,580	515,772	56,192	12
CRWB	381,830	391,274	9,444	2
Total	**3,696,430**	**3,950,637**	**254,207**	**8**

Source: Water Boards Reports, 2023[2]

4.2.2.2.2 Urban Population Accessing Water within 30 Minutes from Water Source

On average, the population that accesses water within 30 minutes from a water source (within Water Board service areas) increased from 96.6 percent in the previous year to 97.8 percent in the current year, as highlighted in Table 4.4. Lilongwe 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, such as the Lilongwe Water and Sanitation Project and the Nkhatabay, Mzuzu, and Karonga water supply systems, respectively. For instance, LWB managed to improve storage capacity from 5.1 million cubic meters to 25.1 million cubic meters following the raising and rehabilitation of Kamuzu Dam 1 by 7 meters. The combined storage capacity for LWB's Kamuzu Dams 1 and 2 is therefore now 49 million cubic meters. LWB now has adequate water to meet the increasing demand from 5 months to 12 months.

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 has registered the least population within 30 minutes of access to improved water sources, pegged at 93 percent.

TABLE 4.5: POPULATION WITHIN 30 MINUTES OF WALKING DISTANCE

Water Board	2020/21	2021/22	2022/23	2023/24
LWB	88.1	86.4	100	100
BWB	84	86	90	93
CRWB	98	98	98	98
NRWB	83	100	100	100
SRWB	90.9	93	95	98
Average	**88.8**	**92.7**	**96.6**	**97.8**

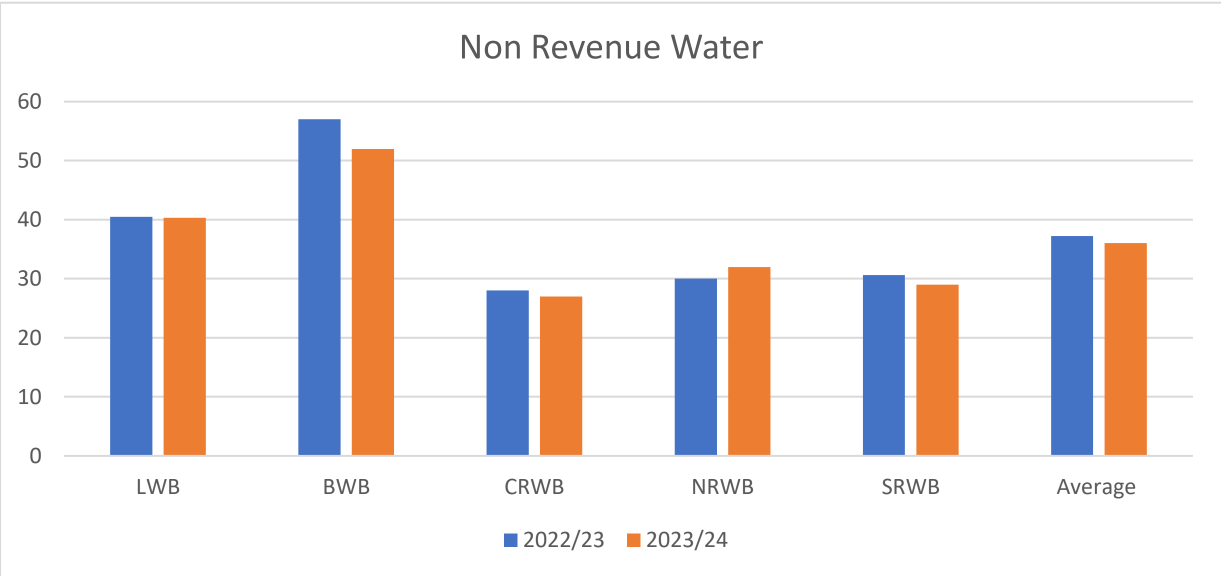
Source: Water Boards Reports, 2023.

[2] Please note that the figures for the population served in the 2023/24 financial years are projected figures.

4.2.2.2.3 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 36.06 percent, representing a slight decrease from the previous year's average of 37.22 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 2 percent from 30 percent in the previous year to 32 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 the replacement of sticky meters and the replacement of aged distribution pipelines. From the analysis, none of the water boards have met the recommended international standard. All the water boards, however, 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. The reduction of non-revenue water is also one of the reforms that the water boards have embarked on. Figure 4.3 illustrates the levels of NRW for each of the water boards for the 2022/23 and 2023/2024 financial years.

FIGURE 4:3: PERCENTAGE OF NON-REVENUE WATER LEVELS IN WATERBOARD



Source: Water Boards Report 2023.

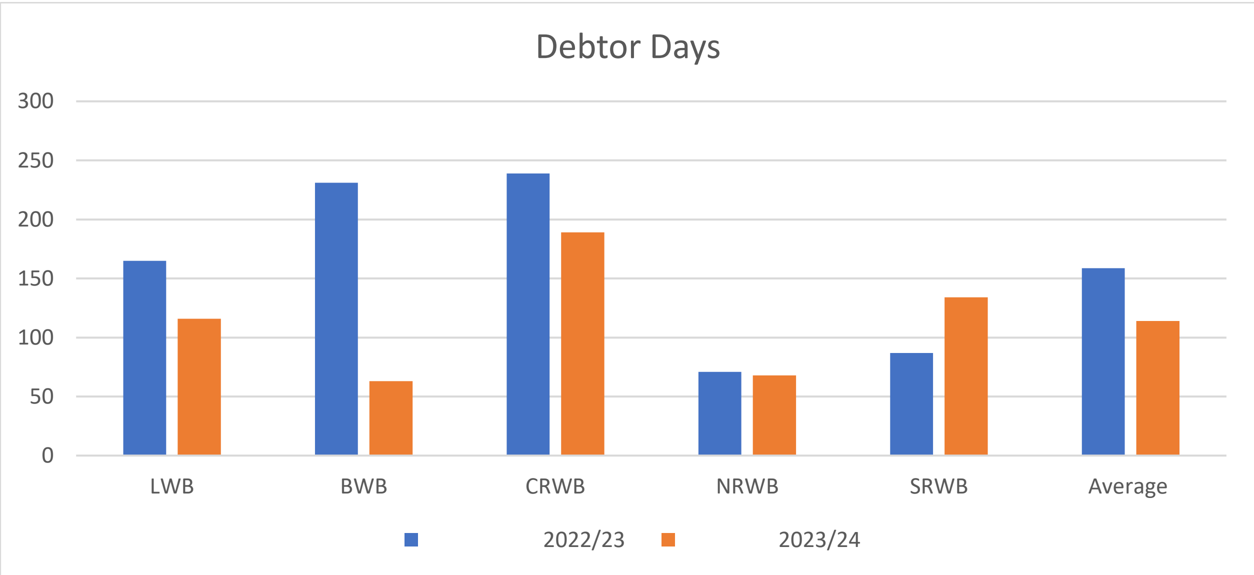
4.2.2.2.4 Debtor Days

Debtor days describe the average number of days that pass before its debtors pay their bills. This is an indication of how efficiently a utility bills and collects debt from its customers. The recommended international standard is a maximum of 60 days. The average number of debtor days for all the water boards decreased from 232.8 in the previous year to 164.2 in the reporting period. Southern Region Water Board, however, had the least performance, with its debtor days increasing from 87 days in the previous financial year to 134 days, while NRWB registered the lowest number of debtor days, pegged at 68, as indicated in Figure 4.4. From the analysis, none of the water boards met the international standard of 60 debtor days. This has been attributed to delays in the payment of water debt, mostly by public and government institutions.

The high number of debtor days affects the cash flow of the water boards, which negatively impacts their operational efficiency. Furthermore, this also affects the ability of the water boards to maintain and rehabilitate their water supply systems, among other things, reducing their capacity to reduce non-revenue water.

In an effort to reduce the debt owed by MDAs, the water boards are implementing various initiatives, among which are the installation of prepaid meters in government institutions and other new water connections while replacing the existing post-paid meters as an ongoing activity.

FIGURE 4.4: AVERAGE NUMBER OF DEBTOR DAYS



Source: Water Boards Report 2023

4.2.3 Sanitation and Hygiene

According to IHS5 (2020), the population with access to improved toilet facilities was 35.2 percent. An improved toilet facility is defined as one that hygienically separates human excreta from human contact. These include flush or pour-flush toilets for piped sewer systems, septic tanks, pit latrines, ventilated improved pit latrines, pit latrines with slabs, and composite toilets. During the period under review, one of the notable achievements was the successful takeover of waterborne sanitation services from Lilongwe City Council, effective October 1, 2023, to the Lilongwe Water Board. The Water Works Act 1995 mandates water utilities to provide both water supply and waterborne sanitation services. For Lilongwe City, however, the waterborne sanitation services were managed by Lilongwe City Council until October 1, 2023, when services were transferred to the Lilongwe Water Board. Additionally, during the year under review, the Department of Sanitation was established and a number of positions filled up. The Department will provide oversight and provide policy direction on sanitation issues across the country. Meanwhile, the substantive work on the review of the National Sanitation Policy 2008 has been completed, and the document is being finalized in readiness for approval.

4.2.4 Prospects for 2024/25 Fiscal Year

In 2024/2025 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 Departments of Water Supply, Sanitation, 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 2024/25 financial year.

For instance, the Southern Region Water Board will continue with the water supply improvement of Liwonde and Balaka Towns through extensions and upgrades of the systems in these town centers. It will also embark on the establishment of new water supply centers in Migowi, Zalewa, Thondwe, Ulongwe, and Fatima, as well as the upgrading and extension of Mwanza Water Supply Systems to be financed by the EXIM Bank of India. Furthermore, the board will also be completing a feasibility study and a detailed design for the alternative water source for Zomba and surrounding areas.

Lilongwe Water Board will continue with the densification drive to unserved peri-urban areas as well as increase water treatment capacity to 50,000 cubic meters per day through the construction of Treatment Works III (TWIII). The Board will also increase access to sanitation services through network expansion (214km) and increased connections for 11,677 customers.

In the case of the Blantyre Water Board, it will continue with the construction of an independent power plant (IPP) for Blantyre Water Board Phase 1 and the development of a new water source in Shire River Phase I. These initiatives will be financed by the Exim Bank of India. Furthermore, the Board will continue with the implementation of Malawi Water and Sanitation Project 1, which is being financed by the World Bank.

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; finalisation of designs and commence rehabilitation and expansion of the Dowa Water Supply System; commence rehabilitation and upgrading of Ntchisi Water supply scheme; commence construction of Nkhamenya Water Supply System; develop 6 new boreholes in Mponela, Nkhotakota and Kochilira Schemes; rehabilitate 14 boreholes in various schemes such as Dedza, Mchinji, Nkhotakota and Salima; replace 26 surface and submersible pumps in various schemes; install 1 solar system in Mchinji scheme and 2 generator sets for power backup in Mitundu and Kochilira schemes; construct 1 storage tank in Nkhotakota scheme and rehabilitate 3 storage tanks in Salima and Nkhotakota Schemes and extend water supply network by 18.95 km in various schemes such as Salima, Kasungu, Mchinji and Salima Lakeshore.

The Northern Region Water Board will continue with the upgrading and replacement of pipe networks in various schemes, such as Karonga and Nkhatabay, to improve water supply reliability. Furthermore, the board will also commence the Rumphi Water and Sanitation Services Improvement Project, which will be financed by the African Development Bank. All these efforts will assist the board in increasing service coverage as well as improving efficiency in its operations.

4.2.5 Challenges Experienced in the Sector

Despite the achievements registered, the sector has also faced a number of challenges, including vandalism of water supply infrastructure, which has been a recurring problem in the past few years; delays in the completion of rehabilitation work for some piped water supply schemes due to contractual issues; aging infrastructure; non-revenue water challenges, especially for the water boards; dwindling of the water resource due to climate change effects; and limited funding towards the ministry’s activities.

Chapter 5

TRANSPORT AND PUBLIC INFRASTRUCTURE

5.1 Overview

This chapter reviews the performance of the transport and public works sector and highlights the major activities carried out during the 2023/24 fiscal year whilst providing projections for the 2024/25 fiscal year. The year under review was the second year in the implementation of the Malawi 2063 Vision First 10-Year Implementation Plan (MIP-1) and the fifth year in the implementation of the National Transport Master Plan (NTMP) which guides the activities undertaken by the sector.

During the year under review, implementation of various programmes and projects as well as revenue, were adversely affected by the combined effects of the devaluation of the Kwacha, lack of foreign exchange and persistent fuel shortages. These led to significant disruptions to ongoing infrastructure works as well as the implementation of other programmes and projects. The next sections provide progress on some of the programmes and projects, as well as the outlook for the 2024/25 fiscal year, covering each sub-sector of the transport and public works sector.

5.2 Bilateral and Multilateral Agreements

In 2023, the Ministry of Transport and Public Works signed seven bilateral and regional agreements governing operations in road, rail and air transport. In general, these agreements aim at taking into account recent changes to the respective transport industries, facilitate the efficient and effective means of resolving existing challenges as well as foster efficient transport operations and services. Implementation of the Agreements will facilitate trade and contribute towards the reduction of transport costs resulting in increased traffic.

The Ministry facilitated the formulation of the Nacala Development Corridor Agreement which was signed on 7th October 2023 in Nacala, Mozambique. The agreement was signed by the heads of state of the governments of the Republic of Malawi, the Republic of Mozambique, and the Republic of Zambia. The agreement establishes the Nacala Development Management Committee and a secretariat which will be based in Tete, Mozambique, which will have the responsibility of overseeing operations along the Corridor. The Agreement further makes provision for Malawi to establish a dry port at the Port of Nacala to facilitate the transportation of its imports and exports through the Port. On December 1, 2023, the Ministers responsible for Transport in the Republic of Malawi and the United Republic of Tanzania, signed the revised Malawi-Tanzania Transport Corridor Systems Agreements in Dar es Salaam, Tanzania. To complement this, Malawi acceded to the Central Corridor through the Central Corridor Transit Transport Facilitation Agency (CCTTFA) alongside Zambia on the same date. The Central Corridor is a transport and trading route located in East and Central Africa. Its main end point is the Tanzanian port of Dar es Salaam, where it connects with Rwanda, Burundi and the eastern part of the Democratic Republic of Congo (DRC).

In the road sub-sector, the Ministry signed the Tripartite Nacala Road Transport Agreement between Malawi, Mozambique and Zambia on October 7, 2023, as well as the Bilateral Road Transport Agreements with Tanzania on December 1, 2023. In the air transport sub-sector, the Ministry facilitated the initialling of the Bilateral Air Service Agreements (BASA) with Kuwait, Uganda and Mozambique. The BASA agreements are expected to result in the introduction of additional flights between Malawi and the aforementioned countries.

In the rail sub-sector, the Ministry signed the "Agreement Amending the Tripartite Railway Transport Agreement on the Nacala Development Corridor among the Republic of Malawi, the Republic of Mozambique and the Republic of Zambia". On October 7, 2023, the agreement was signed alongside the Tripartite Road Agreement and the overarching Nacala Development Corridor Agreement.

5.3 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 assemblies that are established by the RA. 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).

5.3.1 Performance in 2023

For the 2023/24 FY, the ANRP was worth MK 130.712 billion of which MK 57.868 billion was for the recurrent programmes and MK 65.349.050 billion was allocated for the development programmes.

TABLE 5.1: ANRP BUDGET

Programme	**2020**	**2021**	**2022**	**2023**
Recurrent Programmes	15,211	23,150	63,000	57,878
Development Programmes	51,672	77,420	111,050	65,349
TOTAL	**66,883**	**100,570**	**180,089**	**130,712**

Source: Ministry of Transport and Public Works

5.3.1.1 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 carried out within one financial year as well as projects meant to preserve the road infrastructure investment.

5.3.1.1.1 Planning and Design Services

In preparation for various road projects, the Roads Authority is undertaking a number of consultancy services for feasibility studies as well as detailed engineering designs for rehabilitation, construction and capacity improvement of various roads across the country. By December 2023, the RA had completed feasibility and detailed engineering design for Mangochi-Makanjira Road and 13 bridges; feasibility and detailed engineering Design for Mzuzu-Bula-Usisya Road; and design review and tender documentation preparation for Nsipe-Chingeni-Liwonde Road. The Roads Authority is at an advanced stage of finalising the consultancies for the feasibility study and detailed engineering design of the Mangochi – Chiponde Road and the feasibility study and detailed Engineering design for capacity improvement of the Kamuzu International Airport (KIA) turn off – Kanengo Road.

In addition to the above, the Authority is conducting trials on the following products to ascertain their suitability for use in 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 which is on the M018 between Chinkhoma and Santhe was carried out on 14th September 2022 is under a two-year monitoring period;

ii. Claylock – a non-conventional soil stabilising agent. The trial section which is on the S137 (Chileka - Mpatamanga road) was carried out on 12th April 2022 and is under a two-year monitoring period.

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 carried out on 6th July 2023 and is under a two-year monitoring period.

5.3.1.2 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). While works for sectional periodic maintenance of the M001 were delayed due to protracted procurement processes, there has been progress in the capacity improvement for Kenyatta Road & Sharrar Street and Mzimba Street. Nonetheless, the projects are still lagging behind in terms of overall progress and it is very unlikely that these two projects will be completed within the approved period of implementation. Progress for Kenyatta Road and Sharrar Street is at 42 percent, with the contractor having carried out earthworks and pavement layers on several sections. Construction of the Lingadzi Bridge has been completed and is now open to traffic. The major works on the Kamuzu Central Hospital (KCH) interchange have been completed, with the bridge substructure completed, the precasting of the beams for the bridge superstructure completed, and the construction of the approaches outstanding. Having completed installation of duct pipes and pipe culverts on several sections, physical progress for Mzimba Street is at 50 percent, with earthworks and pavement layers (sub-base) completed between Amina roundabout and KCH Interchange. The street between KCH Interchange and Central Medical Stores is still in progress.

5.3.1.3 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 councils are supposed to be responsible for maintaining the urban, district, and other feeder roads as road authorities in their own respect. 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	2023/24 Approved Budget (MK' million)	Total Certification (MK' million)	Total Certification for 2022/2023 (MK' million)	Total Certification (MK' million)
Blantyre City	3,000	0.00	2,231	2,231
Lilongwe City	3,000	0.00	304	304
Zomba City	2,000	885	604	1,491
Mzuzu City	2,000	36	404	440
Luchenza	1,000	0.00	0.00	0.00
Zomba	1,000	0.00	0.00	0.00
Mangochi	1,000	0.00	0.00	0.00
Kasungu	1,000	0.00	0.00	0.00
Total	**14,000**	**921**	**3,545**	**4,466**

Source: Ministry of Transport and Public Works

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 2023/2024. By December 2023, the four councils of the cities of Blantyre, Lilongwe, Zomba, and Mzuzu had certified a total of MK 4.466 billion of which MK 3.545 billion was for projects carried over from the 2022/23 financial year and MK 921 million was for the 2023/24 financial year as detailed in Table 5.2 above.

5.3.1.4 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 charge. The total approved budget for the routine road maintenance programme was MK 26,130.73 million. By December 30 2023, certified works were worth MK 9,007.31 million, representing 39percent utilisation of the approved budget. Progress in routine road maintenance programme has been affected by uncompleted procurement processes for works and supervision services, road reserve encroachment, and vandalism of road infrastructure and road furniture.

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	5,044.6	5,044.6	3,286.00	1,673.00
Grading / Reshaping	3,470.1	3,470.1	2,844.00	2,844.00
Pothole Patching on Paved Roads	2,425.0	2,425.0	2,587.00	2,587.00
Road Centre and Edge lines Marking	1,486.2	1,486.2	1,289.00	1,289.00
Accident Spots Improvement	390.9	390.9	338.00	338.00
Road Signs Replacement / Marking	119.0	119.0	103.00	103.00
Routine and Periodic maintenance (Tracks and Trails)	923.0	923.0	621.00	621.00
Repair of major drainage structures	1,758.1	1,758.1	814.00	814.00
Sectional Periodic Maintenance of Paved Roads	3,846.7	3,846.7	2,587.00	2,587.00
Sectional rehab of paved roads	999.4	999.4	1,608.00	0
Shoulder Reconditioning of paved roads	592.1	592.1		
Upgrading of unpaved roads to LVSR	1,000.0	1,000.0	1,320.00	1,320.00
Replacement of Timber and Bailey Bridges with Concrete Decks	1,105.8	1,105.8	1,248.00	1,248.00
Road Reserve Reclamation	85.41	85.41	0.00	0.00
Spot gravelling	119.6	119.6	409.00	409.00
Embankment Formation	117.1	117.1	288.00	288.00

Road Maintenance Programme	Approved Budget (MK' million)	Revised Budget (MK' million)	Total Commitment (MK' million)	Total Certification (MK' million)
Concrete pads	216.3	216.3	570.00	570.00
River training	99.5	99.5		
Lined drains	-	-	0.00	0.00
Drainage Protection works	117.3	117.3	0.00	0.00
Supervision	2,300.00	2,300.00	1,973.00	108.00
TOTAL	**26,130.73**	**26,130.73**	**25,803.73**	**9,007.31**
Urgent & Emergency			8,385.00	3,728.00

Source: Ministry of Transport and Public Works

5.3.1.5 Development Programmes

The approved 2023/24 budget for development programmes was MK 65.349 billion, of which MK 25.964 billion is for secured Development Partners' funded projects and MK 39.385 billion is for Malawi Government counterpart financing and wholly Malawi Government funded projects. The DPs that supported road infrastructure programmes during the year include 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), and the Peoples' Republic of China.

In addition, the following key projects are being implemented with other sources of funding:

i. Construction of a Rail/Road Bridge across Ruo River on the Thyolo-Thekerani-Muona-Makhanga road financed from the Rail Fund under Ministry of Transport and Public Works.
ii. Expansion of the M001 Road from Crossroads roundabout to Kanengo in Lilongwe City financed by the Peoples Republic of China.
iii. Expansion of the of the M001 Road from Bwaila Hospital junction to junction of Murray Road in Lilongwe City financed by JICA.

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

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		1,000	18,975	19,975
Periodic Maintenance/ Rehabilitation	25,964	1,760	12,850	40,574
Feasibility studies and designs			4,800	4,800
Total	**25,964**	**2,760**	**37,625**	**65,349**

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, 2023 to March, 2024. As at December 30, 2023, certification in the year was MK 20.55 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	100	20	20 %
Periodic Maintenance / Rehabilitation	40	0	0 %
Total	140	20	14 %

Source: Ministry of Transport and Public Works

5.3.1.6 Road Upgrading and Construction

By December 30 2023, 20km of the planned road projects had been upgraded and constructed against a target of 100km. The projects under this programme included the upgrading of the Nsanama-Nayuchi road, Ntcheu-Tsangano-Neno-Mwanza road, Dzaleka-Ntchisi-Malomo road, Mkanda-Kapiri road, Monkebay-Cape Maclear road, Nsanje Marka, Thyolo-Makwasa-Muona-Bangula road, Rumphi-Nyika road Phase I, Chitipa-Ilomba road, construction of Thuchila bridge, expansion of the M001 road from Crossroads-Kanengo, rehabilitation of M005 from Kaphatenga-Benga, rehabilitation of the M001 road from KIA junction to Mzimba turn-off, and Kacheche-Chiweta.

Remarkable progress in terms of completion was registered on the upgrading of the Nsanje-Marka (31km) road section, the upgrading of the Nsanama-Nayuchi (10km) road, and the upgrading of the Mkanda-Kapiri (10km) road-Phase I. Slow progress was registered on the upgrading of the Dzaleka-Ntchisi-Malomo and Chitipa-Ilomba road as well as the rehabilitation of the Kaphatenga-Benga road due to delayed payments. The contractor for the upgrading of the Rumphi-Nyika (Bolero-Bembe section) terminated his contract in August 2023, while the phase II contract for the upgrading of the Ntcheu-Tsangano road was amicably terminated in September 2023.

5.3.1.7 Periodic Maintenance/Rehabilitation

Delays in the commencement of permanent works for the rehabilitation of the M001 from Junction with Kamuzu International Airport to Mzimba Turn Off and from Kacheche to Chiweta and delayed payments for rehabilitation of the M005 from Kaphatenga to Benga affected the progress of the periodic maintenance and rehabilitation programme. Capacity improvement projects were also affected by delays in the relocation of services from working sites.

Progress has picked up on the rehabilitation of the M001 on the section from the junction with Kamuzu International Airport to Mzimba turn-off with the commencement of the permanent works, while the Kacheche-Chiweta section has faced some delays in terms of commencement of permanent works. Substantial progress has been registered on the M001 rehabilitation from Crossroads to Kanengo, with the first 2 lanes of the entire stretch surfaced, the construction of superstructures for grade separation bridges at Area 28 and one bridge at Lingadzi completed. Traffic was shifted to the surfaced section as the contractor continued work on the other 2 lanes of the road.

Two temporary bridges for pedestrians and vehicles have already been constructed and are in use for the improvement of the M001 junction with the Murray Road-Bwaila Hospital junction. The old bridge has been demolished, and part of the foundation and substructure for the new bridge have been completed.

Rehabilitation of the M005 road section from Kaphatenga – Nkhotakota – Dwangwa has commenced with civil works on the section between Kaphatenga – Benga focusing on drainage structures. Funds have been secured from the AfDB and OPEC Fund for section between Benga and Nkhotakota. To this end, a consultant was hired to undertake design review and tender document preparation services for the road and a list of contractors was already prequalified.

5.3.2 Challenges

i. Delays in the procurement processes;
ii. NCIC subcontracting requirement and joint venture requirement for consulting firms remains a challenge on donor funded projects
iii. Realignment 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. Erratic supply of fuel in the country;
v. There has been scarcity of forex as such contractors are facing challenges in importation

of some construction materials such as bitumen;

vi. Continued encroachment into the road reserve; and

vii. Continued vandalism of Armco culverts and road furniture.

5.3.3 Outlook for 2024

During the financial year, preparatory works have reached an advanced stage for the rehabilitation of the M001, M008 and M003 roads from Nsipe-Chingeni-Liwonde and Liwonde-Matawale road with financing from the African Development Bank (AfDB), European Union (EU), and World Bank, respectively; rehabilitation of M005 from Benga-Nkhotakota-Dwangwa road with financing from AfDB, OPEC Fund, and Malawi Government; the capacity improvement of the M001 from junction to Murray road to crossroads roundabout; and capacity improvement of Kaunda-Chendawaka roads financed by the Malawi Government. In addition, preparatoty works commenced for feasibility and detailed engineering designs for the upgrading of the Rumphi-Nyika road and the capacity improvement of M001 from Blantyre-Lunzu, Bunda-Nathenje and KIA-Kanengo. Studies have commenced for the rehabilitation and periodic maintenance of Lilongwe-Mchinji and Zalewa-Mwanza roads.

The main objective of investing in road construction, rehabilitation, periodic and routine maintenance works is to improve accessibility and mobility of goods, services and people. One of the major indicators for this improvement is the condition of the road network. Table 5.3.4 below shows the effect of road programmes that were implemented in the previous years on the condition of the road network.

TABLE 5.6: ROAD CONDITION OF PAVED NETWORK 2011 – 2022

Condition	2011	2014	2022	Strategic Action
GOOD Km (%)	2,447 (40%)	1,639 (38%)	693.44 (14.79%)	Routine Maintennace
FAIR Km (%)	1,346 (33%)	1,725 (40%)	3,152.26 (67.22%)	Periodic Maintennace
POOR Km (%)	286 (7%)	949 (22%)	843.39 (17.99%)	Rehabilitation
Total Km (%)	**4,079 (100%)**	**4,312 (100%)**	**4,689.09(100%)**	

Source: Roads Authority – Road Condition Surveys

5.4 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.

5.4.1 Performance in 2023/24

5.4.1.1 Revenue Performance

By the end of November 2023, the Directorate generated revenue amounting to MK 9,422,841,387.97, against the annual target of MK 17,796,758,059.58. This represents a 52.95percent performance against the annual revenue target. From the total revenue collected, MK 6.4 billion was from various DRTSS services, MK 2 billion from vehicle road tax collected as fuel levy (which DRTSS only accounts for), and MK 1 billion as the contribution from the Roads Fund Administration (RFA) to support a range of road safety interventions.

TABLE 5.7: REVENUE COLLECTION (MK '000,000)

Revenue Source	2021/22 (Target)	2021/22 (Actuals)	2022/23 (Target)	2022/23 (Actuals)	2023/24 (Target)	2023/24 Actual (Actual as at Nov 2023)
Revenue from Road Traffic and Safety Services	6,600	7,700	9,800	9,700	11,213	6,413
Vehicle Road Tax Collected as Fuel Levy	4,700	4,600	5,600	1,800	5,580	2,009
Contribution from Roads Fund Administration	1,400	700	1,000	1,000	1,000	1,000
Total	**12,700**	**13,000**	**16,400**	**12,500**	**17,796**	**9,422**

Source: Ministry of Transport and Public Works

The poor revenue performance of the Directorate in the 2023/24 financial year can to a great extent be attributed to, the current economic status of the country. The war in Ukraine, the prolonged shortages of forex as well as the devaluation of the Kwacha affected the demand for DRTSS services as can be seen in Table 5.4.2 where new vehicle registrations have declined by 47 percent compared to 2022.

In addition, weighing station certification, issued by the Malawi Bureau of Standards (MBS), expired in the 2023/24 financial year, causing the weighbridges to be out of commission for the whole first half of the fiscal year. This negatively affected tax collection. The following are additional factors that have affected revenue performance by the Directorate in the last few years:

Frequent breakdown of weighing scales across the country which affected the performance of the weighbridge stations, one of the key DRTSS revenue sources;

i. Non-linkage of Traffic MalTIS and the core MalTIS that has created a loophole that allows offenders to not necessarily be obliged to service their dues, as well as a threat to monitoring operations in weighbridges and their corresponding revenue sources; and

ii. Challenges in monitoring and enforcing levies to be collected from insurance companies, number plate importers, and embossers, as well as certificates of fitness from private garages.

The Directorate is already implementing measures to mitigate the above challenges by, among others, pushing for MalTIS handover from the contractor. In addition to this, the Directorate is periodically maintaining weighbridges, providing mobile weigh bridge station services and the Directorate is also working on the construction of additional weighbridge stations, one of which physical works have commenced at Kalinyeke in Dedza. Furthermore, 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.

5.4.1.2 Vehicle Population

As of December 2023, the number of active vehicles in the Malawi Traffic Information System (MalTIS) managed by the Directorate of Road Traffic and Safety Services was 361,518 and there are 27,766 motorcycles.

TABLE 5.8: VEHICLE POPULATION

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

Source: Ministry of Transport and Public Works
*Figures cover the period up to 20 December 2023

5.4.2 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 2024/25 financial year. The station will be very crucial for the M5 road which is in bad shape and continues to deteriorate due to heavy goods vehicles using the road.

Construction of Kalinyeke Weighbridge Station under the Roads Fund Administration has commenced and is expected to be completed in March 2024. 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 5.9. VEHICLES WEIGHED

Vehicles	2020/21	2021/22	2022/23	2023/24*
Weighed	203,184	204,587	75,768	146,744
Overloaded				2,954
Degree of Overload (percent)	2.02	3.2	3.1	2.01

Source: Ministry of Transport and Public Works

*Figures cover the period up to November 2023

5.4.3 Commissioning of the Vehicle Inspection Stations in Karonga, Mangochi, and Ngabu

Within the 2023/24 FY, the Directorate of Road Traffic and Safety Services in conjunction with the Plant and Vehicle Hire and Engineering Services (PVHES), has continued to work on finalizing remaining works in the construction of the Vehicle Testing Stations in Karonga, Mangochi, and Ngabu (Chikwawa) by repackaging works for tendering. Office blocks, parking yards, drainage systems, and testing pits were completed. The main outstanding work is the installation and connection of the testing equipment before operationalizing the stations.

5.4.4 Mobile MalTIS Operations

In the 2023/24 financial year, the Directorate continued to carry out Mobile MalTIS operations, whereby services offered by the Directorate are taken to the people. To date, the Directorate has registered more than 535 Kabhanza motorcyclists in more than 10 districts across the country and licenced over 25 riders. DRTSS is also in the process of procuring additional equipment to cover all the regional offices within this financial year. Services offered through Mobile MalTIS include vehicle registration, renewal of driver’s licenses, permits, and Professional Drivers Permits (PrDPs) amongst others.

5.4.5 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. Rehabilitation of the identified office buildings, is expected to commence in the 2024/25 FY.

5.4.6 Road Safety Situation

During the first half of the year 2023, a total of 3,634 road traffic accidents were registered while in 2022, the country registered 5,553 road accidents representing a 34.5percent decline.

TABLE 5.10: TREND OF ROAD ACCIDENTS AND FATALITIES IN THE COUNTRY

ROAD TRAFFIC ACCIDENT STATISTICS FROM 2020 TO 2023					
Year	**Fatal**	**Serious**	**Minor**	**Damages**	**Animals**
2023	542	197	1619	1487	11
2022	919	353	2351	1915	15
2021	1226	498	3897	3861	24
2020	1110	687	4224	4759	19

Source: Ministry of Transport and Public Works

*Figures cover the period up to September 2023

5.4.7 Challenges

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

I. Revenue collection

   i. Non-linkage of Traffic MalTIS and core MalTIS has affected revenue collection as there is a lot of revenue being unrealized through unpaid tickets which do not have any effect on the offender.

   ii. The weighbridge stations under the Directorate were not functional in the first half of the current financial year due to the expiry of the weighing stations certification issued by the Malawi Bureau of Standards (MBS). This therefore led to loss of substantial revenue during the period as the stations could not issue overload fines to offenders. However, as of October 2023, the weighbridge stations have since been certified and are operational.

   iii. 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.

II. Delayed handover of MalTIS management to the Malawi government. The consultant remains uncooperative despite a physical meeting that was held in RSA and an agreement to handover the system by June 30, 2022. The matter has been referred to the Attorney General for guidance.

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 to the unavailability of key stationary such as security papers, blank cards, etc.

V. Delays in the maintenance of weigh scales affecting services and revenue collection.

VI. Delays in procurement processes.

5.4.8 Measures Recommended

The Directorate has taken various measures to ensure that the revenue challenges are mitigated and that revenue collection is maximized. The measures work towards strengthening the existing internal controls and the establishment and optimization of robust revenue collection mechanisms. The following are some of the measures:

i. Linking of weighbridge systems to the core MalTIS.

This will enhance revenue collection as the weighbridge operations will be easily monitored. This will further include the tracking of penalty defaulters and the subsequent application of punitive measures to the offenders in core MalTIS.

ii. Establishment of the Revenue Mobilization Committee (RMC)

This committee has been established to systematically identify, optimize and diversify revenue collection streams. With this committee, the Directorate will therefore see the optimization of revenue generation and management.

5.4.9 Outlook for 2024

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

5.4.9.1 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 one of the main deliverables. Currently, the contractor has been identified but is yet to sign the contract and commence works

5.4.9.2 Dedza-Kalinyeke Weighing Station

The construction of Kalinyeke Weighbridge Station in Dedza, which commenced in August 2023 with financing from the Roads Fund Administration (RFA) with coordination from the Roads Authority, is expected to be completed in March 2024. Currently, the Dedza weigh bridge station is still using a mobile scale and focuses more on enforcement and surveillance activities.

5.4.9.3 Construction of Bwengu Weigh Station

The construction of Bwengu weigh station will commence once all compensations are finalized. The Directorate will ensure significant progress is registered over the course of the year.

5.4.9.4 Construction of the Mwanza Weighbridge Station

In accordance with the recommendation of limiting the number of institutions at the border posts, the Directorate identified land at Mphete for construction of a weighbridge. Compensations will be finalized as soon as a few individuals remaining are accounted for. The next financial year will see designs for the project finalized and works beginning. The new site will be upgraded to a multi-deck scale, to facilitate a once-off weighing of vehicles at a station.

5.4.9.5 Construction of Liwonde Weighbridge Station

The Directorate will work to start construction works for the Liwonde Weighbridge. The land has been secured and Terms of References (TORs) for the consultant to come up with designs for the weighbridge, were approved.

5.4.9.6 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.

5.4.9.7 Construction of Vehicle Testing Station in Zomba

The Directorate aims at constructing a Vehicle Testing Pit at its Zomba (Eastern) Office, as a way of improving service delivery especially on certification of vehicle fitness. Currently, designs for the construction are almost completed.

5.4.9.8 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.

5.4.9.9 Construction of DRTSS Head Office and Lilongwe Regional Offices

In 2019, 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.

5.4.9.10 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.

5.5 Civil Aviation

Following the enactment of the Civil Aviation Act (2017), the government has implemented reforms in the civil aviation subsector aimed primarily at separating operations and regulatory functions undertaken by the department of Civil Aviation. 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.

5.5.1 Performance in 2023/24

5.5.1.1 Restructuring of the Air Transport Industry

The Civil Aviation Authority (CAA) became operational on 23rd October 2023, and it is the regulatory body governing air transport activities in Malawi. The operationalization of the CAA leaves the Department of Civil Aviation as a service provider in the area of airport operations, in the interim.

The process of establishing an airport operator has begun, and Airport Developments Limited (ADL) is set to manage and operate all public aerodromes (airports, airfields, air strips), under the Ministry. The mandate of ADL was extended to assume responsibility of all public aerodromes. It is expected that ADL will have this process completed by October 30,2024.

The Department of Civil Aviation will further be restructured to be responsible for aviation policy in the Ministry. The process of restructuring will result in the movement of human resources to where their skills and capabilities best fit and will be utilised most effectively and efficiently.

5.5.1.2 Passenger Traffic in 2023

There was an increase in departing passenger traffic levels in 2023, from that of 2022, between Chileka and Kamuzu International Airports, where the total traffic figures in 2022 was 188,257 and 217,789 in 2023, representing a 14percent increase.

Malawi has initiated Bilateral Air Service Agreements (BASA) with Kuwait, Uganda and Mozambique. This should result in the introduction of additional flights between Malawi and the aforementioned countries.

5.5.1.3 Revenue Performance in 2023

Revenue performance was positive in 2023 where aeronautical revenues collected between the period January and December, 2023, was MK 5.1 billion, an increase of 27 percent from that of 2022 which was MK 3.7 billion.

The positive increase in departing passenger traffic and revenue collected, was attributed to major air transport markets such as the Peoples Republic of China opening up fully to air transport business after reducing entry restrictions in light of COVID-19 pandemic. Furthermore, the entry of Airlink and South African Airways on the Malawi-South Africa route, brought more travel options in the light of rapid increase in passenger demand to travel on the route.

TABLE 5.11: PERFORMANCE OF CIVIL AVIATION

Item	2020	2021	2022	2023/24*
Passengers	340,000	204,587	435,872	
Freight (Tonnes)	5,000	5,265		
Number of Flights	12,300	6,700	9,006	
Revenue (000,000)	1,286.7	1,782.7	3,732.	5,100

Source: Ministry of Transport and Public Works
*Figures cover period up to December 2023

5.5.2 Outlook for 2024

5.5.2.1 Restructuring Process

With the ongoing restructuring process of the air transport industry, it is expected that an air transport initiative will be implemented to promote competition, improve access to Malawi's air transport market and support efforts undertaken by various institutions to facilitate trade and tourism activities.

Since the Civil Aviation Authority has been operationalised and hence providing regulatory oversight, it is expected that the process for assuming responsibility to manage and operate all public airports, airfields and landing strips by Airport Developments Limited (ADL), will be completed by October 30, 2024.

5.5.2.2 Ongoing Projects

5.5.2.2.1 Development of the New Mzuzu Airport

The project for developing a new airport in Mzuzu is expected to have the final feasibility study report ready and submitted to the Government of Malawi and the Arab Bank for Economic Development in Africa (BADEA), at the end of October 2024.

5.5.2.2.2 Essential Aviation Safety Equipment Upgrade

Furthermore, the Essential Aviation Safety Equipment Upgrade project is expected to be concluded at the end of December 2024. The contract with the European Investment Bank (EIB), was extended further after reaching its end in June 2023, owing to procurements for the remaining works and supply of equipment for Chileka and Kamuzu International Airports, respectively, which were still under way.

To date, the project has delivered the following:

i. Four modern airport rescue and fire-fighting vehicles and two specialised airport ambulances.
ii. A rehabilitated electrical station at both airports
iii. Installation of close circuit television systems at both airports and a security technical gate at Chileka Airport to ensure that goods and persons are adequately screened before entering the technical side of the airports that are considered security restricted areas.

5.5.3 Planned Projects

5.5.3.1 Rehabilitation of Mzuzu airport

Resources have been allocated in the 2024/25 FY budget for the rehabilitation of Mzuzu airport. The rehabilitation is expected to improve the airport, as government works on the construction of the new Mzuzu airport.

5.5.3.2 Upgrade of Aviation Safety

Resources have further been allocated for the upgrade of aviation safety at the two International Airports, Mzuzu, Karonga and Likoma airports. However, the Ministry will prioritise Chileka airport where substantial works are required.

5.5.4 Challenges

Forex shortages and the unintended effects of devaluation are issues to be considered for 2024. 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.

5.6 Railway Services Sub-Sector

The major activity in the railways sub-sector is the ongoing design, upgrade and rehabilitation of the Marka – Bangula railway line. Nonetheless, works in the subsector were significantly affected by Tropical Cyclone Freddy considering that most of these are currently being implemented in the southern region which was heavily affected. Ongoing projects were halted, as some works were washed away calling for implementation of recovery works.

5.6.3 Performance in 2023

5.6.3.1 Marka – Bangula Railway Project (72km)

In the 2023/24 FY, the Ministry of Transport and Public Works continued to oversee the design, upgrading, and rehabilitation of the railway section between Marka and Bangula under a design and build contract.

As of December, 2023, overall physical progress was at 22 percent. The main line and loop lines were installed at Marka station such that the station is now able to receive trains from Beira. The contractor has also been able to use the line to receive construction materials from the Port of Beira.

5.6.3.2 Rehabilitation of the Nkaya-Salima-Lilongwe-Mchinji Railway Section (399km)

Rehabilitation works for the Nkaya-Salima-Lilongwe-Mchinji railway section (399km) are ongoing. Works for the section from Nkaya to Chipala which were already completed but were affected by tropical cyclone Freddy and as such embankments and a bridge at Nanyangu in Ntcheu District were washed away.

Works between Chipala and Mchinji are currently on hold and progress remains at around 27 percent. The rehabilitation of the Limbe-Sandama (72Km) railway section to the original axle load capacity of 15 tonnes is also on hold due to the effects of Tropical Cyclone Freddy with progress at around 66 percent.

5.6.3.3 Construction of the Ruo Breakaway Rail/Road Bridge

Construction works for the Ruo Breakaway Rail/Road Bridge on the Makhanga to Sandama railway section, are ongoing and progress is at around 93 percent. The bridge will complement the road works linking Makhanga on the Thyolo-Thekerani-Makhanga road. The bridge is located in Nsanje district at the Ruo river Breakaway between Muona and the isolated region of Makhanga. Completion of the bridge has been affected by the tropical cyclone Freddy and currently the works are on hold.

5.6.3.4 Construction of a Rail Network to the North of Malawi

The procurement for a Transaction Advisor to prepare a feasibility study for the extension of the railway line to Northern Malawi, was concluded and a service provider was identified by the Public Private Partnership Commission (PPPC). The Ministry awaits the signing of the contract and commencement of the study.

The transaction advisory services will assist in determining the technical, legal, financial and environmental feasibility of developing and implementing the railway line under a PPP option. The transaction advisory report will recommend the best way to structure the PPP.

5.6.3.5 Railway Operations Training Programme

The Department of Railways Services continues to run a program of training 15 engineers in railways engineering. This program is necessary for the safe operation of railways in Malawi to save lives and property and enhance adherence to emissions regulations.

Table 5.12 summarises the performance of the sub-sector in terms of passenger and freight services.

TABLE 5.12: PERFORMANCE OF RAIL TRANSPORT SUB-SECTOR 2023

Indicator	2022	2023 (Target)	2023 (Actual)
Total Passengers (passengers)	238,000	357,700	436,000
Total Freight (Tonne)	268, 484	800,000	543,000

Source: Ministry of Transport and Public Works

5.6.4 Outlook for 2025

In the 2024/25 FY, the Ministry plans to complete works for the construction of the Marka-Bangula railway section. The Ministry will continue to work on the procurement of consultancy services for the study on establishing a railway line to the north. In addition to this, Ministry will work on Design-Build and/or Build Operate and Transfer (BOT) works contracts for the Bangula-Sandama and Limbe-Nkaya railway sections so that the services and works may commence in the same FY 2024/25.

Under the resuscitation process of MR94 and the Railway Training Centre, the Ministry intends to construct building structures in Limbe, Blantyre and Nsanje districts where capacity building services will be provided for training of new railway operations personnel to manage train operations and maintain the track along the Marka – Bangula railway section upon completion of the ongoing project. Commencement of the works is expected in the 2024/25 FY.

5.7 Water Transport Sub-Sector

5.7.1 Performance in 2023

In the year under review, the project on the construction of Likoma Port was expected to be completed by October 31 2023. A significant amount of work remains uncompleted requiring a time extension to March 31, 2024. The overall progress of works was at 80 percent as of December 8, 2023.

Construction of the Jetty Deck is at an advanced stage, and the only works remaining are fixing of the pre-cast side panels and bollards. The works of fixing panels delayed due high-water levels in the lake. The levels were so high such that some works meant to be worked on above the water got submerged. To address this, skilled divers have been deployed to work under water. In summary, the Jetty Deck, Passenger Shelter, Gatehouse, Access Road, Ablution Block, and Fuel Storage Area are all above 80 percent physical progress.

The Department through the Marine Training College continues to train 32 students (Navigation and Marine Engineering) at an advanced diploma level, who will graduate in December, 2024. With the collaboration of the Malawi Police Service, starting in January 2024, the Department will conduct a 6-month tailor-made Class IV course in Marine Navigation and Engineering for 40 Police officers with a focus on maritime law enforcement. From August 2024, the College will start recruitment processes for another intake of an Advanced Diploma course scheduled to start in January, 2025.

In the period under review, the department repaired two aids to navigation lanterns at Chilumba, Mphanga Rocks and Namalenje Island in Salima. These are flash lights that aid navigators to avoid hazardous areas. The Mphanga lantern was hit by lightning which damaged the lantern and the regulator. The damaged parts were replaced. The Namalenje lantern was blown down by heavy winds and was worked on. The two are now functional.

In order to ensure safety of passengers and goods moving through the inland waters of Malawi, Marine Department managed to inspect and certify 900 vessels/boats and two vessel designs have been approved for construction.

The Department also certifies seafarers who operate vessels/boats plying on inland waters of Malawi. During the year under review 11 officers were certified and 19 officers had their certificates revalidated. 12 more officers will have their certificate revalidated with the certificates ready by January, 2024.

TABLE 5.13: PERFORMANCE OF WATER TRANSPORT SUB-SECTOR 2023

Indicator	2021	2022	2023 (Target)	2023 (Actual)
Total Passengers (passenger/km) *	3,600,000	2,529,800	2,910,200	2,173,829
Total Freight (Tonnes/km) **	285,350	10,800,000	11,000,000	5,819,781

Source: Ministry of Transport and Public Works

* Total number of passengers transported on Malawi waters multiplied by the distance travelled (km)

** Total mass of goods (Tonnes) transported on Malawi waters multiplied by the distance travelled (km)

5.7.2 Outlook for 2025

The Likoma Jetty project is expected to be completed on March 31, 2024. The Ministry of Transport and Public Works recognizes that the existing concession on Shipping and Port operations has and continues to experience challenges that are negatively impacting the shipping services. The Ministry in conjunction with the Public Private Partnership Commission has engaged a consultant to review the existing concession agreements to inform the next steps as the country explores investment into water transport as an alternative. The Department will continue to train Seafarers in the 2023/24 FY.

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 due to a supportive legal and regulatory environment that welcomes both local and international players. Recognising its immense potential, Malawi 2063 prioritises 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, optimising 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 metals like gold and gemstones. To harness its potential and ensure legal and safe operations, the Ministry of Mining is actively formalising ASMs through the formation of cooperatives. This initiative ensures legitimate livelihoods for these miners while boosting government revenue through licence fees and royalties.

The government, in collaboration with stakeholders, is overseeing several promising projects for Rare Earth Elements (REEs), 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, finalised and signed a Mining Development Agreement (MDA) for Niobium production at the Kanyika Niobium Mine (Mzimba district) with Globe Metals and Mining Ltd., an Australian Stock Exchange (ASX) listed company incorporated in Malawi. The agreement sets out the fiscal, environmental, and technical parameters of the project. Amongst others, it provides for 10 percent free equity (fully paid shares) for the Government of Malawi and an option to acquire another 10 percent by financing. Globe Metals and Mining is expected to commence construction in 2024 and production in 2025.

In 2023, the Mines and Minerals Act of 2019 was repealed to accommodate the establishment of the Mines and Minerals Regulatory Authority (MMRA). The MMRA has been established and has been assigned the licensing, inspection, and geological surveying functions to improve regulation and enforcement in the mining sector. Secondly, the Ministry launched its strategic plan for 2022–2027 and began its implementation, thus reaffirming the Ministry's mission and strategic objectives. One of the initiatives implemented under the Strategic Plan was the completion of a mineral processing and research laboratory and the installation of key equipment.

Despite these positive developments, the sector faced challenges, including unreported income, smuggling, environmentally damaging practices, and health hazards associated with sub-standard mining methods, which pose significant concerns. Furthermore, limited power supply, bad 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, which started in 2022/23 financial year, offer a positive outlook for the coming years.

This chapter delves into the performance of Malawi's mineral sector in 2023/24, analysing 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 capitalise 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 2023/24 FY and projections for 2024/25 FY and 2025/26 FY. As of 31st December 2023, the Ministry of Mining had collected MK747,012,957.80. In total, the Ministry is expected to collect MK1,002,336,233.75, representing 3 percent growth over 2022/23 collection, largely due to increase in the number of mining license applications and revenue enhancement. In 2024/25 FY and 2025/26 FY, the Ministry of Mining is expected to collect MK1,100,233,623.4 and MK1,210,257,315.75 in revenues, respectively.

TABLE 6.1: REVENUES

	2023/24 ESTIMATES	2024/25 PROJECTIONS	2025/26 PROJECTIONS
DOM	973,196,926.35	1,070,516,918.99	1,177,568,610.9
GSD	29,139,307.4	29,717,004.42	32,688,704.86
TOTAL	1,002,336,233.75	1,100,233,623.4	1,210,257,315.75

Source: Ministry of Mining

6.3 Mineral Production

Table 6.2 shows the mineral production levels and the respective monetary values for 2023/24 and projections and estimates for 2024/25 and 2025/26. The details of major mineral production levels during the period under review are explained in the subsequent sub-sections. It should be noted that the table presents actual production data for 2023/24 which was available during the compilation of the report, and projections of mineral production for 2024/25 and 2025/26.

TABLE 6.2: MINERAL PRODUCTIONS AND MONETARY VALUES (2023-2024)

Production Type		**2023/24 (Actual)**		**2024/25 (Estimates)**		**2025/26 (Projection)**
	Quantity (tonnes)	**Value (K'million)**	**Quantity (tonnes)**	**Value (K'million)**	**Quantity (tonnes)**	**Value (K'million)**
Coal	64,250.8	68,538.1	70,538.1	75,391.9	78,538.3	82,931.1
Cement limestone	216,397.8	527.0	238,036.7	579.7	261,840.37	637.79
Iron Ore	639.34	21.4	1,030.8	31.8	1,082.3	33.4
Hydrated & Agricultural Limestone	27,763.2	779.2	29,151.4	818.2	30,251.4	902.3
Other						
Uranium Concentrates	0	0				
Phosphate	0	0				
Rock aggregate	318,729.74	3,934.9	529,762.8	6,431.1	556,250.9	6,752.6
Gold (assayed)*	0.06	5,960.7	0.07	6,363.3	0.08	6,681.5
Precious & Semi-Precious Stones	793	1,484.0	872.3	1,632	959.53	1795.2
Dimension/ Ornamental Stones	2,241.0	576.8	2,249.6	605.7	2,350.4	680.9

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 2022/23 ACTUAL VS 2023/24 ACTUAL

Production Type	2022/23Actual Quantity (tonnes)	2023/24 Actual Quantity (tonnes)	Percentage change
Coal	62,166.1	64,250.8	3.4%
Cement limestone	277,979.4	216,397.8	-22%
Iron Ore	981.7	639.34	-35%
Hydrated & Agricultural Lime	26,441.17	27,763.2	5%
Other		0	
Uranium Concentrates	0		0
Phosphate	0	0	0
Rock aggregate	504,536.0	318,729.74	-37%
Gold (assayed)	0.07*	0.06	-15%
Precious & Semi-Precious Stones	329.5	793	140%
Dimension/Ornamental Stones	2,040.5	2,241.0	10.%

Source: Ministry of Mining

* 0.1 tonnes before assaying

6.3.1 Coal Production

Coal is the most mined energy mineral in the country and a key driver of various industrial processes such as tobacco curing, cement manufacturing, the brewing of alcoholic beverages, and food processing. The country has over 22 million tonnes 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 for 2023 amounted to 64,250.8 metric tonnes, rising from 62,166.06 metric tonnes in 2022, reflecting a 3.4 percent increase in production. The increase is due to the increase in production by companies, which are optimising their operations with improved equipment and processes to meet rising demand during the period.

6.3.2 Uranium Concentrates Production

In 2023, there was no uranium production, and the Kayerekera Uranium Mine, commissioned in 2009, had been under care and maintenance since 2012 due to low global uranium prices. This halt in production continued until the present day. However, Lotus Resources, the new owner of the mining rights and uranium exploration licences, 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 is in the process of finalising a revised Mining Development Agreement with the Government of Malawi (GoM).

The company expressed the company's focus on restarting Kayerekera "as soon as practicable" to benefit from "strong and increasing" uranium prices. Lotus is currently testing the market for debt and undertaking planned activities to prepare for a potential restart of production in late 2025. However, this target date depends on several conditions being met, including finalising financing and offtake agreements, signing a power supply and power implementation agreement with Malawian electricity utility ESCOM, and completing negotiations on a mine development agreement and associated fiscal regime with the GoM.

These workstreams have been prioritised to facilitate a final investment decision (FID) as soon as possible. Kayerekera, which is 85 percent owned by Lotus, has a current resource of 51.1 million pounds of U3O8. The project, acquired from Paladin Energy in 2020, produced around 11 million pounds of U3O8 between 2009 and 2014, when it was placed on care and maintenance.

The company emphasises that, with uranium prices sustaining above US$60 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 216,397.8 metric tonnes of limestone, representing a 22 percent decline in production compared to the previous reporting period. Similarly, iron ore production fell by 35 percent, with only 639.34 metric tonnes produced in 2023. This was largely driven by high production costs in cement manufacturing and competition with cheaper cement that is smuggled into the country.

6.3.4 Agricultural, Calcific, and Hydrated Lime Production

Zalewa Agriculture Lime Company (Zalco) and Lime-Co were the main producers in 2023, with total production increasing from 26,441.17 to 27,763.2 metric tonnes, representing a 5 percent increase. The commodity remained in high demand in agriculture (fertilisers and soil acidity regulation) and the construction sector.

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 sector. 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 licences in the reporting period, production declined by 37 percent. A total of 318,729.74 metric tonnes were produced in 2023, compared to 504,536.04 metric tonnes in 2022. This is because a number of the new quarries were in the construction phase and, hence, had not commenced quarrying activities. Furthermore, some project quarries are delayed in commencing production due to shifting timelines for civil construction projects. However, rock aggregate production is expected to increase in 2024 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 Phosphate Production

Apatite deposits suitable for the manufacture of compound phosphate fertilisers are found at Tundulu in Phalombe District. The phosphates are contained in a carbonatite complex and occur as apatite sovite and apatite carbonatite. There was no production of phosphate recorded for the year 2023.

6.3.7 Gold

Alluvial gold deposits exist in the country, notably in Balaka/Neno (Lisungwi), Machinga (Nsanama), Mangochi (Makanjira), Kasungu (Matongwe), Nkhatabay (Tukombo), and Nkhotakotakota (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 ASMs. Gold is a high-value precious metal, with 1 gramme fetching as much as US$66 on the world market as of December 31, 2023. Random gold discoveries, popularly termed the ‘gold rush', have 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 formalisation 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 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, in 2023, EDF purchased 59.9 kilogrammes (0.06 tonnes) of assayed gold, worth about MK5.9 billion. This shows a decline in gold purchased by 15 percent as compared to 2022, when 69.6 kilogrammes (0.07 tonnes) were worth about MK5.6 billion.

6.3.8 Precious and Semi-Precious Stone Production (Gemstones)

Malawi has one of the most diverse ranges of coloured 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 the collection of accurate production data. To begin with, while the mining legislature requires licence 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 fulfil 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 know-how and wherewithal to comply with reporting obligations, and ultimately, exporters who acquire permits through the Ministry.

In 2023, 793 metric tonnes of gemstones were produced, reflecting an increase of 140 percent compared to the 2022 production. Gemstones produced included aquamarine, amethyst, citrine, garnet, rhodolite, and ruby. Despite high gemstone production, value addition is still very low. However, there has been an improvement in value addition of 143 percent in 2023 with 480 carats compared to 197.5 carats in 2022, as shown in Table 6.5. Thus, there is a need for much effort to boost value addition so that potential revenues are not lost through the sale of rough (unprocessed) forms of gemstones. Investment in value addition would generate significant income, provide employment opportunities, and create business opportunities in jewellery production and selling.

TABLE 6.4: VALUE-ADDED STONES

Production		2023/24 (Actual)		2024/25 (Estimates)		2025/26 (Projection)
Type	Quantity (Carats)	Value (K'million)	Quantity (Carats)	Value (K'million)	Quantity (Carats)	Value (K'million)
Cut &Polished Stones	480	4,723.7	528	5,196.07	580	5,715.7

Source: Ministry of Mining

*1 Carat = 0.2g

480 Carat= 96.7g

TABLE 6.5: VALUE-ADDED STONES 2022 ACTUAL VS 2023 ACTUAL

Production	2022/23Actual	2023/24 Actual	Percentage change
Type	Quantity (Carats)	Quantity (Carats)	
Cut &Polished Stones	197.5	480	143%

Source: Ministry of Mining

6.3.9 Dimension/Ornamental Stones

Dimension stones are used to produce ornaments and decorative, constructive materials. Local miners produced rose (pink) quartz, sodalite, sunstone, and more, amounting to 2,241.0 metric tonnes in 2023, translating into a 10 percent increase from the 2,040.5 metric tonnes produced in 2022. Demand for dimension stones from Malawi is increasing, especially in Asian countries such as China.

Mineral exports in 2023 were dominated by semi-precious and precious stones (gemstones), ornamental (dimension) stones, rock samples, and soil samples as shown in Tables 6.6 and 6.7.

TABLE 6.6: MINERAL EXPORTS

Production Type		2023/24 (Actual)		2024/25 (Estimates)		2025/26 (Projection)
	Quanty (tonne)	Value (K'million)	Quantity (tonnes)	Value (K'million)	Quantity (tonnes)	Value (K'million)
Coal	0	0	0	**0**	0	0
Uranium cake	0	0	0	0	0	0
Gemstones	793	539.3	872.3	593.2	959.5	652.5

Dimension/Ornamental Stones	2,241.0	576.8	2,265.1	634.5	2,491.6	697.9
Calcitic Lime Products	478	321	525.8	353.1	578.4	388.4
Rock Chip samples	21.2	38.3	23.32	42.1	25.7	46.3
Soil Samples	20	20	22	22	24.2	24.2

Source: Ministry of Mining

TABLE 6.7: MINERAL EXPORTS 2022/23 ACTUAL VS 2023/24 ACTUAL

Production Type	**2022/23Actual Quantity (tonnes)**	**2023/24 Actual Quantity (tonnes)**	**Percentage change**
Coal	0	0	0
Uranium cake	0	0	0
Dimension/Ornamental Stones	2,040.5	2,241.0	9.8%
Gemstones	329.5	793	140.7%
Calcitic Lime Products	1,025.0	478.0	-53.4%
Rock Chip samples	14.3	21.2	48.3%
Soil Samples	7.8	20.0	156.4%

Source: Ministry of Mining

Gemstones and dimension stones continue to be exported to Asia (India, China, Thailand, Sri Lanka, Hong Kong, etc.), the United States of America (USA), England, Italy, and South Africa. (RSA), and more. A few gemstone exports were also made to Poland, the Netherlands, and Switzerland.

Lime products, such as hydrated lime and poultry grit, were exported to Mozambique and South Africa to supply agricultural users. However, the exports were lower in 2023 with 478 metric tonnes as compared to 2022, which exported 1,025 metric tonnes. The decline in exports of calcitic lime was because there was higher demand for the calcitic lime locally due to challenges in accessing fertiliser and other affordable inputs for agriculture. The other reason behind the decline was the high production costs due to inflation.

Rock samples (chips, bulk samples, and cores) and soil samples were exported to laboratories in Australia, South Africa, Kenya, and Germany for analysis. Several mining and exploration companies, the Geological Survey Department, and academic and research institutions exported samples for mineral resource evaluation and other studies due to the lack of accredited laboratories in the country. The Ministry of Mining assessed the value of the samples and collected royalties accordingly.

6.4 New Mining Operations and Licenses

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

TABLE 6.8: NEW MINING AND PROSPECTING LICENSES ISSUED IN 2023/24

Type of License	Number Issued	Minerals (s)
	Small-Scale Operators	
Non-Exclusive Prospecting Licenses	61	Gemstones, gold
Small-Scale Mining Licenses	168	Gemstones, gold, limestone, graphite, mica, kaolinitic clay,
Reserved Minerals License	149	Gemstones, gold
	Large and Medium-Scale Operators	
Exploration License	106	Cobalt, columbite, gold, nickel, platinum, heavy mineral sands (HMS), precious metal, base metals, gypsum, graphite, lead
Medium-Scale Mining Licenses	28	Rock aggregate, coal, sodalite
Large-Scale Mining Licenses	1	
Retention Licenses	32	
Reconnaissance License	1	

Source: Ministry of Mining

6.5 Petroleum (Exploration and Production)

The Ministry of Mining is responsible for the upstream petroleum sector, which involves the 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 their 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.

The government ratified and launched the Petroleum Policy of 2023 during the reporting period, thus providing clear policy direction for the petroleum sector.

6.6 Mining Investment Opportunities

6.6.1 Mineral Potential of the Country

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

Historically, Malawi has never produced oil and gas; however, in the decade between 2010 and 2020, several investors have shown interest in Malawi's oil and gas resources by conducting exploration activities, which have revealed that the country has the potential to produce both offshore and onshore oil and gas. Though most investors relinquished their exploration rights due to economic constraints caused by the COVID-19 pandemic, geological data and information were passed on to the Ministry of Mining as required by law. The Ministry is working on revising the previously demarcated exploration blocks, and once this is finalised, the petroleum exploration licences will be tendered for investors to access.

REE exploration is showing significant potential, as alluded to in the introductory section. In addition to the exploration programmes, which are in advanced stages, exploration work at Kangankunde Hill in Balaka is showing tremendous potential for rare earth oxide since exploration work was revamped by ASX-listed Lindian Resources in 2022. This provides opportunities for investors in 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 the 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 licencing 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 formalisation 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 6.10: KNOWN MINERAL DEPOSITS, RESERVES, AND GRADE

DEPOSIT	**LOCATION**	**DELIANATION RESERVES (Million tonnes/ grade)**
Bauxite	Mulanje	28.8/43.9% Al_2O_3
Uranium	Kayelekera	12,5/0.2% Ur_3O_8
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	Nkhotakota-Salima	700/5.6 % HMS
	Chipoka Mangochi	680/6.0 % HMS
	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% P_2O_5
Pyrite	Chisepo-Dowa Lilongwe	34/8% S Malingunde-10/12% S
Glass Sands	Mchinji Dambos	1.6/97% SiO_2
Dimension Stone	Chitipa, Mzimba, Mangochi, Mchinji	Blue, Black, Green, and Pink Granite
Gemstones	Mzimba, Nsanje, Chitipa, Chikwawa, Rumphi, Ntcheu	Numerous pegmatites and volcanic

Source: Geological Surveys Bulletins and Private Companies Mineral Exploration Reports

6.7 Initiatives in the Mining Sector

In the 2024/25 FY, the government will undertake a number of interventions to foster productivity, transparency, and accountability in the sector so that it contributes significantly to inclusive wealth generation and economic growth in line with the 2063 Vision. Some of the key interventions are listed below.

i. Negotiating and finalising Mining Development Agreements with investors on key projects such as Kayerekera Uranium Mine (Lotus Resources) and Songwe Hill Rare Earths Project (Mkango Resources);

ii. Licencing and training of mining cooperatives and associations with a focus on health, safety, environmental management, and compliance with reporting and payment obligations for licence holders;

iii. Supporting mineral exploration programmes with quality data and technically competent personnel while providing technical and statutory guidance to proponents;

iv. Review the Mines and Minerals Policy to create a more attractive investment climate in the country;

v. Review the Petroleum (Exploration and Production) Act, including the subsidiary legislation;

vi. Review the Explosives Act, including the subsidiary legislation;

vii. Review Artisanal and Small-Scale Mining Policy;

viii. Operationalize the National Mining Investment and Development Corporation to facilitate PPPs;

ix. Facilitate the re-commissioning of Kayelekera Uranium with properly negotiated agreements;

x. Facilitate the development of other upcoming major mineral projects, including the Songwe Rare Earth Project in Phalombe, Malingunde Graphite, and Kasiya Rutile Projects in Lilongwe, to fast-track their evolution from advanced mineral exploration to mining.

xi. Develop a National Strategy on mineral beneficiation and value addition.

In addition to these interventions, the Ministry of Mining will continue:

i. Generating high-quality geoscientific data
ii. Promoting mining investment in the country through participation in

the local, regional, and international mining investment forums;

iii. Updating and maintaining the computer-based mining cadastral system and the Geo-Data Management and Information System (GDMIS) to make information readily available to investors;

iv. Formalising the Artisanal and Small-Scale Mining sub-sector;

v. Enforcing compliance by the mining operators with occupational health, safety, and environmental standards;

vi. Providing technical extension services to Artisanal and Small-Scale Miners (ASMs); and

vii. Conducting mine surveying across the country to enhance mineral production and ensure orderliness in the mining sector.

Chapter 7

ENERGY

7.1 Electricity

In the 2022/23 Financial Year, Electricity Supply Cooperation of Malawi (ESCOM) sold 2,151.3 GWh of electricity compared to 1,739 GWh recorded in the 2021/22 financial year. ESCOM's total customer base also increased by 11.80 percentage points compared to 6.35 percentage points in the previous year. This is from 557,104 to 622,851 customers as shown in Table 7.1. The low connection rate is attributable to challenges that ESCOM faced in procurement of connection materials in the period.

TABLE 7.1: ELECTRICITY GENERATION AND CONSUMPTION (2011-2022)

YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Installed Hydro Capacity (MW)	285.85	285.85	285.85	351	351	351	351	351	351	369	401.85	401.85
Maximum (Peak) Demand (MW)	277.75	277.88	279.73	323.91	335.26	328.26	322.56	317	299.6	348.53	329.65	368.02
Energy generation (GWh)	1,871.88	1,911.51	1,828.2	1,906.51	1,975.02	1,976.99	1,808.64	1,792	1,887	1,826	2,171.3	2,240.5
Number of Consumers	205,045	218,164	238,211	269,469	312,857	344,953	395,923	413,816	439,187	523,793	557,104	622,851
Consumption Domestic (GWh)	593.85	596.10	577.65	614.20	699.03	766.3	693.33	642.6	568.2	643.5	644.03	773.23
General (GWh)	250.43	244.47	214.96	183.26	150.30	117.4	62.2	156.6	292.5	289.3	334.02	364.34
Energy Demand (GWh)	612.23	604.88	613.82	639.27	620	620	552.84	620	620	620	745.91	796.5
Export (GWh)	19.08	21.1	23.82	23.62	21.85	24.43	20.43	19.3	19.9	18.94	15.29	20.87
Total Consumption GWh)	1,475.59	1,466.52	1,429.68	1,460.35	1491.18	1,854.82	1,328.8	1,477	1,576	1,587	1,739	2,151.3

Source: ESCOM Limited

TABLE 7.2: ELECTRICITY GENERATION IN KWH (JAN-DEC 2023)

ENERGY GENERATED (kWh)	Jan 23	Feb 23	Mar 23	Apr 23	May 23	Jun 23	Jul 23	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23
NKULA A	19,059,600	16,065,600	14,067,300	16,196,100	16,568,600	17,059,200	16,533,400	16,346,700	16,425,700	15,476,400	18,066,300	18,512,400
NKULA B	55,048,740	47,845,650	53,754,990	48,130,500	47,827,170	43,525,680	46,821,300	49,746,090	46,877,100	45,737,040	46,742,160	43,655,310
TEDZANI I & II	25,044,360	20,829,720	21,135,420	20,084,700	19,573,680	19,717,620	17,250,120	13,908,480	14,831,400	15,545,640	12,571,020	9,100,080
TEDZANI III	33,535,600	29,897,400	25,728,600	27,435,600	27,854,600	28,730,200	31,800,800	32,999,200	32,123,000	36,002,800	35,213,600	35,878,600
TEDZANI IV	7,417,730	7,051,670	4,053,930	3,098,690.00	2,555,780.00	2,218,270.00	6,859,460.00	5,895,150.00	10,000,600.00	6,558,210.00	3,563,560.00	2,733,120.00
KAPICHIRA	-	-	-	36,628,800.00	61,627,800.00	64,998,800.00	64,844,200.00	65,522,088.80	62,835,600.00	63,256,200.00	55,246,400.00	60,124,200.00
WOVWE	2,502,290	2,193,700	2,549,290	2,316,930.00	2,118,800.00	2,157,430.00	2,001,810.00	2,153,750.00	2,321,660.00	2,414,940.00	2,264,090.00	2,249,930.00
KANENGO	671,000	847,980	1,108,340	403,410.00	218,590.00	290,510.00	319,530.00	432,170.00	359,950.00	303,510.00	217,120.20	125,360.00
LILONGWE A	-	-	-	-	-	-	-	-	-	-	-	-
LIKOMA DIESEL	56,000	51,550	56,880	42,940.00	65,060.00	47,540.00	42,740.00	39,080.00	43,480.00	57,520.00	54,630.00	53,750.00
LIKOMA SOLAR	67,980	66,781	68,200	84,194.00	74,503.00	78,111.00	81,543.00	86,372.00	91,586.00	98,340.00	99,770.00	91,993.00
CHIZUMULU DIESEL	8,603	7,755	10,184	10,097.28	11,992.48	10,368.40	9,812.08	8,877.37	9,747.35	10,696.00	11,737.12	12,333.76
CHIZUMULU SOLAR	18,458	15,895	17,149	17,501.00	19,063.20	17,863.80	18,293.00	20,031.00	21,769.00	23,672.00	21,736.00	19,789.00
LUWINGA	157,020	217,860	255,720	118,560.00	72,180.00	86,940.00	76,920.00	73,500.00	38,220.00	80,160.00	47,040.00	46,320.00
MAPANGA	1,474,850	1,308,610	1,071,150	255,970.00	84,080.00	253,260.00	273,640.00	262,640.00	226,510.00	215,700.00	82,040.00	81,700.00

Source: EGENCO

During the year, there was higher electricity production from Hydro compared to 2022 following resumption of production at Kapichira, in April 2023 after completion of Temporary cofferdam, Kapichira Dam structure was destroyed on 24th January 2022 during Tropical Storm Anna. Table 7.3 shows a generally constant generation trend of electricity in Malawi between 2013 and 2023.

TABLE 7.3: ELECTRICITY GENERATION IN KWH (2013 – 2023)

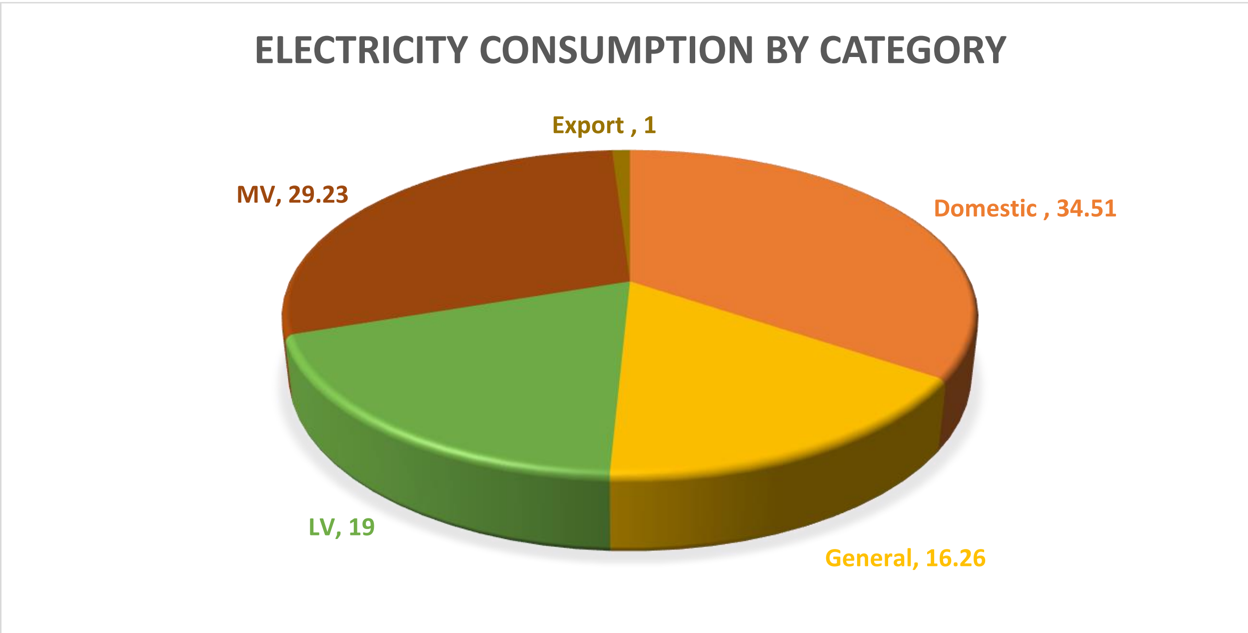
ENERGY GENERATED (kWh)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
NKULA A	184,162,600	187,685,300	116,837,700	126,263,300	9,134,450	71,298,900	166,791,500	123,424,800	140,793,300	221,499,500	200,377,300
NKULA B	610,238,100	527,756,500	526,387,900	494,625,242	573,653,151	470,966,920	438,710,770	540,245,950	587,247,480	674,735,730	575,711,730
TEDZANI I & II	338,898,200	338,711,300	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
TEDZANI III	297,191,000	283,942,000	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
TEDZANI IV	0	0	0	0	0	0	0	0	62,368,043	101,472,430	62,006,170
KAPICHIRA	414,240,000	609,281,000	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
WOVWE	19,785,770	22,123,338	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
KANENGO	0	0	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
LILONGWE A	0	0	0	0	3,340,416	5,381,167	1,430,694	0	0	0	0
LIKOMA	0	0	0	506,887	891,264	900,469	786,356	945,329	368,786	474,856	1,600,543
CHIZUMULU	0	0	0	118,617	203,863	188,983	210,865	93,753	1,028,665	979,715	353,424
LUWINGA	0	0	0	0	0	3,445,507	5,062,933	251,040	60,705	124,741	1,270,440
MAPANGA	0	0	0	0	0	627,804	8,853,081	0	163,823	190,542	5,590,150

Source: EGENCO

7.1.1 Electricity Sales by Customer Category

In terms of sales of electricity by customer category, 34.51 percent was sold to domestic customers while the general category accounted for 16.26 percent of the sales. While industries in the Low Voltage (LV) and Medium Voltage (MV) customers' categories accounted for 19 percent and 32.77 percent respectively. A total of 1 percent was exported to the neighbouring countries in the year under review as shown in Figure 7.1.

FIGURE 7.1: ELECTRICITY CONSUMPTION



Source: Ministry of Energy

7.1.2 Review of 2017 Integrated Resource Plan

In 2022/23, the Ministry of Energy secured funding from Global Alliance for People and Planet with which 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 plans. In the reported period, the work to update Demand Forecasts, Loss Reduction, Energy Efficiency Strategies and Generation Master Plan had been finalized. The work to review Transmission and Distribution Masterplans have been started. The whole review exercise is expected to end in June, 2024.

7.1.3 Electricity Tariff Developments

In August 2023, the Malawi Energy Regulatory Authority (MERA) approved a 50.8 as the new (fourth) base tariff for the electricity industry covering the period from 2023 to 2027. This tariff became effective

1st September 2023 and raised the average tariff from MK104.46/kWh to MK157.50/kWh. The Board further decided that the base tariff be split and segmented into four annual tranches as in Table 7.4.

TABLE 7.4: TOTAL REVENUES WITH STAGGERED IMPLEMENTATION

Item	Unit	Base Year	2023/24	2024/25	2025/26	2026/27	Total/Average
End User Tariff	MK/kWh	104.46	123.26	142.98	160.14	174.55	157.50
Percentage Change	**%**	**-**	**18.00**	**16.00**	**12.00**	**9.00**	**50.8**

Source: Ministry of Energy

The average tariff for the first year of the new (fourth) base tariff was MK123.26/kWh as noted in Table 7.4 which must be contrasted from the overall four-year average of K157.50/kWh.

In November 2023, MERA further 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). The 40.92 percent tariff increase moved the average tariffs from MK123.26/kWh to MK173.70/kWh. However, due to economic environment obtaining during this period, Government directed that all domestic customers be exempted from the ATAF-based tariff increase till the end of the financial year in March 2024.

7.2 Malawi Rural Electrification Programme (MAREP)

The Ministry of Energy is implementing Malawi Rural Electrification Programme (MAREP) to increase access to electricity for the rural and peri-urban communities. The objective is to transform the rural economies and reduce poverty amongst the rural masses thereby contributing to Government's agenda on poverty reduction. The Department of Energy Affairs is mandated to plan and implement MAREP. Currently, funding for the programme is through energy sales levy under well-established 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 been delayed due to procurement of materials which faced several challenges.

7.2.1.1 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 has been completed. However, it was confronted with foreign currency shortages which led to some suppliers failing to fully supply and others could not start the delivery. A total of 88% of the materials for both MAREP Phase 9 and Ndawala II has been delivered. The Ministry intends to procure contracts for the supply and delivery of materials which have not been delivered by other suppliers.

7.2.1.2 Contract Award for Construction of Power Lines under MAREP Phase 9

The Ministry in November, 2023 awarded contracts to eight contractors to carry out power line construction works under MAREP phase 9. These contracts were signed on 2nd December, 2023. Site handovers which started in December 2023 are proceeding. Contractors are expected to commence construction works as soon as site handovers have been completed. Construction works are expected to be finalised within 8 months from date of contract signing.

Out of the MAREP Phase nine's 575 sites, contract to construct power lines to 70 sites was awarded to ESCOM and in the reporting period, ESCOM has completed and commissioned 24 MAREP Phase 9 sites which are given in Table 7.5.

TABLE 7.5 MAREP PHASE 9 LOT 28 COMPLETED AND COMMISSIONED SITES

	MAREP Phase 9 Scope - Lot 28		
Region	**District**	**Site Name**	**Status**
	Mzimba	Baula TC	Completed & Commissioned
		Bwabwa TC	Completed & Commissioned
NORTHERN	**Rumphi**	Chiyekete Vge	Completed & Commissioned
		Chitanga PS	Completed & Commissioned
	KARONGA	Ngerenge CDSS	Completed & Commissioned
		Chikutu PS	Completed & Commissioned
		Musumbe+C4:C24 HC	Completed & Commissioned
	LILONGWE	Chimbizi TC	Completed & Commissioned
CENTRAL	**LILONGWE**	Chimbalanga	Completed & Commissioned
	NKHOTA-KOTA	Dambolawana	Completed & Commissioned
	MCHINJI	Liwerezi MDF Farm	Completed & Commissioned
	SALIMA	T/A Kalonga	Completed & Commissioned
		Nkope Admarc	Completed & Commissioned
	MANGOCHI	Mpita TC & PS	Completed & Commissioned
		Kasankha	Completed & Commissioned
SOURTHERN		Kalenjeka	Completed & Commissioned
		Nankhwali CDSS	Completed & Commissioned
		Kanyenga Village	Completed & Commissioned

	M'bwana village	Completed & Commissioned
MULANJE	Chigwembere	Completed & Commissioned
	Zipangani	Completed & Commissioned
	Mitumbira village	Completed & Commissioned
CHIRADZULU	Makande T-off	Completed & Commissioned
CHIKWAWA	Nyasa TC	Completed & Commissioned

Source: Ministry of Energy

7.2.2 Review of MAREP Masterplan

The Ministry completed the collection of data for the review of the 2020-2025 Master Plan for Rural Electrification Programme. Draft report is being prepared in readiness for stakeholders' consultation.

7.2.3 Development of Mini-Grids

MAREP plans to develop three (3) mini-grids across the country and viz, Usingini (Hydro), Kasangazi (Hydro) and Gumulira (Solar).

7.2.3.1 Kasangazi Mini-Grid

Kasangazi mini-grid will be developed in collaboration with UNDP and Press Trust. UNDP has funded the transmission and distribution network materials while Press Trust funded the construction of a Control House and MAREP will fund the generation part including the power house. In the reporting period, Construction of the control room by Press Trust was completed and UNDP had completed the delivery of overhead power line materials. MAREP engaged Malawi University of Science and Technology (MUST) to conduct feasibility study on upgrading the generation part. MUST finalised and submitted the first draft feasibility study report on December 22, 2023 to MAREP Secretariat. The Ministry will thereafter advertise for the construction of mini-grid.

7.2.3.2 Usingini Mini Grid

Advertisement for expression of interest for the procurement of Consultancy services to conduct feasibility study was done on 12th July 2023. The shortlisted prospective consultants were issued with Requests For Proposal (RFQ) document on 19th September, 2023. Technical and Financial proposals from the shortlisted consultants were submitted and evaluation has been completed. The Ministry conducted contract negotiations with prospective successful bidder. Award of the contract will be done by end of January 2024.

7.2.3.3 Gumulira Mini Grid

The secretariat is developing construction and material supply consultant bidding document and BoQs to be endorsed by IPDC for advertisement. The Ministry intends to clear land ownership issue with EGENCO as well as verify the Environmental Impact Assessment report on the project before the actual construction works commence.

7.2.4 Procurement of Contractors for Construction of MAREP Stores in Blantyre and Mzuzu

MAREP had planned to construct warehouses in Blantyre and Mzuzu. On 17th December, 2023, the Secretariat published an advertisement in the newspapers for the procurement of contractors for construction of MAREP stores in Blantyre and Mzuzu. Bid closing and opening was done on 17th January 2024. Soon after bid opening, the Secretariat will proceed to conduct bid evaluation.

7.2.5 Data Collection for MAREP Asset Register

The Secretariat through ESCOM is undergoing digitisation process of all MAREP Assets. The process will enable the Ministry to develop a meaningful concession agreement with ESCOM when all assets have been captured in a GIS format. The Secretariat is also developing a concession tool which will assist to monitor all operational activities happening on MAREP sites in terms of costs and revenue.

7.3 Petroleum

7.3.1 Fuel Importation

During the year under review, overall imports of petroleum products increased by approximately 14 percent above that of 2022. This increase in demand is largely driven by increased economic activities as the economy gradually recovered from the face of the COVID-19 crisis. Furthermore, the importation of individual petroleum products such as petrol and diesel, increased by 12 percent and 10 percent, respectively. On the other hand, importation and demand for paraffin decreased by 12 percent in 2023 as compared to last year's imports (Table 7.6).

TABLE 7.6: FUEL IMPORTS (LITRES) 2010 – 2023

Year	Petrol	Diesel	Jet A-1	Paraffin	Avgas	Total
2010	101,173,574	186,539,556	11,710,626	10,639,538	318,087.5	310,381,382
2011	104,825,891	189,983,124	12,838,968	10,254,955	126,422	318,029,360
2012	99,593,583	205,213,866	7,525,000	6,565,312	261,700	319,159,461
2013	108,885,428	212,460,625	9,896,951	1,749,159	223,686	333,215,849
2014	108,885,190.	159,798,758	7,785,520	1,533,155	133,067	278,135,690
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	209,053,949.15	273,288,620.89		472,207.00		
2019	247,234,190.38	256,553,902.55	5,570,403	365,037.00	175,644	509,899,176.93
2020	292,741,865.69	308,453,219.00	1,865,837	687,949.00	214,357	603,963,227.69
2021	251,860,748.77	195,517,243.93	4,794,936	780,359.00	44,271	452,997,558.70
2022	263,806,486.00	238,903,420.00		304,849.00		503,014,755.00
2023	296,659,684.00	262,186,723.00	11,666,995.00	340,618.00	115,939.00	570,969,959.00

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 2023 was Dar es Salaam through which approximately 66.8 percent of the petroleum products were imported followed by Beira and Nacala at 29.4 percent and 3.8 percent respectively.

In comparison with 2022, total volumes of petroleum imports hauled through all the 3 routes increased in 2023 by 11 percent. Individually, product imported through each of the routes namely: Nacala, Dar-es-Salam and Beira increased by 60 percent, 10 percent and 11 percent respectively in the period under consideration. Table 7.7 illustrates the increasing trend in Malawi's fuel importation through the various routes from 2010 to 2023.

TABLE 7.7: MALAWI FUEL IMPORTS PER ROUTE 2010 – 2023

Year	ROUTES						Total
	Beira	Nacala	Dar-es-Salaam	Mbeya	Gweru	Msasa	
2010	211,143,990	21,708,391	42,803,344	22,296,943	-		298,352,668
2011	167,765,872	17,240,701	50,845,869	13,343,270	0		249,195,712
2012	258,442,871	7,552,721	35,918,180	-	9,458,989		311,372,761
2013	268,560,053	10,715,210	43,819,950	-	-		323,095,212
2014	225,767,402	11,367,566	41,000,722				278,135,690
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	241,070,521.55	5,260,913.49	236,826,687.00			483,158,122.04
2019	246,610,787.70	1,978,980.00	258,636,865.45		2,672,543.78	509,899,176.93
2020	303,240,277.69	6,413,392	294,309,558.00			603,963,227.69
2021	221,606,225.34	5,340,971.70	226,050,361.67			452,997,558.70
2022	148,796,036	12,402,854	339,402,645	2,413, 221		503,014,755.00
2023	165,505,719	19,870,363	373,810,964			559,187,045.00

Source: Malawi Energy Regulatory Authority (MERA)

NB: the 2023 total volumes, 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 whose figures were not recorded by port of importation.

7.3.3 Fuel Imports by Oil Marketing Companies (OMCs)

There were two major importers of fuel in 2023 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 2023, NOCMA and PIL imported approximately 59 percent and 40 percent of the fuel respectively while other importers contributed about 1 percent of fuel imports.

TABLE 7.8: PERCENTAGE OF FUEL IMPORTED BY OMCS IN 2023

Oil Marketing Company	Percentage
NOCMA	58.55
PIL	39.72
Mount Meru	0.71
SIMSO	0.49
Energem	0.26
Best Oil	0.27
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 aforementioned 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 2022. 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.

TABLE 7.9: PUMP PRICES FROM JANUARY 2023 TO DECEMBER 2023.

		Pump Prices in MK/L		
Date of revision	**Month (2023)**	**Petrol**	**Diesel**	**Paraffin**
September 2022	January	1746.00	1920.00	1261.00
	February	1746.00	1920.00	1261.00
	March	1746.00	1920.00	1261.00
	April	1746.00	1920.00	1261.00
	May	1746.00	1920.00	1261.00
	June	1746.00	1920.00	1261.00
	July	1746.00	1920.00	1261.00
	August	1746.00	1920.00	1261.00
	September	1746.00	1920.00	1261.00
	October	1746.00	1920.00	1261.00
November 2023	November	2530.00	2734.00	1910.00
	December	2530.00	2734.00	1910.00

Source: Malawi Energy Regulatory Authority (MERA)

7.3.5 Fuel Ethanol

Malawi has two ethanol producing companies namely; Press Cane Limited and Ethanol Company Limited (EthCo). In 2023, both companies produced a total of 6.7 million litres of fuel ethanol, with Press Cane producing 6.6 million litres and EthCo producing 0.1 million litres. A total of 7.0 million litres were distributed to Oil Marketing Companies during the year under review. Table 7.4.4 depicts fuel ethanol production and sales in the last ten years.

TABLE 7.10: FUEL ETHANOL PRODUCTION AND SALES TO OMCS (2013-2023)

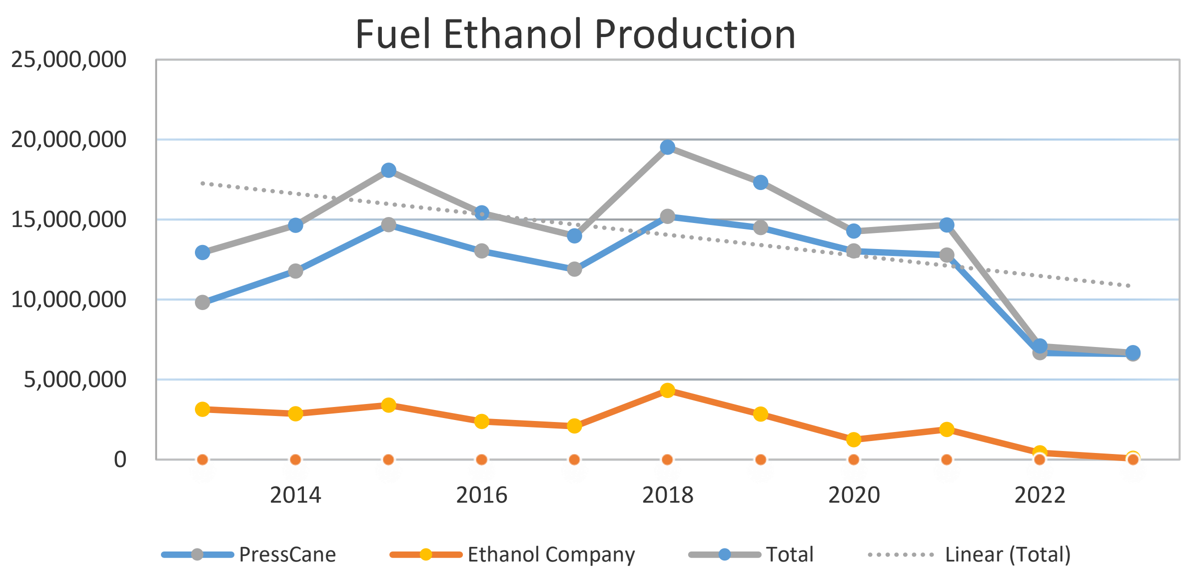
	Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Production	PressCane	9,806,757	11,780,945	14,671,560	13,025,144	11,892,849	15,186,420	14,491,022	13,025,090	12,782,616	6,673,266	6,602,459
	Ethanol Company	3,133,948	2,858,814	3,394,034	2,380,993	2,084,146	4,319,783	2,828,803	1,241,560	1,880,651	415,987	70,082
	Total	**12,940,705**	**14,639,759**	**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**
	Press Cane	9,033,894	10,147,000	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
	Ethanol Company	3,094,605	2,836,828	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
Sales	**Total**	**12,128,499**	**12,983,828**	**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**

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 2023. 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 2023 total production was at its lowest in the period under review because of a couple of challenges namely:

i. Low availability of feedstock as molasses supplies were lower than anticipated because of low cane yields for the sugar mills on account of Tropical Cyclone Freddy and scarcity of foreign exchange to import feedstock.
ii. Fuel ethanol plant failure at Press Cane resulting in less production than expected.
iii. Prioritisation of other higher margin products in order to fund strategic projects that are currently underway and are aimed at maximizing utilization and upgrades of the fuel ethanol production facilities.

FIGURE 7.2: FUEL ETHANOL PRODUCTION



Source: Press Cane Limited and Ethanol Company Limited

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. Despite all these challenges, the use of biofuel ethanol for the past 10 years has edged towards 10 percent of aggregate petrol –fuel ethanol used in Malawi thereby saving over US$100 million of Malawi's foreign exchange reserves and improving fuel security.

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.

Meanwhile, both Companies have invested in effluent treatments plants as the first stage of a strategy to remove serious environmental pollution challenges which were serious bottlenecks on the efforts to increase ethanol production. The next phase of this strategy is the installation of syrup processing mills. PressCane is at procurement stage of its syrup processing mill which is expected to be commissioned in the second quarter of 2025. At EthCo, the syrup mill project is at planning phase, targeting for commissioning in 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 Press Cane and 59 percent for EthCo.

7.4 Some 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 US 600 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 of procuring the joint venture with the review of the 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 October 2024 after missing the December 2023 deadline due to a number of challenges faced by the project. In terms of progress achieved as at the end of the 2023/24 financial year: compensation pay-outs for Project Affected Persons on the Malawi side were successfully completed; significantly, the Power Purchase Agreement with Electridade de Mozambique (EDM) has been revised, boosting our power imports from 50MW to 120MW when the project is completed.

Further progress made on the project in 2023/24 includes:

i. Tower foundations -68 foundations done out of 336 for Mozambique and on Malawi side 70 out of 191 foundations done.
ii. Bush clearing and access road – 72.9km done out of 77Km in Malawi and in Mozambique 111 out of 141 KM done.
iii. Commencement of the erection of the Tower
iv. Works at Phombeya and Mathambo substations are underway.

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). The associated contract with the consultant to conduct the feasibility studies was negotiated. Both ESCOM and ZESCO signed the Project Implementation Framework. 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 2023/24 fiscal year include: The incorporation of Mpatamanga Hydro Company Limited; ongoing negotiations for Power Purchase Agreements; Completion and approval of the Project Freeze Designs, continuation of environmental studies; and development of Resettlement Action Plans scheduled for completion by May, 2024. Procurement processes for Bailey Bridge components and the project's Engineering, Procurement and Construction (EPC) contractor are underway, with delivery and completion expected by March, 2024 and April, 2025, respectively. Construction of the Bailey Bridge is one of the preconditions for implementation of the project. The expected commercial operations date for this remarkable and magnificent hydropower plant is 2029.

7.4.5 Rehabilitation of Kapichira 129.6 MW

Due to the impact of the Tropical Storm Ana that occurred between 24 and 25 January 2022, the intake dam was extensively damaged rendering the hydropower station out of operation. In addition, 14 transmission lines and several distribution lines were also damaged requiring immediate restoration. Ministry of Energy therefore secured funding from World Bank amounting to US$ 60 million to help EGENCO restore energy generation and rebuild Kapichira in order to address root causes that undermined the resilience of the damaged infrastructure.

During the reporting period, 2023/24, all four damaged machines at Kapichira amounting to 129.6 MW were successfully repaired and brought back online. Furthermore, final works under Phase I are underway which will permit a permanent structure to be constructed under phase II. The phase II commences in August, 2024 and will better build-back the Kapichira Dam and bolster its resilience against future storms thereby safeguarding Malawi energy security for generations to come. Completion of the entire project is anticipated by May, 2027.

7.4.6 20MW Battery Energy Storage System Project

In 2022/23, Ministry of Energy secured funding from Global Energy Alliance for People and Planet (GEAPP) amounting to US$ 20 Million with which it will procure and install 20 MW Battery Energy Storage System (BESS) at Kanengo substation in Lilongwe. The total project cost is US$ 24 Million and 10 percent of which will be covered by ESCOM who will be owning and operating the system. The BESS will provide ancillary services to the grid in the awake of too much variable electricity from solar without battery bank that is connected to the grid. The project is expected to complete by March, 2025.

In the period under review (2023/24), Financial close for the project was achieved in July 2023, after granting approval for all signed grant agreements. The first tranche has been disbursed to ESCOM, and the Owners Engineer for the project was appointed in August 2023, which will oversee installation and hire the Engineering, Procurement, and Construction (EPC) contractor.

7.4.7 Project: Construction of 50 MW Nanjoka Solar Power Plant

To enhance power generation for the nation, EGENCO, has embarked on the construction of the 50 MW 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 2023.

The ground-breaking ceremony for this project which was held on 22nd November, 2023 marked a significant milestone. Works for installation of the initial 10 MW has commenced. It is anticipated that works will be completed by May 2025, with successive installations of 10 MW and then 30 MW reaching a total of 50 MW by 2029.

7.4.8 Project: 4.5MW Extension of Wovwe Hydropower Station

EGENCO plans to upgrade the Wovwe Hydropower Station from 4.5MW to 9MW. In the reporting period, the 4.5MW extension has received approval from the Malawi Environmental Protection Authority (MEPA), and negotiations for the Power Purchase Agreement (PPA) are in the final stages. Once the PPA is approved, construction will promptly commence using EGENCO's internal resources, marking a crucial stride towards a more resilient energy future for Malawi.

7.4.9 IPP Projects

In the reporting period, Selengeti IPP in Nkhotakota commissioned and reached commercial operation date for their 21 MW solar PV grid connected on 29th July 2023 and the plant is operating at its full capacity depending on weather and need from the grid operator. The Ministry will in the coming financial year 2024/25 continue facilitating the implementation of several IPP projects after finalizing review of Power Purchase a standard template to resolve some unfavorable and stick clauses.

7.4.10 Project: Malawi Fuel Transportation Infrastructure Projects

The Government of Malawi through Ministry of Energy declared to dedicate itself to increasing fuel liftings through railway and pipeline transportation which is strategic, considering the cost advantages and improved efficiency compared to current methods from Dar-es-Salam.

Commencing in January 2024, the Mozambique and Zimbabwe Pipeline, operated by CPMZ and NOIC, will allow fuel tankers from Malawi to load from Mozambique, offering cost-effective alternatives and ensuring a secure fuel supply. Negotiations have resulted in concessionary transportation rates, benefiting our nation economically. We anticipate transporting approximately 5 million litres per month through this pipeline, eliminating the need for special funding.

Addressing constraints, the government is actively pursuing the construction of storage facilities in Nacala and exploring engagements with additional transporters.

The Tank Capacity Upgrade Project inside the country, set for completion by December 2025, will double our inland storage capacity to 120 million litres from current 60 million litres.

In the reporting period, Rail transportation, a cost-effective alternative, has seen a significant increase, reaching 13.7 percent of total fuel imports by September 2023. As rail line rehabilitation progresses, the Ministry aims to extend fuel deliveries to Lilongwe in January 2024, striving to achieve 20 percent of total fuel imports by March 2024.

7.4.11 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 2024. 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 US$ 100 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 begun connecting customers to the grid and by the end of December, 2023, approximately 58,000 households had already been connected to the grid, impacting around 255,000 people. Looking ahead, the project aims to connect the remaining 122,000 households to the grid by June, 2024, benefiting approximately 537,000 people.

On off-grid space, in 2023/24, the Ministry of Energy through off-grid solar companies who are being given loans and result based financing also reached out to 13,000 households through the standalone solar home systems, impacting approximately 57,000 people. The remaining 187,000 households will be reached out by June, 2024, benefiting approximately 823,000 people.

7.4.12 Access to Clean and Renewable Energy (ACRE) project

Access to clean and Renewable Energy is a four-year project running from January 2020 to December 2023. 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.

7.4.12.1 Clean Energy Minigrids

The first output of the ACRE project aims at expanding electricity generation capacity through scale up of clean energy minigrids targeting productive users in rural areas. Under this output, the project was supposed to develop three greenfield minigrids at Chisi Island, Mwansambe and Malidadi in Zomba, Ntcheu and Mzimba respectively. However, the project has managed to only kickstart the development of Chisi and Mwasambe sites while Malidadi has been left out for possible development in the coming UNDP energy program. At Chisi Island, construction works are at 70 percent completion and estimated completion date is 30th April, 2024. For Mwansambe minigrid, the project has commenced the recruitment of a contractor while land compensation has already been completed.

The project is also supporting two brownfield minigrids namely Kasangazi minigrid in Mzimba and Chipopoma Hydro in Rumphi. At Kasangazi, the project has finalized the construction of an electricity distribution network, an effort that will complement efforts by Press Trust and MAREP towards the construction of a control room and power house respectively.

7.4.12.2 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 are funding the Transformation of Agriculture through building Resilience and Harnessing Green Opportunities (TARGO) project which aims to respond 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. In addition, the project will install 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. Currently, SHSs are being procured for distribution to targeted beneficiaries in the aforementioned districts and the systems are expected in the country by mid-April, 2024. The Ministry of Energy is managing the energy component of the TARGO project in liaison with Environmental Affairs Department (EAD).

7.4.12.3 The Africa Minigrids Program (AMP)

The Ministry of Energy is implementing the AMP project with the funding from the Global Environmental Facility (GEF) through the UNDP. This is a 48-month project with a GEF grant of US$396,125 and a co-financing of US$2,948,270. 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 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.

7.4.12.4 Developing a National Framework for Leapfrogging to Energy Efficient Refrigerators and Distribution Transformers

In the year under review, the Ministry responsible for energy in collaboration with Basel Agency for Sustainable Energy (BASE) together and the SADC Centre for Renewable Energy and Energy Efficiency (SACREEE) implemented a Green Climate Fund (GCF) Readiness project on ‘Developing a National Framework for Leapfrogging to Energy Efficient Refrigerators and Distribution Transformers’.

The project aimed at developing national policy roadmaps and regulatory framework, for Minimum Energy Performance Standards (MEPS), High Energy Performance Standards (HEPS) and a MV&E framework for residential refrigerators and distribution transformers.

In the year under review, the voluntary standards were developed and a policy was drafted waiting to be gazetted.

Chapter 8

INDUSTRY AND TRADE

8.1 Overview

The trade and manufacturing sector performance in 2023 has been marred by a number of challenges, at the top of which has been the devaluation of the kwacha and the shortage of foreign exchange and fuel. The shortage of foreign exchange caused major challenges to the manufacturing companies since they rely heavily on imported raw materials. This, coupled with the devaluation, also increased the cost of importing the raw materials. Fuel shortages affected the transportation of both raw and finished products and reduced production in times of electricity shortages. The Government has put in place a number of measures to stabilize the sector and spur its growth. However, these demand and supply shocks led to an overall stagnation of the manufacturing sector during the period under review. Nonetheless, the Government continues to implement strategies aimed at improving the business environment and propelling the recovery and growth of the sector. The chapter therefore describes Malawi's performance in the trade and industry sector in 2023 and estimates for 2024.

8.2 Manufacturing Sector Performance in 2023

8.2.1 Overall

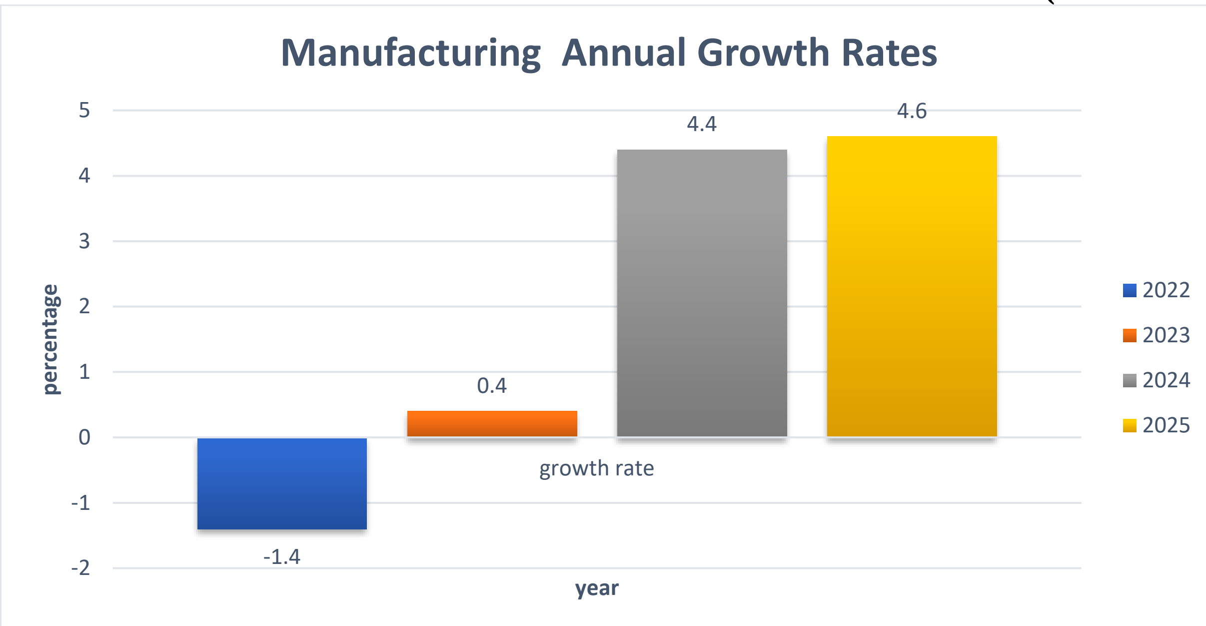
There has been a decline in the manufacturing sector in 2023. Most of the manufacturing companies have reduced their production due to the challenges of a shortage of foreign exchange, the devaluation of the Kwacha, and an increase in fuel, which has increased the overall cost of production for the companies that rely on imported raw materials. A decrease in agricultural output further contributed to the decline in the sector, which relies on agriculture as a source of domestic raw materials. Nevertheless, reports from the National Accounts and Balance of Payments (NABOP) Committee indicate that the sector has registered some improvements compared to 2022. The sector was projected to register negative growth of -1.9 percent, but the current growth estimate is positive at 0.4 percent. The main contributor to this improvement is the improvement in electricity supply due to the rehabilitation of the Kapichira Power Plant.

In 2024, the manufacturing sector is expected to register growth largely because the major factors that impeded growth of the sector in 2023 are expected to improve, including energy supply, availability of foreign exchange and fuel, and agricultural production.

8.2.2. Manufacturing Contribution to GDP Growth

In 2022, the manufacturing sector faced major challenges that led to its contraction, as indicated by a growth rate pegged at -1.4 by NABOP. For 2023, the sector continued to shrink, which saw a revision of the growth estimate from the projected 1.0 percent to 0.4 percent. Nevertheless, this is an improvement from 2022. The manufacturing sector is therefore projected to recover and register growth in 2024 and 2025, with projected growth rates of 4.4 and 4.6 percent, respectively. This is largely because the macroeconomic environment is expected to improve in 2024 and 2025.

FIGURE 8.1: MANUFACTURING CONTRIBUTION TO GDP GROWTH (IN PERCENT)



Source: National Accounts and Balance of Payments (NABOP)
*NABOP Projections

8.2.3 The Index of Industrial Production (IIP)

The performance of the manufacturing sector is measured by the Index of Industrial Production (IIP), which is derived from production volume data for industries in the manufacturing, electricity, and water supply industries as classified under the International Standard of Industrial Classification (ISIC). The IIP basically captures average movements in volume of goods produced by Malawi industries in manufacturing, energy, and water supply from one period to another. Manufacturing comprises 91.45 percent of the weight of items included in the Index of Industrial Production. The most recent figures on IIP from the National Statistics Office are for 2022. There are neither provisional figures for 2023 nor projections for 2024.

On average, industrial production increased by an average of 8.8 percent between 2021 and 2022. The output of the manufacturing sector also increased by 5.9 percent. However, industrial output for all sectors in the manufacturing sector declined, except for the manufacturing of tobacco products and rubber and plastic products. A 72.9 percent increase was registered for the manufacture of tobacco products, and the manufacturing of rubber and plastic products increased by 7.8 percent. The manufacturing of tobacco products alone contributed 65.3 percentage points to the annual growth rate and volume of production in Malawi. Nevertheless, production of beverages, food products, rubber, and chemical products all decreased and therefore contributed negatively to the annual growth rate and volume of production, as indicated in Table 8.1. As regards utilities, output in the sector grew by 19.9 percent. There was an increase in the generation of electricity by 27.2 percent, but water supply declined by 6.3 percent.

TABLE 8.1: VOLUME OF INDUSTRIAL PRODUCTION

ISIC 2 Digit	Description	2021	1st Quarter – 2022	2nd Quarter – 2022	3rd Quarter - 2022	4th Quarter – 2022	2022	Year on Year percent Change
10	Manufacture of food products	103.7	86.46	93.46	85.93	90.81	89.16	**-14.0percent**
11	Manufacture of beverages	116.9	78.47	64.84	99.94	57.78	75.26	**-35.6percent**
12	Manufacture of tobacco products	39.8	74.84	7.38	84.16	109.15	68.88	**72.9percent**
20	Manufacture of chemicals and chemical products	85.0	47.25	82.19	55.02	55.99	60.11	**-29.3percent**
22	Manufacture of rubber and plastics products	77.12	84.87	80.87	89.95	76.93	83.16	**7.8percent**
23	Manufacture of other non-metallic mineral products	94.3	22.92	73.30	124.60	80.80	75.41	**-20.1percent**

Sources: National Statistical Office

8.2.4 Major Achievement in 2023

8.2.4.1 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. Currently, significant progress has been achieved at the Chigumula site, where both water and electricity connections have been established. The development of an environmental and social management plan is currently underway.

For Matindi in Blantyre and Area 55 in Lilongwe, the Government has entered into an agreement with ARISE Limited through Afrexim Bank to develop the sites.

8.2.5 Policy Interventions

8.2.5.1 Special Economic Zones Bill

The Government developed the Special Economic Zones Bill, which was passed in Parliament on December 6, 2023. The bill will provide for the declaration, designation, development, promotion, and operation of special economic zones in Malawi, which will encourage both local and foreign investment.

8.2.5.2 National Industrial Policy

The Government has embarked on the process of reviewing the national industrial policy to align it with the Malawi 2063 industrial agenda and regional industrial policies. The consultation and validation workshops have been completed, and it is expected that this policy will be finalized in 2024.

8.2.6 Challenges Facing the Manufacturing Sector

The key challenges facing the sector in the period under review were as follows:

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

8.2.7 Expected Performance in 2024

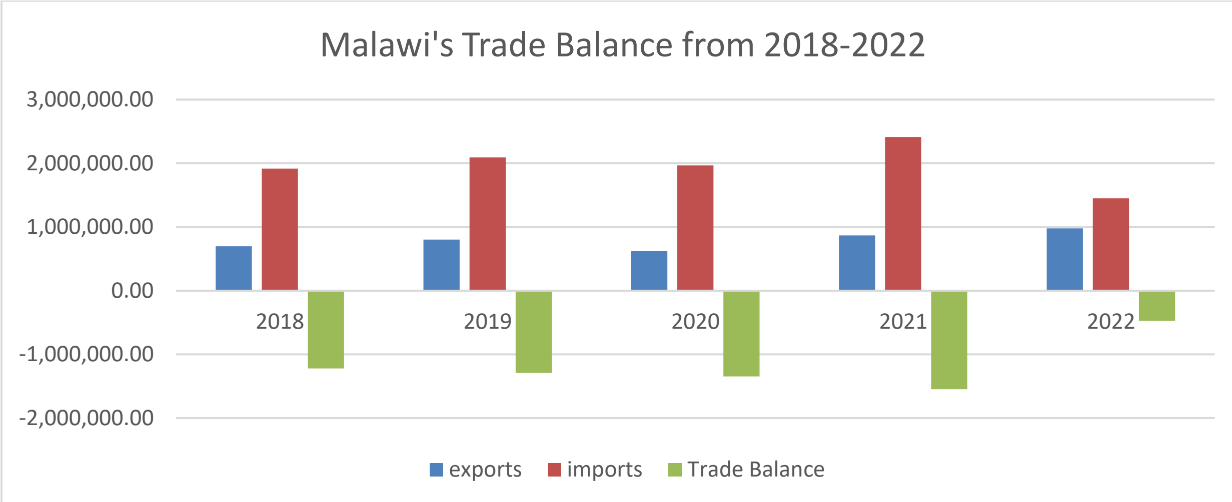
The manufacturing sector is projected to grow, on average, by 2.55 percentage points in 2023. This positive outlook is premised on the expected normalization of the external factors hindering growth in the sector. The securing of the extended credit facility and the inflow of budgetary support from the donor community are also expected to normalize the foreign exchange situation in the country. Stabilization of the foreign exchange issue is supposed to translate into a stable fuel supply, which is expected to have a greater positive impact. Hence the projected considerable growth.

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 2018 but will be reduced in 2022.

FIGURE 8.2: MALAWI'S TRADE BALANCE BETWEEN 2018-2022



Source: Ministry of Industry and Trade

The Reserve Bank of Malawi indicates that for the first half of 2023, the deficit was US$ 1,153.00 million, compared to a deficit of US$981.70 million registered in the same period in 2022. This represents a growth in the deficit of seventeen percentage points. The growth is attributed to a number of factors, including a reduction in exports of tobacco, which is Malawi's main export earner. A comparison of the first half of 2023 and 2022 indicates that there has been a reduction in tobacco exports by twelve percentage points, from US$78.1 million registered in the first half of 2022 to US$68.3 million registered in the same period of 2023.

An increase in the trade deficit was also registered in the previous years. For instance, between 2022 and 2021, the trade deficit increased by 2 percentage points from US$ 2,046.50 million registered in 2021 to US$2096.7 million registered in 2022. In this period, both exports and imports decreased, but the reduction in exports was higher at 10 percentage points compared to the reduction in imports of 2 percentage points between 2021 and 2022, as shown in Table 8.2.

TABLE 8.2: MERCHANDISE TRADE

	Merchandise Trade (US$ million)					
	2021	**2022**	**2023 Q1**	**2023 Q2**	**2023 Q3**	**2023 first half**
Exports (f.o.b)	1,001.70	894.1	149.4	174.1	340.4	323.5
Imports (c.i.f)	3,067.40	2,990.7	747.4	729.1	869.0	1476.5
Trade Balance	(2,046.50)	(2,096.7)	(598.0)	(555.0)	(528.6)	(1,153.00)

Source: Reserve Bank of Malawi

8.3.2 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, in the third quarter of 2023, tobacco, tea, and sugar accounted for 64.5 percent of the total exports, with tobacco alone accounting for 55 percent of the exports. Nevertheless, exports are expected to improve in 2024 due to the Memorandum of Understanding that was signed between the Government of Malawi and the Government of India on pigeon peas, where Malawi now has open access to export up to 50,000 metric tons. Malawi has also secured a preferential scheme with China to export soy beans, black teas, macadamia nuts, and beans. Exports to China have doubled since the signing of the preferential scheme. Exports are further expected to increase because of the devaluation of the kwacha, which narrowed the gap between the official exchange rate and the informal rates, thereby encouraging exporters who were holding their products to export.

On the other hand, the import basket is mainly dominated by fuel and fertilizers, which accounted for 30 percent of total imports for the third quarter of 2023.

8.3.3 Trade Agreements

The Government of Malawi continues to recognize the important role of trade in economic development; consequently, the country is a member of a number of trade agreements. The trade agreements are aimed at increasing market access for Malawian products and facilitating trade through a number of trade facilitation interventions. In terms of bilateral agreements, Malawi maintains agreements with Mozambique, South Africa, and Zimbabwe.

At the regional level, Malawi continues to pursue regional integration through the regional economic communities of the Common Market for Eastern and Southern Africa (COMESA), the Southern Africa Development Community (SADC), the Tripartite Free Trade Area (TFTA) and the Africa Continental Free Trade Area (AfCFTA). Through these, Malawi continues to benefit from increased market access on a reciprocal basis based on the specific rules of origin for each country. Apart from market access, Malawi also benefits from the RECS through collaboration with other countries in the areas of transport, energy, and other development infrastructure, which has the potential to mitigate some of the challenges faced by land-linked countries such as Malawi.

On a multilateral level, Malawi has maintained its membership in the World Trade Organization (WTO) since 1995. The WTO has the ability to create an international trade environment, and Malawi is particularly interested in an environment that supports a fair and pro-development rules-based trading system that enhances potential and provides adequate policy space for further development.

8.3.4 Major Achievements in 2023

In the year 2023, the Government of Malawi negotiated various trade agreements aimed at improving the availability of Malawian goods and services across the borders. The following are some of the interventions:

8.3.4.1 Market Access to China

China granted 98 percent duty-free quota-free market access for Malawi in 2022, and 11 companies have been accredited to export to China. The products include soy beans, black tea, macadamia nuts, and beans. Malawi also signed an MoU with China on sanitary and phytosanitary (SPS) measures to facilitate the export of soybeans, tea, beans, and macadamia nuts. The soya export protocol with China entered into force in 2022, with the first company exporting to China in July 2023.

8.3.4.2 Memorandum of Understanding with the Government of India

Malawi signed an MoU with the Government of India for the export of 50,000 metric tons of pigeon peas annually for 5 years with an annual review. Currently, Malawi has an open quota and can export up to 2024. now has an open quota.

8.3.4.3 Framework of Agreement to Facilitate the Implementation of Export Agriculture for Food Security (ExAFS)

Malawi entered into an agreement with the African Export and Import Bank (Afreximbank), which seeks to improve food security in Africa, including Malawi, by facilitating the production and processing of agricultural products with the aim of enhancing access to markets.

8.3.5 Trade Facilitation

8.3.5.1 Establishment of One Stop Border Posts

The Government continues to implement trade facilitation reforms aimed at reducing the cost and time associated with cross-border business operations. Construction of the Dedza One-Stop Border Post was completed and is currently in use. The Mwanza One Stop Border Post will be completed and operationalized in the next financial year. The OSBP’s are envisaged to reduce goods clearance time from 24 hours to 15 minutes and will facilitate the transit of goods from Zimbabwe, South Africa, and Namibia.

8.3.5.2 Establishment of a National Electronic Single Window

The Government is in the process of developing a National Electronic Single Window (NSW). A gap analysis was conducted to ensure that the system is aligned with user expectations and the operational needs of each participating agency. Software development for the National Electronic Single Window is currently underway and will go live by April 2024. The NSW will significantly expedite the time required to obtain permits and licenses from all relevant agencies from 7 days to not more than 3 days by streamlining import and export procedures.

8.3.6 Policy Interventions

8.3.6.1 Investment and Export Promotion Bill

Parliament passed the Investment and Export Promotion Bill in December 2023. The Bill will strengthen the functions of the Malawi Investment and Trade Centre.

8.3.7 Challenges Facing the Trade and Private Sector Development

The major challenge that has affected the sector in the period under review is the scarcity of foreign exchange, which has affected the importation of products and materials. Other challenges include the devaluation of the kwacha, which increased the cost of imports, and logistical problems due to fuel scarcity.

Chapter 9

EDUCATION, SCIENCE AND TECHNOLOGY

9.1 Overview

The Malawi 2063 aims at transforming 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 as a highly knowledgeable people with relevant quality education that incorporates a strong element of academic excellence, 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.

9.2 Structure of the Report

This report highlights key developments registered in the education sector in the 2023/2024 FY. It sets out key performance indicators and sector achievements, including, budget performance as well as implementation of development projects. The report is organised into heading and sub-heading, key performance indicators and achievements in the Primary, Secondary and Higher education subsectors, Budgetary achievements and Development projects.

9.3 Key Indicator Performance and Achievements

9.3.1 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 on it. The Malawian government has put laws and policy frameworks in place to ensure that primary education is accessible and of high quality because of how crucial primary education is. Some of the legal and policy frameworks include, the Education Act of 2013, the National Education Policy (2016), the Free Primary Education Policy, the National Education Standards and the Readmission policy among others. The Directorate of Basic Education (DBE) oversees primary education and works in partnership with other Ministries, Departments and Agencies (MDAs) and Development Partners (DPs), Civil Society Organisations

(CSOs), and the local communities 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 indicators at both the outcome and process 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 progress of its programs and projects. The information used came from the existing Education Management Information System (EMIS) 2023.

TABLE 9.1: SELECTED NUMBER OF PERFOMANCE INDICATORS UNDER BASIC EDUCATION.

Indicator	2022	2023	Growth Rate
Enrolment (public)	4,783,093	5,120,080	7.04
Percentage of Special Needs Enrolment (Primary)	3.30	3.7	0.12
Gender Parity Index	1.04	1.03	-0.96
Pupil-Permanent-Classroom ratio	98.00	102.5	4.6
Repetition rate	25	26	4
Completion rate	56	48	-14.28

Source: MoE Calculations, EMIS database, 2023

9.3.1.1 Improved Equitable Access and Participation in Primary Education

9.3.1.1.1 Gender Parity Index

The Gender Parity Index (GPI) in the primary education sector demonstrated, in nominal terms, favours female students, between 2022 and 2023. However, the GPI rose to 1.04 in 2022 before falling to 1.03 in 2023, indicating that girls continue to have greater access to elementary school than boys. The GPI is expected to reach 1.038 and 1.042, in the years 2024 and 2025 respectively. Based on these projections, gender parity in the primary education sector will likely continue to surpass the NESIP objective of 1.02 by 2025, especially in lower primary.

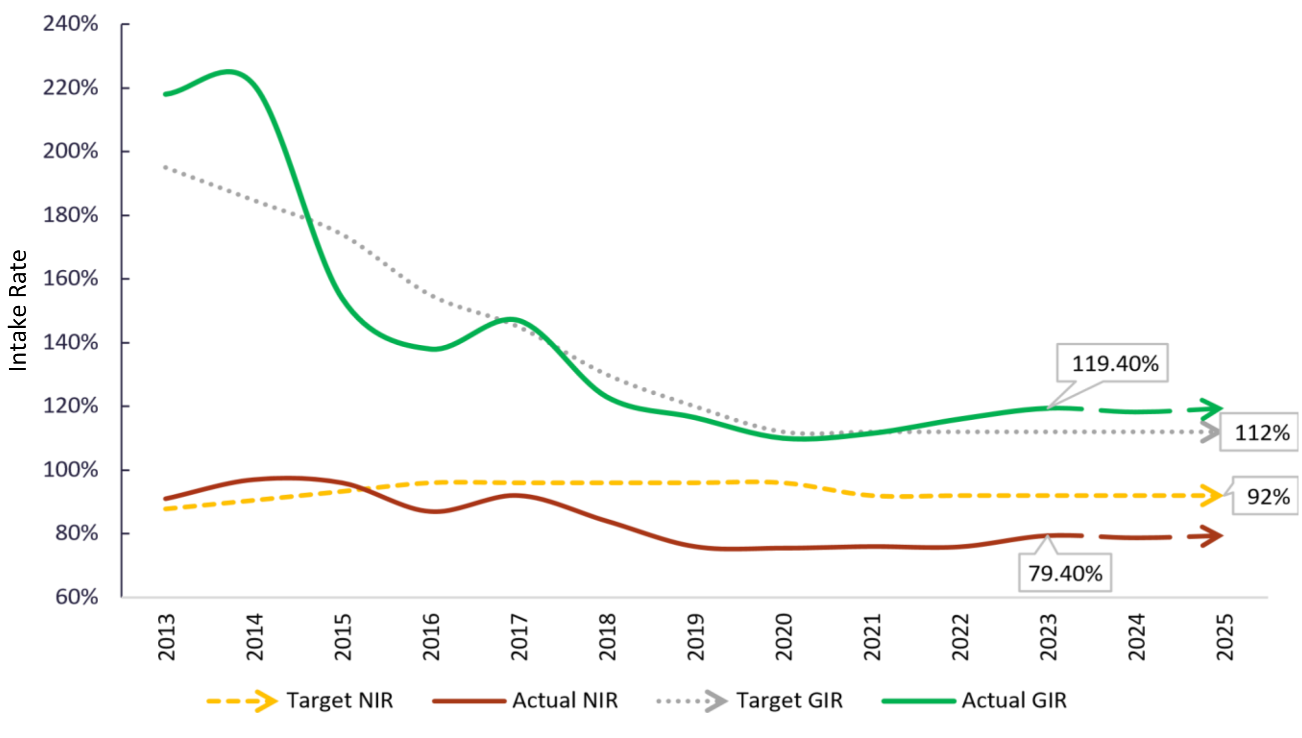
9.3.1.1.2 Net Intake and Gross Intake Rates

Both the Net Intake Rate (NIR) and the Gross Intake Ratio (GIR) are important indicators in assessing the level of entry of new primary school learners into Standard 1. While NIR provides a more accurate reflection of intake rates at the appropriate age of 6 years, the GIR provides a broader perspective by including all students enrolled regardless of age.

Figure 9.1 shows that the NIR for 2013 was 91 percent, which was 3.20 percent more than the desired 87.80 percent. The NIR for 2014 was 97 percent, significantly exceeding the goal of 90.50 percent by 6.50 percent. But in 2015, the NIR fell to 96 percent, still meeting the goal but with a reduced deviation of only 0.70 percent. The NIR experienced a modest peak, rising from 87 percent in 2016 to 92 percent, followed by a period of decline and stagnation at 76 percent from 2018 to 2021. In 2022, the NIR slightly decreased to 75.90 percent before subsequently reaching a new peak of 79.40 percent in 2023 against an intended NIR of 92 percent in the review year, a difference of -16.00 percent. The adverse divergence indicates that the actual NIR is much below the anticipated target. It is critical to mention that the NIR for girls in 2023 is 79.9 percent, which is marginally higher than that of boys at 78.8 percent.

The stagnation and subsequent marginal decline of the indicator between 2019 and 2021 could be attributed to the COVID-19 pandemic, following the interruption it brought in accessing learning facilities. The restrictions imposed during the pandemic, including school closures and remote learning challenges, likely had adverse effects on students' enrolment and attendance rates. However, the indicator's modest recovery in 2022 and 2023, suggests ongoing efforts to mitigate these disruptions and regain momentum in improving net intake rates.

FIGURE 9.1: TREND AND ANTICIPATED TARGETS OF NIR AND GIR BETWEEN 2013 AND 2025



Source: MoE, EMIS

The GIR for 2013 was 218 percent, which was 23 percent higher than the target of 195 percent. The GIR continued to deteriorate in 2014, reaching 221 percent, significantly exceeding the objective of

184.70 percent by a margin of 36.30 percent. The GIR, however, fell to 154 percent in 2015, exceeding the anticipated 174 percent with a -20 percent deviance. From the established targets, the GIR continued to decline until 2022, when the proportion of overage and underage children started to climb once more. The GIR in 2023 is 119.40 percent, which is 7.40 percent more than the desired GIR of 112. This means that the GIR is moving further away from the anticipated outcome. It is important to note that in 2023, the GIR for girls is 118 percent, while it's somewhat worse for boys at 120.8 percent.

9.3.1.1.3 Net Enrolment and Gross Enrolment Rates

To provide a contextual overview, it is noteworthy that enrolment figures underwent a positive and consistent growth between 2013 and 2020, as it trended from 4.50 million to 5.42 million, respectively. Nevertheless, a shift in this trend occurred in 2021, resulting in a decline to 4.96 million. This downward trajectory persisted, with a further decrease to 4.94 million in 2022, followed by a subsequent improvement to 5.30 million in 2023.

With respect to metric of NER, for boys began in 2013 at a comparatively high rate of 111 percent, but it gradually decreased until it reached 88 percent in 2023. It is estimated to stagnate at 88 percent by 2025, however, the NESIP target in that reference period is 92 percent. The NER for girls began at 111 percent in 2013 and gradually declined to 88 percent in 2023 against the NESIP 2025 target of 95 percent.

The GER for boys was at of 134 percent in 2013, fluctuated, and witnessed a major decline to 118 percent in 2022, but the GER worsened in 2022 reaching 126 percent. The rates experienced notable increases in 2014, 2015, and 2017–2018, reaching 136 percent, 133 percent, and 135 percent, respectively. The estimated GER for boys in 2025 is 120 percent against a policy target of 107 percent. The GER for girls began at 131 percent in 2013 and varied in a downward trend to 2022, when it was 109 percent; however, in 2023, the GER suddenly worsened to 130 percent, which is one percentage point lower than it was ten years earlier. There were notable peaks in 2014, 2015, and 2017–2018, with rates of 133 percent, 134 percent, and 136 percent, respectively. The projected GER target for girls in 2025 is 117 percent against the NESIP target of 111 percent.

9.3.1.1.4 Dropout Rate and Percentage of Dropouts Re-admitted.

The percentage of pupils abandoning school in a particular year is measured by the dropout rate. Male's dropout rates increased from 3.3 percent in 2019 to 4.8 percent in 2022 before dropping slightly to 4.0 percent in 2023. The dropout rate for males is projected at 4.7 percent and 4.95, for the years 2024 and 2025 respectively. Like males, the female dropout rate grew from 3.5 percent in 2019 to 4.7 percent in 2022, then slightly declined to 4.0 percent in 2023. The dropout rates for females are projected at 4.6 percent and 4.8 percent for the years 2024 and 2025 respectively.

The percentage of students readmitted in the current year compared to the dropout rate in the previous year is known as the readmission rate. The readmission rate for males fell from 64.4 percent in 2019 to

36.0 percent in 2023. A further decline to 26.6 percent and 19.8 percent, respectively, is predicted for 2024 and 2025. The readmission rate for females, also fell from 58.0 percent in 2019 to 36.0 percent in 2023. A further fall to 26.6 percent and 19.8 percent, respectively, is predicted for 2024 and 2025.

9.3.1.1.5 Repetition Rate

Repetition rates have generally increased for most Standards over time, indicating that more students are repeating grades. This trend may suggest issues related to preparedness and the lack of access to Early Childhood Education (ECE). The primary school completion rate for both genders was relatively low, with males having a lower completion rate than females in 2019. By 2023, completion rates had decreased, and the gender gap persisted. Achieving the 2025 target of 60 percent will require focused efforts, especially for boys and addressing gender disparities.

The average repetition rate between 2019 and 2023 has worsened despite the divergent patterns in various grade levels. There is a general upward trend in the percentage of learners repeating grades, as it has gone from 21 percent to 25 percent. This total increase is alarming because it means that more children are not effectively progressing to the next grade; hence, the goal of bringing down the average repetition rate to 14 percent by 2025 may not be achieved.

9.3.1.1.6 Primary School Completion Rate

The primary completion rate provides insight into the internal efficiency and potential waste of the educational system.

The analysis of the 2019–2023 primary school completion rates suggest certain difficulties in achieving the 2025 target of 60 percent. In 2023, male completion rate stands at 46 percent and for females it stands at 50 percent, a drop from 57 percent and 55 percent respectively.

9.3.1.1.7 Number of Low-Cost Community Led Classrooms Constructed

Community-led classrooms involve local communities in addressing the lack of school infrastructure by actively participating in planning, construction, and management. Driven by community members, these initiatives promote accessible learning environments. Collaboration between the government and communities enables cost-sharing, resource mobilization, and active involvement in building and maintaining the facilities.

In comparison to the target of 20,000 facilities by 2025, there has been negligible progress based on annual successes in community-led schools. The rate of annual performance has changed over the years, reaching its highest level of 627 classes in 2020 and its lowest point of 31 classrooms in 2023. The target of 20,000 community-led schools will not likely be met by 2025 based on this trend. The primary education sub sector secured resources that would see the construction of 10,900 cost-effective classrooms, which potentially reflect as 68 percent achievement rate. Additional resources and efforts could be needed to realize the NESIP mid-term target.

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

9.3.1.2.1 Pupil Teacher Ratio and Pupil Qualified Teacher Ratio

When considering both qualified and untrained teachers, the analysis of the Pupil Teacher Ratio (PTR) and Pupil Qualified Teacher Ratio (PqTR) offers important insights into the teacher-student ratio and the availability of competent teachers in the primary education system. All teachers are considered by the PTR, regardless of their level of qualification. The PTR has demonstrated a good tendency over time, progressively lowering from 69:1 in 2013 to 62:1 in 2023.

The PqTR has also improved, but with some peaks and valleys. The PqTR was 76:1 in 2013 and has dropped to 64:1 in 2023. This reveals progress in ensuring that a greater percentage of primary school teachers are certified and sufficiently trained, which improves the standard of instruction given to the learners.

9.3.1.2.2 Pupil Textbook Ratio (English and Chichewa)

The pupil textbook ratios for English and Chichewa at various standard levels in 2023 is as follows:

i. English: The ratios are between 1.46 and 10.3, showing a huge variance in the accessibility of English textbooks. The ratios for grades 1 and 2 are better than the intended 2025 target of 2, which raises the possibility of a more equitable distribution of textbooks and more individualized access to the books by learners.

ii. Chichewa: The ratios follow a similar trend to English and vary from 1.53 to 10.64. The ratios for grades 1 and 2 are slightly better than the 2025 target, demonstrating improvement in the distribution of Chichewa textbooks. The ratios for higher standard levels are, nevertheless, excessive, and much outside of the desired range, emphasizing the need for additional initiatives to lower the student textbook ratio.

iii. Mathematics: The ratios in mathematics range from 5.76 to 11.16, with the highest ratios in grades 3 and 4. These ratios are much higher than the 2025 target of 2, indicating that the availability of mathematics textbooks must be improved. The Government has already secured the necessary resources to achieve a one-to one ratio for numeracy subjects in primary education by the year 2024.

9.3.1.2.3 Primary Pupil: Permanent Classroom Ratio

The provision of adequate infrastructure in schools continues to be a huge 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 42,896 in 2018 to 50,420 in 2023, representing 18 percent overall increase. The number of classrooms has increased at a 4 percent average rate annually from 2018 to 2023.The PpCR declined from 98 to 102.5 between 2022 and 2023. Overall, the PpCR performed poorly against the yearly targets.

9.3.1.2.4 Primary School Leaving Certificate of Education Pass Rate

The number of candidates who passed the PSLCE has shown a consistent upward trend, starting from 158,319 in 2013 and peaking at 226,808 in 2021. There was a slight drop to 216,680 candidates passing in 2022, which has further declined to 210, 324 in 2023.

The PSLCE pass rates fluctuated with time, going from 68.25 percent in 2013 to 66.90 percent in 2014 to a peak of 83.83 percent in 2021 before dipping slightly to 83.24 percent in 2023. From 2016 to 2023, the pass rate maintained constantly above 75 percent, suggesting an improvement in performance all around. It is quite probable that the NESIP 2025 target of 88 percent for the PSLCE pass rate will be met based on the present trend and estimates.

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

A thorough analysis of the Common Zonal Test (CZT) revealed that 2,290 schools, or 39 percent of the total 5,878 schools, actively participated in the test throughout different districts around the nation. A total of 341,218 pupils took the tests, with 174,175 of them being female and constituting 51percent of the test-takers overall. This amounts to a sample size of 22 percent from a student population of 1,557,087, where 50 percent of standard 3 and 4, are females. It's crucial to highlight that the upcoming CZT test for the following year will be expanded to encompass all schools. This adjustment indicates that the sample population will align with the entire enrolment population for the targeted grades.

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

9.3.1.3.1 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 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 standardised infrastructure that supports the delivery of quality education and creates an optimal learning environment for students.

It is crucial to recognise that the NESIP target of having all primary schools subscribe to the minimum infrastructure package by 2025 may not be met. It is unlikely that all schools would successfully renovate their facilities to meet the necessary requirements within the given timeframe. Several issues must be resolved to successfully implement the minimum package. The availability of sufficient resources to enable infrastructure development in schools is one of the important aspects. Making the necessary renovations and enhancements to satisfy the criteria becomes difficult without enough resources.

9.3.2 Secondary Education Subsector

The secondary education strategic direction points firmly towards increasing access, ensuring equity, and improving the overall quality of this educational journey during the remaining seven years of NESIP. The development goal calls for not only building physical structures but also strengthening the building blocks of education with well-equipped technologies and competent teaching-learning resources. It emphasises the crucial role of educators, especially those working in STEM fields and incorporates decentralisation through the involvement of district authorities and communities as active partners in the coordination of educational growth.

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

Reflecting on ensuring equitable access to secondary education, especially for marginalized learners, significant progress has been achieved in the key priority actions.

The first action focuses on expanding secondary school infrastructure, to improve accessibility. Impressively, the report highlights the completion of 30 schools within the review period, with an additional 44 out of 51 schools boasting a completion rate surpassing 73 percent. This aligns with the government's ambitious plan to construct a total of 284 schools by 2025, exceeding the NESIP mid-term target of 235. Further, 103 secondary schools are being upgraded and were reported to be 40 percent complete during the reference period. Substantial external financing has been secured to support these endeavours, complemented by domestic resource mobilization through taxation and revenue generation, specifically allocated to the construction of 34 schools of excellence.

The second priority action centres on expanding Open and Distance e-Learning for secondary education, a critical step in enhancing accessibility. Significant strides have been made in developing the ODeL Policy and the Open Secondary School Strategy, in harmony with the government's vision for a more accessible secondary education system. In fact, the government is undergoing the development of instructional materials in 15 subjects.

Regarding the third key priority of expanding access for vulnerable students, the report highlights the provision of bursaries to 25,086 students during the review period. However, it's important to note that the target for 2025 stands at 40,000 students, signifying the commitment to increasing support for this demographic.

Notably, these key interventions are expected to significantly enhance equitable access to secondary education. Recent admission statistics indicate that out of 170,000 applicants, 96,112 students were admitted, representing a 56 percent admission rate.

9.3.2.1.1 Number of New Public Secondary Schools Constructed

Building 284 secondary schools around the nation is part of an ambitious plan by the government and Development Partners (DPSs). 30 urban Community Day Secondary Schools (CDSSs) were upgraded in 2022, while 30 new rural CDSSs were built and opened in January 2023. A total of 51 new school projects will also commence building in 2023/24, the same fiscal year in which 8 rural CDSSs will be built and completed by the end of 2023. The Ministry has also identified locations for the construction of 34 Secondary Schools of Excellence in the six pilot districts of Chikwawa, Phalombe, Mangochi, Lilongwe, Nkhotakota, and Rumphi. A consultant is now finalizing the detailed plans, and construction work is anticipated to start in the 2023/2024 FY.

Considering the ongoing construction projects and the planned expansion efforts, there is a reasonable likelihood of meeting the mid-term target set by NESIP, to have constructed 235 schools by 2025.

9.3.2.1.2 Number of Classrooms Constructed in Existing Schools

Compared to the base year of 2019, when there were 6,701 classrooms, there has been noticeable development and progression in secondary schools between 2020 and 2023. The total number of permanent classrooms increased by 1,109, or 7.3 percent, for three years, from 6,379 in 2019 to 7,488 in 2023. Temporary classrooms increased in number from 322 in 2019 to 420 in 2023, an increase of 7.4 percent. The total number of classrooms built is 1207, consisting of 1,109 permanent and 101 temporary ones. The NESIP's goals of constructing 600 classrooms by 2030 and 300 classrooms by 2025 have both been surpassed. With an expected total of 8,610, including 8,091 permanent and 519 temporary classrooms, respectively, the predictions for 2024 and 2025 indicate additional progress.

9.3.2.1.3 Number of Beneficiaries for Bursaries of Needy Student

A look at the secondary education bursary program between 2019 and 2023, as shown in Figure 2, reveals some interesting patterns. The number of applicants rose dramatically throughout this time, reaching a peak of 113,348 in 2023 after growing by an astonishing 83 percent from 61,738 in 2019. The significant increase in demand serves as a reminder of the growing importance of financial aid for secondary school. The number of recipients did not rise in tandem with the increase in applications, though. Rather, it dropped from 30,138 in 2019 to 25,086 in 2023 representing 17 percent decline in the number of beneficiaries.

The acceptance percentage for the bursary varied over time as well, starting at 49 percent in 2019 and reaching a peak of 50 percent in 2021. It abruptly decreased to just 22 percent in 2023, further emphasizing the disparity between the number of applications and recipients. There could be several explanations for the decrease in the acceptance rate, including a lack of funds, strict eligibility requirements, or increased competition for a limited number of slots. The latter may indicate a possible imbalance between supply and demand. The secondary education bursary program's NESIP 2025 target is to assist at least 40,000 students per year.

9.3.2.1.4 Gender Parity Index

GPI values have varied over the years, indicating an overall upward trend from 2013 to 2017. However, it is noteworthy that the actual values have not consistently met the target values set for each year.

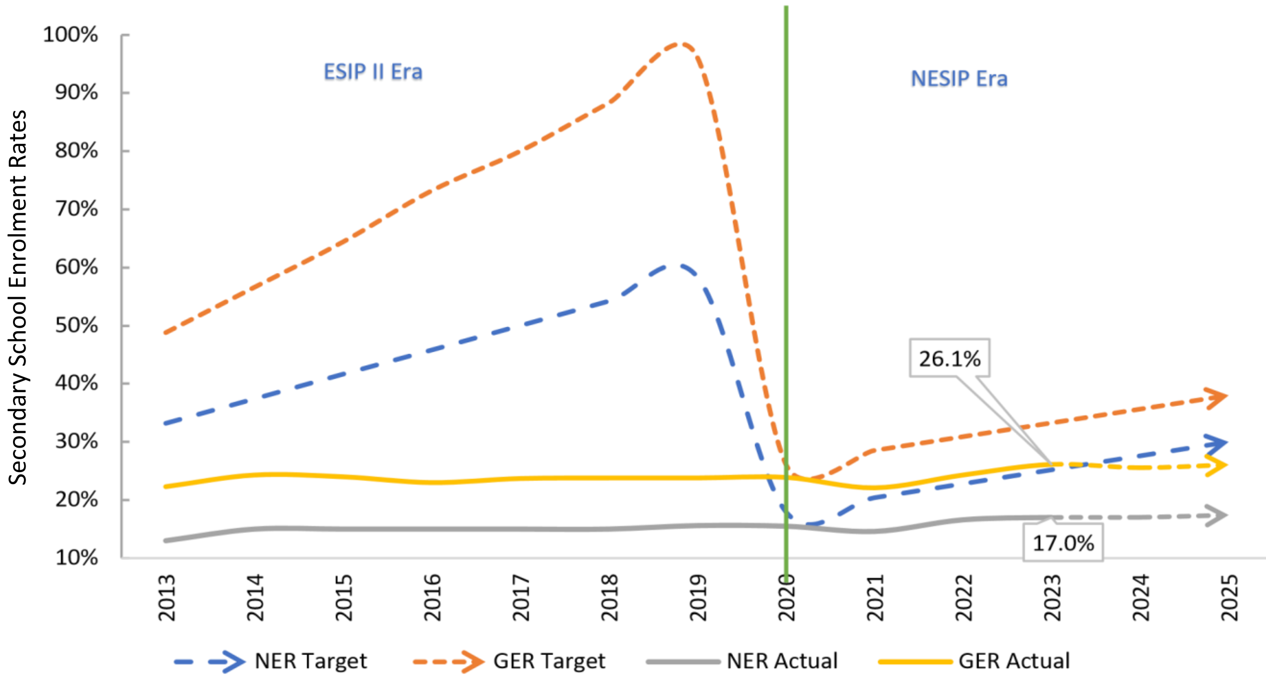
Starting from 2018, there has been a decline in the GPI, with the index dropping from 1 (indicating gender parity) to 0.94. This decline signifies a bias in enrolment towards males during this period. Subsequently, the GPI has demonstrated a gradual recovery, reaching 0.97 in 2023. This indicates progress towards gender equality, but the ratio still leans towards favouring male enrolment.

9.3.2.1.5 Gross and Net Enrolment Rates

The NER values have persistently lagged the targets, with only a very slight improvement seen in 2022 and beyond as displayed in Figure 9.3. The NER remained constant at 15 percent from 2013 to 2018, which was much below the targets set, during the ESIP II period. The NER increased slightly to 15.6 percent in 2019 as NESIP implementation became imminent, the NER further improved and has reached 17.0 percent in 2023. Despite some progress, the actual NER values remained well below the goals set for each individual year. This tendency is concerning since it suggests that only 17 percent of the school-age population have access to secondary education.

Shifting our focus to the GER, we observe a consistent pattern where the GER values remained below the targets throughout the analysed period. The GER values exhibited relatively little change, hovering around the range of 22 percent to 26 percent. Despite minor fluctuations from year to year, the GER did not demonstrate substantial progress in meeting the set targets. As of 2023, the reported GER stands at 26.1percent, indicating that there is an overage or underage enrolment rate of 9.1percent in secondary education.

FIGURE 9.2: TREND AND PROJECTIONS OF GER AND NER BETWEEN 2013 TO 2025.



Source: Ministry of Education

9.3.2.1.6 Primary Transition Rate

Male transition rates varied throughout the following years, with numbers ranging from 37.3 percent to 47.5 percent in 2023. The female transition rates increased gradually between 2013 and 2019, although they weren't as high as desired. Like the rates for men, there were variations in the years that followed, with values ranging from 37.8 percent to 47.0 percent in 2023.Overall, although the male and female transition rates have improved over time, they continue to fall short of the goals set in NESIP.

9.3.2.1.7 Dropout Rate

The dropout rate was 5.6 percent in 2013 and fell to 3.4 percent in 2014. The rate however, slightly rose to 4.7 percent before levelling off at about 4.8 percent in the following years. The dropout rate however, significantly rose in 2019, reaching 13.3 percent. The inability to pay school fees was the second most common cause of this rise in dropout rates, after unidentified causes.

Remarkably, the dropout rate dropped to 10.0 percent in 2020, and further drops were seen in 2021 (10.3 percent) and 2022. (6.0 percent). The dropout rate was below 5.0 percent by 2023.

It is reassuring to notice a considerable drop in the dropout rate when looking at the predictions for 2024 and 2025. The expected rates are 2.7 percent and 0.7percent, respectively, which are both significantly lower than the NESIP mid-term target.

Among the many crucial elements that lead to the persistently high secondary school dropout rates are the following: the inability to cover tuition fees, which is a notable barrier to further studies. Due to financial constraints, students commonly drop out of school early, which denies them the opportunity to acquire the knowledge and skills they need for a better future. Dropout rates are further exacerbated by the high rates of early marriage and childbearing among female students. The responsibilities and challenges that accompany pregnancy or marriage usually make it difficult for them to continue their education.

9.3.2.2 Improved Quality and Relevance of Secondary Education

Reflecting on the progress of the key priority actions, there is a mixed landscape of achievements and pending initiatives. Firstly, in respect to reviewing and revising curriculum implementation guidelines and practices, no progress has been made. This priority action appears to have encountered delays or obstacles in its implementation, warranting further attention and focus.

Moving on to the priority action of improving the Student-Qualified Teacher Ratio (SqTR), with a particular emphasis on STEM subjects and the supply of TLMs, even though there are high SqTRs above 200 for both Science and Mathematics, as highlighted in the report, recruitment efforts for 2,295 teachers is underway. As for the TLMs, commendable progress has been made in the procurement and distribution of critical resources. Specifically, 1,292,976 math and science textbooks have been procured and distributed, surpassing the work plan target of 1,166,667. Furthermore, an additional 84,000 textbooks, 158,000 charts are in the process of procured. The procurement of science equipment and computers (1,800) is also underway. These achievements signal a positive trajectory in enhancing the quality of education, particularly in STEM subjects.

However, in terms of designing and implementing a national Continuous Professional Development (CPD), model that operationalizes the CPD National Framework (2018), no discernible progress has been reported. This priority action appears to be stagnant and necessitates renewed efforts and focus to align with national education goals.

9.3.2.2.1 Percentage of Secondary Schools with Student Qualified Teacher Ratio

About 32 percent of the schools have a student percentage of secondary schools with SqTR greater than 40:1. About 3 percent of schools lack qualified teachers. The midterm NESIP target of a maximum of 40 percent of the schools with a SqTR greater than 40:1 has been met.

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

In 2019, the baseline SqTR for English was 190, however, the indicator reached 212 by 2022, having significantly deteriorated. The SqTR, however, fell to 208 in 2023, a slight drop. There will be a significant decrease in the number of teachers required by 2025, since the goal is set at 90. Without considerable interventions, it is unlikely that the goal of having 90 competent English teachers by 2025 would be achieved based on the current trend.

The baseline ratio for Mathematics in 2019 was 158, but unfortunately, conditions worsened in the years that followed. The SqTR reached 361 by 2022, showing a widening discrepancy between the number of math students and teachers. The ratio fell to 269 in 2023, though, signalling a little improvement. Despite this development, there is still little teacher-student interaction in mathematics, which limits the possibility of better learning outcomes in the field. It is crucial to hire more proficient math educators to address this problem. The goal for 2025 is set at 75, highlighting the requirement for a significant decrease in the student-teacher ratio to improve the quality of instruction in mathematics.

In terms of the SqTR, Physical Science had severe hurdles. With a baseline ratio of 561 in 2019, there was already a grave scarcity of trained teachers. Unfortunately, the SqTR reached an all-time high ratio of 1109 in 2022. By 2023, however, there had been a little improvement as the ratio dropped to 983.

The Ministry actively engaged in the training of a dedicated cohort of secondary school teachers in collaboration with higher education institutions, namely; Nalikule College of Education (NCE), Domasi College of Education (DCE), University of Malawi (UNIMA), Mzuzu University (MZUNI), and Malawi University of Business and Applied Sciences (MUBAS). These training initiatives were specifically intended to improve the skills of 1,244 teachers from 13 districts in the subjects of science and mathematics. The science subjects covered were biology, chemistry, and physics.

9.3.2.2.3 Secondary Student Classroom Ratio

There have been variations in the Secondary Student Classroom Ratio (SCR) and Student Permanent Classroom Ratio (SpCR) between 2013 and 2023. The SCR values were in the range of 54.0 to 66.3, while the SpCR values were in the range of 58.0 to 69.0. However, neither ratio exhibits a definite trend toward a decline or an increase. The NESIP mid-term target of 50:1 has been exceeded by the SCR in 2023, which is recorded at 61.4, and the SpCR, which is reported at 64.9. This shows that the Ministry has made positive strides towards achieving the SCR NESIP 2025 target.

9.3.2.2.4 Percentage of schools with ICT Integration

The distribution of ICT integration varies across districts, with percentages ranging from as low as 0 percent to as high as 27 percent, while the national average is around 11 percent. However, there is a lot that is required to meet the NESIP goal of 40 percent ICT integration by 2025.

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

An essential milestone has been achieved in the education sector with the establishment of a foundational system for continuous assessment in the subjects of mathematics and biology. This strategic initiative encompasses the development of crucial educational tools, including specialized instructional booklets and comprehensive teacher guidelines. Teachers have undergone rigorous training programs to ensure their adeptness in effectively implementing the continuous assessment methodology. This training has equipped them with the necessary skills and insights to administer continuous assessments that accurately gauge students' understanding and progress.

The forthcoming launch of the continuous assessment system holds significant promise for enhancing the quality of education delivery. However, it's important to note that the system's implementation is currently pending the official sanction from the Government.

9.3.2.2.6 Malawi School Certificate of Education Pass Rate

In general, the pass rate's serial evolution from 2012 to 2023 shows a combination of successes and failures. There have been years when the trend has clearly increased, but there have also been years when it has decreased.

In general, the serial progression of the pass rate from 2012 to 2023 exhibits a mix of gains and setbacks. There have been years when the trend has clearly increased, but there have also been years when it has decreased. From 2012 to 2023, there was a sequential increase in the Malawi School Certificate of Education (MSCE) pass rate. The pass percentage for the exam in 2012 was 51.95 percent, meaning that little under half of the candidates received a passing score. The pass rate gradually increased over the following few years, reaching 52.60 percent in 2013 and 55.66 percent in 2014. The pass rate rose steadily, albeit with minor slowdowns, reaching 55.63 percent and 58.51 percent in 2016. The pass rate significantly increased the following year, in 2017, reaching 61.90 percent, demonstrating a noticeable rise in student achievement. The pass rate fell marginally to 60.41 percent but remained very high as compared to earlier years. The pass rate, however, suffered a significant setback in 2019, falling to 50.42 percent. The pass percentage fell even lower in 2020, to 41.49 percent, underscoring, the persistent difficulties in ensuring academic achievement for all children. Despite these setbacks, a noticeable improvement was seen in 2021, when the pass rate increased to 51.99 percent. The pass rate reached 58.44.30 percent in 2022, the highest level ever but dropped to 54.4 percent in 2023.

9.3.2.3 Improved Governance and Management of Secondary Education

Reflecting on the progress of key priority actions, it is evident that there is a diverse range of accomplishments and ongoing efforts in the pursuit of enhancing secondary education in the country.

Firstly, concerning the decentralization of the secondary school subsector, significant groundwork has already been laid. A Situation Analysis has been conducted, leading to the provision of recommendations. Furthermore, a task force has been established to spearhead this crucial process, and the establishment of Boards of Governors is in progress. On the establishment of a school-based data collection and management system, about 74 Cluster Education Management Information System (CEMIS) have been identified and supported with prior orientation to the EMIS system. There TORs include managing all secondary school data including annual school census and cohort tracking. On average they are about 2 CEMIS have been assigned to an education district.

Regarding the development and implementation of an annual Secondary School Improvement Plan (SSIP) in collaboration with school personnel, students, and the community, the process has been initiated with the development of SSIP Manuals and the commencement of training in 13 districts. This approach is poised to contribute positively to improved learning outcomes.

However, there are priority actions where progress appears to be lagging. The review and implementation of a secondary education quality assurance strategy and practices, as well as the institution of standardized public financial management practices, have not seen advancement during the review period. These areas require attention and dedicated efforts to align with the objectives of enhancing education quality and financial transparency.

In the aspect of enhancing school supervision, advisory, and inspection to bolster learning outcomes, the report highlights a concerning trend. According to the findings, a significant 85 percent of schools remained uninspected during the first term, with this figure marginally increasing to 86 percent in the second term and further rising to 88 percent in the third term. These statistics are indicative of a substantial lack of supervisory visits in the majority of schools, with 78 percent in the first term, 80 percent in the second term, and 84 percent in the third term lacking any supervisory oversight. This situation raises serious implications for the quality of education and the ability to monitor and improve learning outcomes effectively. It underscores the pressing need for more rigorous and consistent school supervision to ensure educational standards are met and maintained.

9.3.3 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 under review.

9.3.3.1 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:

9.3.3.1.1 Gender Parity Index (for Enrolment in Public University)

In the year under review, the GPI in the public universities and colleges, stood at 0.67 based on a cumulative total enrolment of 24,485 for male against 16,543 for female. However, the NESIP target for 2025 is 0.8. The GPI value for ODeL students in public universities is at 0.78 compared to the 0.67 for the generic students.

The GPI value for private HEIs is at 0.88 based on the total enrolment of 6,534 female students and 7,390 for male. The GPI score for ODeL students in private universities was 0.56 as opposed to 0.88 for generic students.

9.3.3.1.2 Number of New Public Universities Established

As part of achieving access and equity to university education, the Ministry aspires to establish an additional 7 public universities by 2030 with a target of at least 4 new universities established by 2025. On this NESIP indicator, it is worth noting that with the delinking of the constituent colleges of the then government's University of Malawi, 3 new universities were established in 2021: KUHeS which merged the former College of Medicine and Kamuzu College of Nursing (KCN); MUBAS which was formerly known as the Malawi Polytechnic; and the University of Malawi, formerly Chancellor College. The delinking of UNIMA has further increased access to higher education and improved governance and management of public universities.

It is also important to note that construction of the first phase of the Inkosi Ya Makhosi Mmbelwa University (IMMU) in Mzimba District estimated at MWK30 billion, commenced in 2023 with procurement processes of the contractors at an advanced stage. The first phase includes the construction of learning and office spaces, staff houses, students' accommodation, and a shopping complex. This project phase is expected to run from October 2023 to June 2025. If the completion of the first phase of the IMMU project meets the June 2025 deadline, the Ministry will have met the mid-term target of establishing 4 new universities. The establishment of IMMU will increase access to higher learning and promote specialization as it will have a special focus on veterinary medicine and animal science.

Nonetheless, given the capital-intensive nature of construction projects, it is improbable that the target of 7 new universities by 2030 can be achieved using the traditional approach. Hence, there is a need to prioritize implementation of the following strategies to ensure that equitable access to higher education is increased, thereby exceeding the target goal of 2030.

i. Establishment of the Open University of Malawi (OUM) for which conceptualization phase is already at an advanced stage.

ii. Expansion of existing academic programs, faculty staff and infrastructure in the already established universities. It is pleasing to note that through PSIP, a lot of expansion projects are taking place in public higher education institutions. Similarly, through support from the

SAVE Project and with support from different development partners, public higher education institutions have embarked on massive infrastructure development. One good example is the expansion of DCE which is being supported by the Japanese Government.

iii. Fostering collaborations between the government, private sector entities and international universities to share resources and expertise in establishing new universities.

9.3.3.1.3 Total University Enrolment (Public and Private)

There are strides made in the efforts to increase access to higher education mainly due to the introduction of new programmes, expansion/introduction of ODeL programmes, opening of new campuses, infrastructure development and introduction of weekend classes among the many strategies being implemented by both public and private HEIs. Evidently, enrolment has significantly increased between 2019 and 2023 from 45,099 recorded as the baseline in the NESIP to 56,624 in 2022 and 63,533 in 2023 representing an increase of 51.5 percent.

The enrolment in the private HEIs has increased for both male and female students. In this case, the available data shows that for male students alone, the increase has been from 5,230 in 2019 to 14,206 in 2023 representing 152 percent. Likewise, for the female enrolment, the increase represents 187 percent from 4,971 in 2019 to 14,727 in 2023. This underscores the complimentary role that the private sector is playing in as far as increasing access to higher education is concerned.

9.3.3.1.4 Percentage of Girls and Disadvantaged Students Enrolled and Retained in Different Programmes including STEM

One of the NESIPs targets for 2025, is to ensure that 40 percent of girls and underprivileged students are enrolled and retained in different programs, including STEM. The cumulative proportion of 45 percent recorded in 2023, already exceeds the mid-term target for 2025 of 40 percent.

Further analysis of the data suggests low participation of learners with special needs within the category of disadvantaged students. The available data shows that a total of 133 with special needs individuals were enrolled in 2020/21 fiscal year in the public and private institutions, and a total of 112 Special Needs Education (SNE) students were recorded in the 2021/22 fiscal year. The pattern showed a decline in the number of SNE students in higher education. Then, a total of 202 were recorded in 2022/23 fiscal year which represented an increase of 55 percent from the previous year. The types of impairment include low vision to blindness, physical disabilities, albinism, learning difficulties, hard of hearing and deafness.

9.3.3.1.5 Total Number of Students Offered Loans

The high cost of higher education, limits access for the needy and the vulnerable students. As such, the provision of loans and scholarships to needy, vulnerable, and deserving students in both public and private universities, remains one of the key strategies that the Ministry is using, in order to implement and support to ensure equitable access to higher education. An analysis of the available data demonstrates that the number of loan beneficiaries in higher education has been increasing over the years at both private and public institutions. The number of loan beneficiaries has increased from 7,435 in 2017 to 22,423 in 2023.

It is worth noting that both male and female students have high loan approval rates, with successful loan applications for both genders ranging from about 73.6 percent to 95.7 percent. There is a great need to institute and promote a more sustainable and inclusive loan program that benefits a wider range of students and supports their educational aspirations.

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

Between 2020 and 2030, the Ministry seeks to improve skills, quality and relevance of higher education for the industry or the market. As such, the Ministry has come up with several strategies in the NESIP 2020-2030 which include accreditation of both public and private HEIs; training of lecturers in HEIs to Masters and PhD levels; encouraging institutions of higher education to publish their research work; promoting business, innovation, and technology incubation centres, establishing centres of excellence, and quality assurance systems including quality assurance units in higher education institutions.

While there are several indicators that are used to track sector performance in improving skills, quality, and relevance of education at all levels, for purposes of this report, the following indicators have been highlighted for the higher education sub-sector:

9.3.3.2.1 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.

The available data suggests that number of research publications increased between 2020 and 2022. Table 9.2 summarizes key trends and achievements from the analysis of research papers published by higher education institutions from 2013 to 2022.

The cumulative number of research papers published during the NESIP period (2020-2023) exceeds the 198 research publications target set for 2025 and the 300 publications target set for NESIP 2030. This accomplishment, shows that higher education institutions' have strong dedication to research and knowledge creation.

9.3.3.2.2 Number of Business Innovation and Technological Incubation Centres 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 17 such centres between 2020 and 2030. At the baseline year in 2019, the Ministry recorded zero number of established business and technology centres. To date, the Ministry has recorded eight (8) such centres established in higher education institutions as detailed in the Table 3 below.

TABLE 9.2: BUSINESS INNOVATION AND TECHNOLOGICAL CENTRES

No	Business Innovation and Technological Centre	Host University
1	Innovation POD	MUBAS
2	Business Incubation and Entrepreneurs HUB	MUBAS
3	Design Studio	MUBAS
4	African Drone and Data Academy (ADDA)	MUST
5	Industrial Park	MUST
6	Design Studio	MUST
7	ICT Incubation Centre	MZUNI
8	Agri – Business Hub	LUANAR

Source: DHE

The total number of 8 established business innovation and technological centres in 2023, shows that the Ministry is on track towards meeting a total target of nine (9) such centres by 2025.

9.3.3.3 Efficient and Effective Governance and Management System Established

The higher education sub-sector's plan for 2020-2030 is to focus on establishing an efficient and effective governance and management system. Some of the priority actions spelt out in the NESIP include: operationalisation of newly established universities (that were delinked from UNIMA) and aligning of higher education institutions to the National Qualifications Framework (NQF). While the operationalisation of delinked universities is on track, as the institutions are making good progress in terms of development of strategic plans and conducting functional reviews, one of the indicators that requires further tracking is the number of institutions aligned to NQF.

9.3.3.3.1 Percentage of Higher Education Institutions Aligned to the NQF

The Higher Education Qualifications Framework (HEQF) was successfully developed by the National Council for Higher Education (NCHE) in 2020. This will be merged with the General Education, Teacher Education, and TEVET Qualifications Frameworks into a unified National Qualification Framework (NQF). It is anticipated that the NQF will become fully operational within the following one to two years. It should be noted that the NESIP mid-term goal was to have at least 50 percent of HEIs aligned to the NQF, however without an endorsed NQF, the status of the indicator remains uncertain. NCHE is working together with the Ministry of Education and other stakeholders to finalize the NQF to ensure a thorough and consistent approach.

9.4 Development Projects

9.4.1 Infrastructure Development Projects Under Skills for a Vibrant Economy

The Ministry is also undertaking a variety of infrastructure development projects through the Skills for a Vibrant Economy (SAVE) Project to support Malawi's human capital development for a vibrant economy, equitable growth, and development through improved youth skills. Table 9.3, lists infrastructure development initiatives that were started in 2022 and will be carried out by public HEIs as part of the SAVE project by June 2025 with support from the World Bank.

TABLE 9.3: INFRASTRUCTURE DEVELOPMENT PROJECTS UNDER SAVE IN HEIS

Institution	Project Description
DCE	Construction of ODeL Hub
NCE	Construction of a Skills Centre
UNIMA	Construction of a Teaching and Learning Centre
MUST	Construction of 2 Lecture Theatres (of 250 seating capacity each)
LUANAR	Construction of 1 Textile and Fashion Design Learning Complex
MUBAS	Construction of a 2-Storey (ground + 1 floors) Building to house classrooms, a workshop, Laboratory, e-libraries facilities and offices.
MZUNI	Construction of an Entrepreneurs Training and Incubation Center

KUHeS - CoM	Construction of an Integrated Teaching and Innovation Hub incorporating a School of Dentistry; Centralised Teaching and Research laboratories and shared lecture theatres; a Teaching and Learning Development Centre; an ODeL unit; a Telemedicine and Continuing Professional Development unit, and an Innovation & Entrepreneurial hub
KUHeS – KCN	Construction of a Teaching Complex (4 Classrooms, 2 Science labs) and an ODeL space
HESLGB	Construction of an Office Building

Source: Ministry of Education

In the year under review, most of the beneficiary institutions were at different preliminary stages of the infrastructure development including designs and ESIA, as for UNIMA and KUHeS, they had the designs ready for implementation and were awaiting clearance to proceed with other planned activities related to construction.

9.5 Budget Achievements

The approved budget for the Ministry of Education Vote 250 for the 2023/2024 FY, was MK 165.7 billion, an increase over the MK115.4 billion allocated for the 2022/2023 fiscal year (FY). A total of MK109.3 of the MK165.7 billion was allocated to the recurrent budget, and MK56.3 billion allocated toward development expenditures. Personal Emoluments (PE) received MK74.7 billion from the MK109.3 billion of the recurrent budget, representing for 68 percent of the total recurrent budget, while Other Recurrent Transactions (ORT) received MK34.35billion, or 32 percent of the total recurrent budget. Development Budget Part I had an approved budget provision of MK43.1 billion whilst Development Budget Part II had an approved budget provision of MK13.2 billion. The table 9.4 highlights the budget performance of the 2023/24 Education Vote 250 Budget Performance.

TABLE 9.4: 2023/24 EDUCATION VOTE 250 EXPENMDITURE ANALYSIS AS OF DECEMBER 31, 2023 (IN MK 000,000).

Budget Category	2022/23 Approved Budget	2022/23 Revised Budget	2023/24Approved Budget	2023/24 Revised Budget	Funding	Expenditure	Budget Utilization	percent Change 2022/23 vs 2023-24
Recurrent Budget								
PE	43,001,824,141	57,956,056,701	74,744,076,481	75,895,653,418	47,404,431,014	47,387,637,263	63%	29percent
ORT	26,335,988,760	25,636,127,114	34,572,214,964	34,475,417,854	13,841,317,131	9,390,808,570	27%	35percent
Recurrent Total	**69,337,812,901**	**83,592,183,815**	**109,316,291,445**	**110,371,071,272**	**61,245,748,145**	**56,778,445,833**	**52%**	31percent
Development								
Part I	34,270,024,855	70,179,486,982	43,188,785,595	84,832,842,177	14,683,825,817	14,683,825,817	34%	-38percent
Part II	11,850,000,000	3,070,397,513	13,200,000,000	16,340,457,965	2,990,039,101	2,777,104,712	21%	330percent
Development Total	**46,120,024,855**	**73,249,884,495**	**56,388,785,595**	**101,173,300,142**	**17,673,864,918**	**17,460,930,529**	**31%**	-23percent
Vote 250 Total	**115,457,837,756**	**156,842,068,310**	**165,705,077,040**	**211,544,371,414**	**78,919,613,063**	**74,239,376,362**	**45%**	6percent

Source: Integrated Financial Management Information System (IFMIS)

The 2023/24 Financial Year's funding and expenditure figures only covers nine of the year's twelve months. The funding and expenditure percentages for the education vote 250 were 48 percent and 45 percent, respectively.

Under recurrent budget, Personal Emoluments was funded, 68 percent of the approved amount and utilized 100 percent of the funded resources; while Other Recurrent Transaction was funded 40 percent of the approved amount and utilized 68 percent of the funded amounts.

In terms of funding for the Development Budget, a total of MK2.9 billion in development budget resources under part 2 (financed by the government) was funded, and MK2.7 billion was spent, representing a 93percent utilization rate; whereas for development budget resources under part 1 (financed by development partners), a total of MK14.6 was funded and MK14.6 was spent, representing a 100 percent utilization rate.

9.6 Key Implementation Challenges

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

i. Limited spaces in secondary education, which denied young learners from accessing secondary school education services. Currently the transition rate for secondary school is at 42.5 percent indicating that about 58 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, large class sizes and inadequate numbers of classrooms in schools and resource centers

iv. Ambitious and growing complex governance arrangements have resulted in inefficient education delivery in Malawi.

v. Lack of special needs resource rooms in primary and secondary schools

vi. Limited capacity of teachers on inclusive education hence need to expand training programs on inclusive education.

vii. Inadequate provision of TLMs and assistive technologies

9.7 Science, Technology and Innovation

The Government continues to prioritise Science, Technology and Innovation (STI) for sustainable development of Malawi. This is evidenced by various systems, activities and policy decisions the government has undertaken in the year 2023/24 that aim at boosting the performance of the STI sector. The report provides achievements through efforts by Government and various stakeholders in the STI sector in the country.

9.7.1 First ever Government Financed Patent for Unified Electrical Power Amplifier (UEPA)

Through Science and Technology (S&T) Fund, NCST supported the incubation, patent application and approval process of the UEPA technology. The innovator Grant Kankhulungo is one of the many grassroots innovators that NCST is promoting in the country.

The innovation is still being improved as further tests on amplification factors are needed to be conducted before it can be pushed for market readiness. Exporting such home-grown technologies can help bring forex and boost import cover to improve the balance of payments positions for the country.

9.7.2 Awarding of Technology and Innovation Grants (TIGs) to Local Innovators

Noting the challenge that Malawi has in the form of a high appetite for imports of foreign technologies and how it drains local forex reserves, NCST executed a call for proposals under the Technology Innovation Grants (TIGs) in September 2023. The aim of the TIGs is to promote the commercialization of locally produced innovative technologies and support the development of small and medium enterprises (SMEs) for wealth creation and sustainable development. TIGs have earmarked technologies in the electronics sector. The deadline for the submission of proposals was October 10, 2023. Upon receiving the applications, the first step was to conduct an initial screening of applications in terms of compliance to the call. This exercise took place from 14 to 15, October 2023, during which 30 applications were received from applicants and 16 applications were accepted for peer review. Following peer review, which was held from 8 to 10 November 2023, a maximum of 8 project proposals were selected for the pitching stage.

UNDP provided some financial support towards the pitching event which was conducted with the objective of convincing stakeholders and to get the potential investors' attention. Pitching of TIGS project proposals was held on 27 November 2023 at Crossroads Hotel in Lilongwe. The total grant value for TIGs was 40 million Kwacha. The first four winners were awarded 10 million Malawi kwacha from the S&T Fund. Refer below for the recipients of the TIGS.

UNDP provided some financial support towards the pitching event which was conducted with the objective of convincing stakeholders and to get the potential investors' attention. Pitching of TIGS project proposals was held on 27 November 2023 at Crossroads Hotel in Lilongwe. The total grant value for TIGs was MK40 million. The first four winners were awarded MK10 million from the S&T Fund. Refer to Table 9.5 for information on the recipients of the TIGS.

TABLE 9. 5: TIGS RECIPIENTS

Name of Innovator	Title of Project
Daniel Kwizombe	Production of Eka-Lite LED bulbs
Nouriceutic foods	Improvement of electrical cabinet dehydrator for drying instant beans and sweet potatoes flakes
Benidictor Kankhulungo	Production of Unified Electrical Power Amplifier (UEPA)
Joshua John	House Power bank

Source: NCST

NCST, however, recommended that there is need for more financial resources to be allocated to the TIGS, with high impact in order to reach many innovators in the country and to ensure that there is more impact from the STI initiatives. These projects should be aimed at promoting and accelerating import substitution.

9.7.3 Review of Science, Technology and Innovation Policy (STI Policy)

In the year 2023/24, the Government through the Ministry of Education continued to demonstrate its commitment to improve the enabling environment by initiating the review of the Science, Technology and Innovation Policy (2003), necessitated by the adoption of Malawi 2063 and other regional policy frameworks such as STISA 2034 (Draft). The Draft Policy is expected to be finalized and launched in the financial year 2024/25 after thorough consultations are completed. The STI Policy is expected to be transformative and aligned to current policies that have implicit or explicit impact on STI to make Malawi attain a lower middle-income status by 2030.

9.7.4 Development of the National Framework of Industry and University Engagement

Through the USAID funded and Michigan State University (MSU) facilitated project, Transforming Higher Education Systems (THES) Grand Challenge 3.4: Improving the Policy Environment to Promote Research and Innovations in Malawian higher education institutions, National Task Group Co-Leaders, National Commission of Science and Technology (NCST) and Lilongwe University of Agriculture and Natural Resources (LUANAR) Vice Chancellor (VC) are facilitating the development of the national Framework for supporting Industry and University (academia) engagement. The first 12 months workplan was approved at a cost of $24,905. The development of the national framework will promote engagement of higher education institutions and industry, and increase research-industry partnerships that will address the critical issues currently facing the development and adoption of university-led innovations. While there are pockets of collaborations and adoptions of innovations by the industry, there is no national standardized approach to address the inadequate collaboration and partnerships between the private sector and the research sector, so as to fast-track adoption of local innovations. The project goals for industry-university engagement, include the following:

i. Conduct a landscape analysis/assessment of the existing HEIs and industry partnership models to generate learning to inform the development of national framework for higher education and industry engagement to promote commercialization of innovation;

ii. Conduct a desk review of higher education and industry partnerships existing within Malawi and the region – learning from universities outside the country.

iii. Develop the National Higher Education and Industry partnership framework.

The project will endeavour to ensure participation of women scientists. A deliberate initiative will be taken to include women scientists identified from established female scientist networks such as the SADC national chapters of "Women in Science, Engineering, and Technology (WISET)", national chapter of Women Scientists Network (WISTNET) and the Organisation of Women in Science and Development (OWSD) under the Malawi Academy of Sciences.

9.7.5 The Launch of the Grand Challenges Malawi (GCM)

The 30th of August 2023 marked an important milestone when the Honourable Minister of Education, Mrs Madalitso Kambauwa-Wirima launched Grand Challenges Malawi initiative at Bingu International Convention Centre (BICC), Lilongwe, Malawi. The goal of GCM is to support the most creative scientists in Malawi to collaborate with their partners in Africa and globally, in implementing research that fosters innovation in solving the most critical development challenges in Malawi and Africa. Launched under the theme “Unlocking Strategic Investments Through Collaborative Research” the Grand Challenges Malawi has a fully developed strategy with the following objectives:

i. To strengthen the national innovation ecosystem, build capacity and capabilities of local researchers/ innovators and build Research and Development (R&D) infrastructure in Malawi;

ii. To leverage resources and expertise from public, private and development partners for effective and efficient execution of priority areas of research and innovation

iii. To optimise financing of the value chain of research and innovation from ideation, discovery, development, delivery and transition to scale

iv. To launch a request for proposals (RFP) to solicit applications from scientists in Malawi to collaborate with their partners in Africa and globally, to implement research that fosters innovation in solving the most critical development challenges.

Today, GCM has helped Malawi to be initiated in the Global Grand Challenges family following the participation of Malawi in the Grand Challenges Annual General Meeting which was organized by the Bill and Melinda Gates Foundation in Dakar, Senegal. The President of Global Health, Dr Trevor Mundell was pleased to announce the incorporation of Malawi and Rwanda into the global family of Grand Challenges.

The initiative implements the National Research Agenda priorities and currently, Malawi has been included in the climate and health/agriculture 2.0 Request for Proposal which will be advertised in May. The challenge for GCM is the need to match funding from the Bill and Melinda Gates Foundation with reasonable amount of US dollars for research and innovation. NCST hopes to receive additional funding through S&T Fund by Treasury.

9.7.6 The Launch of National Guidelines on Technology Transfer and Commercialization

A 2019 study by NCST through Scinnovent Centre funding from Kenya, focussing on innovation and commercialization infrastructure, revealed the existence of critical gaps between the research community and the industry. This gap eventually inhibits the transfer of technology and intellectual property from research to the industry or to the intended users of research results/innovations. This missing link was attributed to the absence of a clear technology transfer system anchored by a technology transfer office (TTO) responsible for identifying, protecting and commercializing intellectual property (IP) in research and development (R&D) institutions.

It is against this background that NCST through the National Committee on Innovation, Technology Transfer and Science Competitions (NCITTSC), has developed procedures and guidelines for technology transfer and commercialization in Malawi to provide directionality in the conduct of technology transfer and commercialization.

The development of Maker Spaces, Technology Transfer and Commercialization Centres as advocated by MIP-1 for the expansion of businesses, innovations and technological innovation centres (such as fabrication labs, makers spaces, innovation hubs, innovation garages and technology parks, technology and commercialization centres) in higher education institutions will be properly guided following the development of National Guidelines on Technology Transfer and Commercialization. In this way, innovation garages such as Malawi University of Science and Technology (MUST), as well as various private Innovation Hubs (including mHub, iMoSyS, NextGen Innovation Lab, Mzuzu E-hub among the notable ones) will benefit from the guidelines.

9.7.7 The Implementation of SADC Indigenous Knowledge Systems Workshop (IKS) at Sunbird Livingstonia Hotel from 29 November to 1st December 2023

The SADC Secretariat has been convening biennial regional policy exchange experts' workshops on IKS with the first being hosted by South Africa in 2004, the second in 2007 (Zambia), the third in 2009 (Seychelles), the fourth in 2011(Namibia) and the fifth in 2014 (Botswana). These regional workshops served as platforms to promote policy dialogue and sharing of experiences on IKS and facilitate regional cooperation on IKS. The SADC Protocol on Science, Technology and Innovation of 2008 recognises the need to develop, value and promote IKS and technologies. At the fifth policy workshop held in Botswana it was agreed that Malawi would host the sixth policy workshop followed by Angola to host the seventh. During the June 2021 Ministerial meeting, the Republic of Malawi confirmed to host the sixth policy workshop in 2022 and this decision was reaffirmed in Kinshasa in June 2023.

The Ministers further urged Member States to fast track the development of national Indigenous Knowledge Systems policies and report progress annually during the ministerial meetings. This 6th SADC IKS workshop is a continuation of the series of the regional IKS policy workshops, with the view to map the implementation of the approved IKS policy tools and instruments within the SADC member states. This workshop was endorsed by the SADC Ministers for Higher Education and Training, Science, Technology and Innovation during the SADC Ministerial Meeting on Higher Education, Science, Technology, and Innovation which was held at the Republic of Congo in June 2023. The declaration was made that the Government of Malawi should host the 6th IKS workshop before end of the 2023/24 Financial Year. To this effect, the Honourable Minister asked NCST to lead the hosting of the workshop from 29th November to December 1, 2023 in Salima with the approval of the Office of the President and Cabinet (OPC).

9.7.7.1 Recommendations made during the 6th SADC IKS Conference in Malawi

I. Member states must introduce capacity building programs necessary for IKS Policy development and implementation. The programs should prioritize community-driven approaches that empower indigenous knowledge holders to become active participants in decision-making processes of IKS Policy development and implementation.

i. Capacity building programs in IKS should be designed to support indigenous practitioners and knowledge holders in enhancing skills, networks and access to resources.

II. Member States should develop IKS Policies that have practical applications to contribute sustainable, equitable and a culturally diverse world.

III. The guidelines have been endorsed and approved by the SADC Ministers for adoption by the Member States. The guidelines are available in French, English and Portuguese to the Members. Countries should follow the guidelines in formulating their national IKS Policies.

IV. The SADC Secretariat should continue supporting the member states through capacity development initiatives (e.g. trainings), to ensure adoption of the guidelines in their national context.

V. Member States are encouraged to fast track the development of their IKS policies while exploring different types of funding models for the development and implementation of the IKS Policies

VI. SADC Protocol on STI puts an emphasis on IK-based innovations and technologies for industrialisation of the region.

VII. Member States should explore protection strategies and mechanisms of IP of traditional/indigenous knowledge holders and benefit sharing arrangements.

VIII. The 4IR has arrived and is here to stay! Member States should embrace and incorporate it into their national IKS Policies.

IX. Private sector involvement is crucial in the development of value chain for indigenous foods in the SADC region

9.7.8 The Approval of Malawi's first-ever Technology Transfer Office in a Public University Space and Orientation of TTO Staff on the Operations of Technology Transfer

On September 4, 2023, the National Commission for Science and Technology (NCST) visited Malawi University of Business and Applied Sciences (MUBAS) and officially presented the results of the application for the establishment of a Technology Transfer Office (TTO). The TTO aims at fostering innovation, facilitating collaboration between academia and the industry, and promoting the commercialization of research outcomes. The orientation session was attended by faculty members, researchers, and administrative staff from various departments across MUBAS. The session aimed to provide an in-depth understanding of what is required of MUBAS to successfully run the TTO. The session started with the presentation on the success of MUBAS application. The key highlights from the orientation session include the following:

i. **Registration and Certification:** It was announced during the orientation that the official registration of MUBAS TTO was completed on August 16, 2023. The office is now recognized as a formal entity within the university and Malawi.

ii. **Role of TTO within MUBAS**: The orientation emphasized that the TTO would act as a central point of contact for all technology transfer-related matters. It will work closely with researchers and faculty members to identify and protect intellectual property, explore commercialization opportunities, and connect with industry partners.

iii. **IP Management:** MUBAS should incentivize researchers with potential IP for commercialization just as they incentivize publications. They were also asked to create awareness of the TTO and IP issues in general.

iv. **Launch of TTO:** The launch of the TTO will be held jointly with the launch of the UNIPO funded by UNDP in February or March 2024. It is expected that His Excellency, the State President may preside over the event.

9.7.9 Challenges in Science, Technology and Innovation (STI) Promotion and Coordination

i. Malawi's industrialization path is weak. It needs to be driven by research, science and technology development as stated in MIP-1. However, research and development financing at all levels is still very low as evidenced by the 0.17 percent Gross Expenditure on Research and Development as a percentage of GDP.

ii. Deliberate efforts must be made by Treasury to increase the S&T fund so that the academia-industry partnership frameworks can be supported using models of R&D financing, that have been tested and are highly regarded as best practices.

iii. The launch of Grand Challenges Malawi requires robust sustainable financing, if Malawi is to implement the National Research Agenda to ensure that local innovations are developed to create import substitution effect.

Chapter 10

TOURISM

10.1 Overview

Tourism is one of the fastest-growing sectors that plays a pivotal role in bolstering the global economy. The sector accounted for 7.6 percent of the global Gross Domestic Product (GDP), 295 million global jobs, and 9.0 percent of the world's jobs in 2022, according to the World Travel and Tourism Council (WTTC). As the sector continues to recover from the impact of the COVID-19 pandemic, it is projected to contribute 9.2 percent and 9.6 percent to global GDP and global jobs in 2023, respectively. In Malawi, tourism is aptly prioritized in the long-term development strategy for the country, the Malawi 2063 (MW2063), due to its marked contribution to socio-economic development, job creation, and poverty reduction. In parallel with its direct positive impacts on GDP, foreign exchange earnings, and employment at the national level, the sector provides unique livelihood opportunities for women, youth, and other vulnerable groups of people in the country. It further 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 performance since 2021 as the impact of the pandemic subsided.

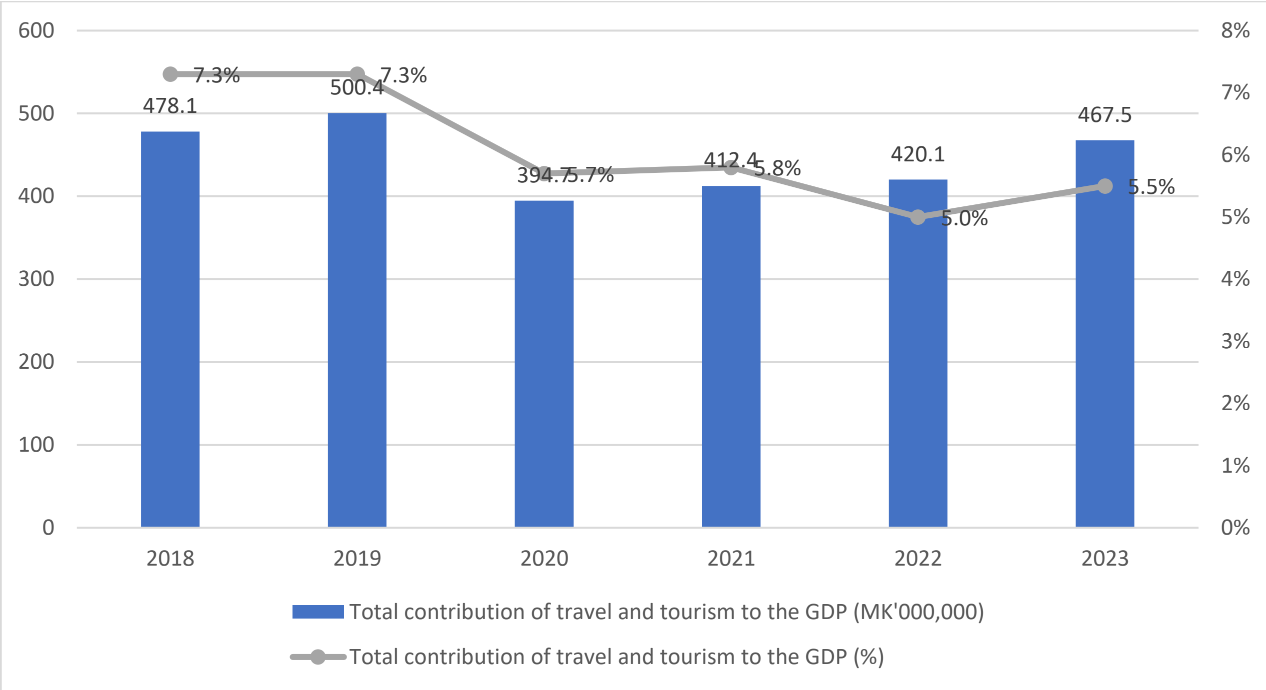
10.2 Performance of the Tourism Sector in Malawi

The performance of the tourism sector in 2022 and the projected performance for 2023 show steady progress towards a similar 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 Price (GDP)

The total contribution of travel and tourism to GDP was MK420.1 billion in 2022 in real terms and was projected at MK467.5 billion in 2023. This contribution represents 5.0 percent and 5.5 percent of GDP in 2022 and 2023, respectively. The performance shows that the tourism sector continues to make progress towards accomplishing the contribution of MK500.4 billion reported in 2019, before the sector was devastated by the negative impacts of COVID-19. The contribution of travel and tourism to GDP declined to MK394.7 in 2020 following the COVID-19 pandemic impacts before picking up to MK420.1 billion in 2021 as the tourism sector began to recover from the impacts of the pandemic. Figure 10.1 shows the contribution of the travel and tourism sector to GDP between 2018 and 2023.

FIGURE 10.1: CONTRIBUTION OF TOURISM TO GDP

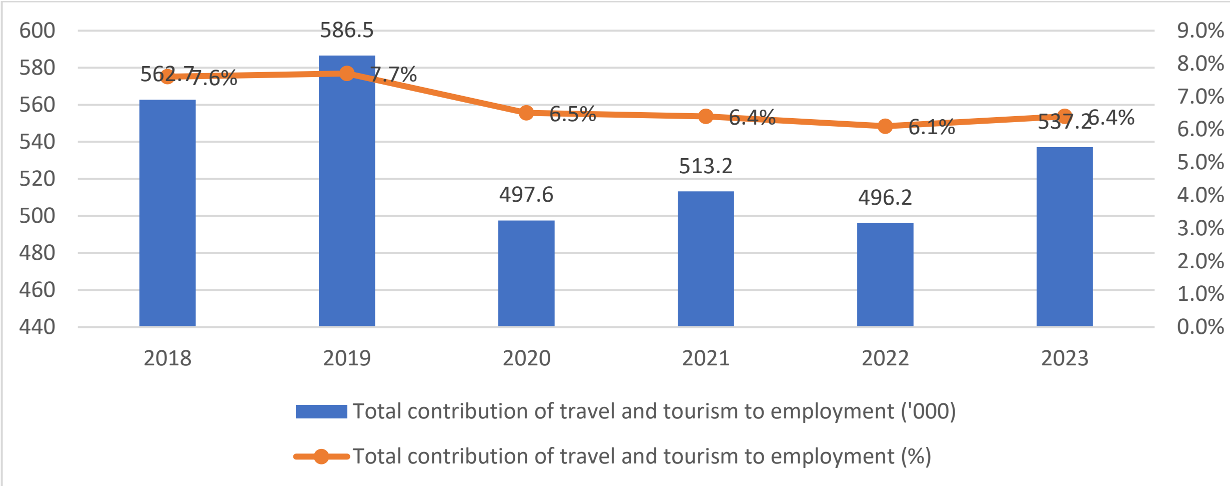


Source: World Travel and Tourism Council (WTTC)

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 before it was disrupted by COVID-19 impacts in 2020. In 2022, the tourism sector contributed 496.2 thousand jobs through direct employment in tourism sector and indirect employment in sectors linked to it. This contribution to employment is estimated to have reached 537.2 thousand jobs in 2023. The relative contribution of travel and tourism to employment in the entire economy was at 7.7 percent in 2019, 6.1 percent in 2022 and was projected to be at 6.4 percent in 2023. Therefore, the negative impact of COVID-19 on employment in the tourism sector is also being reversed following the sector's recovery in 2021. Figure 10.2 illustrates the contribution of travel and tourism sector to employment between 2018 and 2023.

FIGURE 10.2: CONTRIBUTION OF TRAVEL AND TOURISM TO EMPLOYMENT

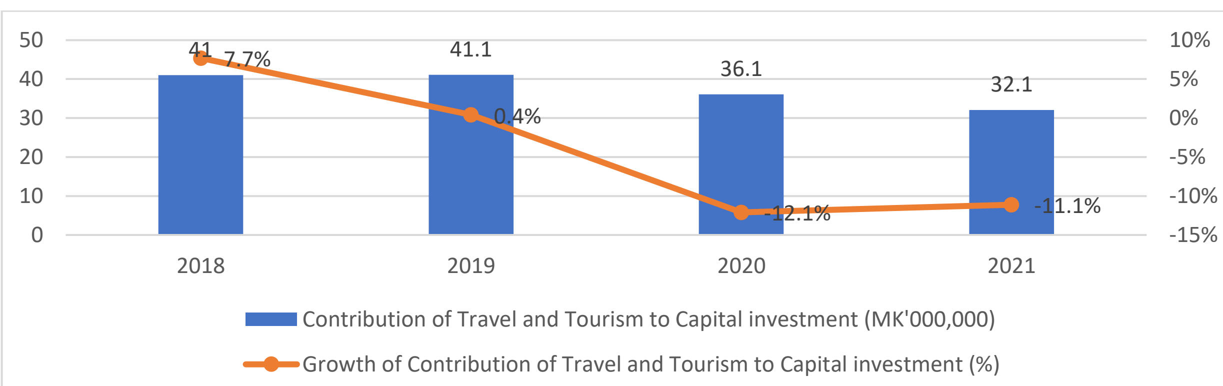


Source: World Travel and Tourism Council (WTTC)

10.2.3 Contribution of Travel and Tourism to Investment

Investment in tourism sector was estimated at MK41.1 billion in real terms, in 2019 before declining to MK36.1 billion in 2020 and MK32.1 billion in 2021. The growth in investment in the tourism sector declined steeply from 0.4 percent in 2019 to -12.1 percent in 2020 before slightly improving to -11.1 percent in 2021. It is expected that investment in the tourism sector will 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 sector to investment between 2018 and 2021.

FIGURE 10.3: CONTRIBUTION OF TRAVEL AND TOURISM TO INVESTMENT

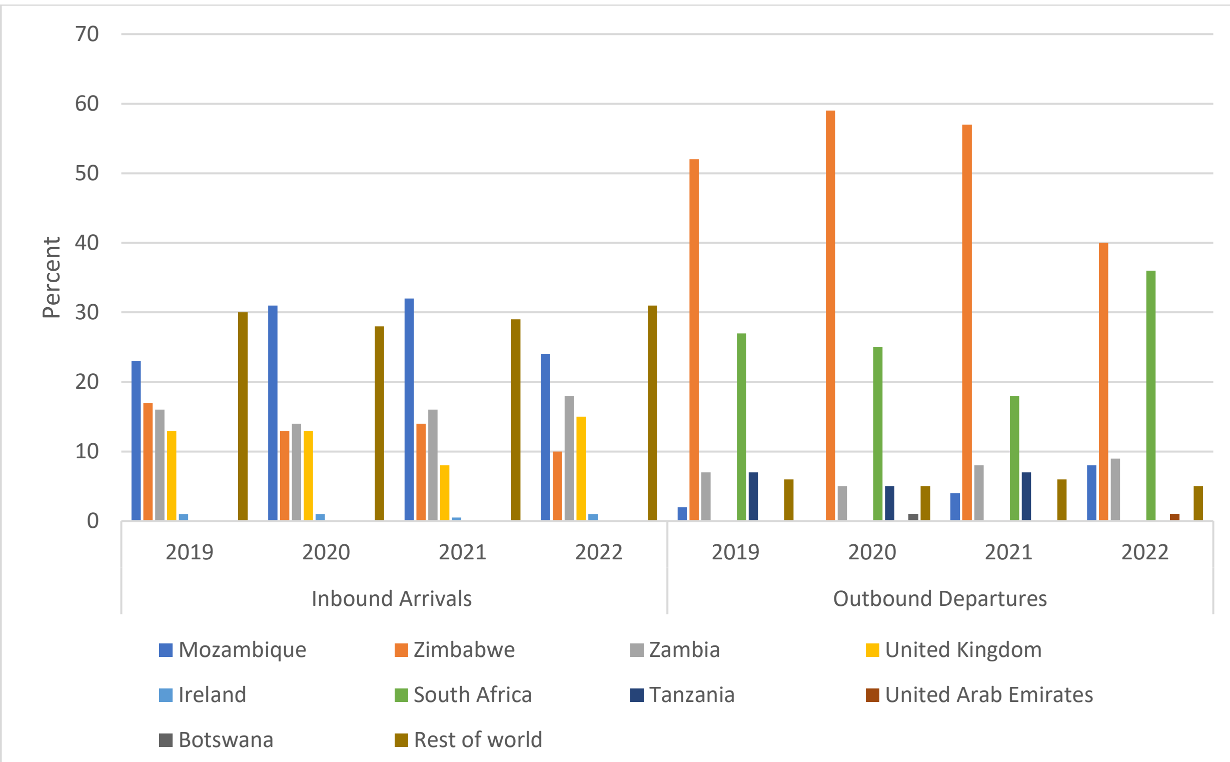


Source: World Travel and Tourism Council (WTTC)

10.2.4 Inbound Arrivals and Outbound Departures for Yearly top five countries

Malawi tourist destinations received most international tourists from Mozambique followed by Zambia and the United Kingdom in 2022. In terms of outbound departures, most Malawians visited Zimbabwe followed by South Africa and Zambia in 2022. The trend of top five countries in terms of inbound arrivals and outbound departures, has almost been steady between 2019 and 2022. Figure 10.4 highlights the top-five countries for inbound arrivals and outbound departures between 2019 and 2022.

FIGURE10.4: INBOUND ARRIVALS AND OUTBOUND DEPARTURES FOR YEARLY TOP FIVE COUNTRIES

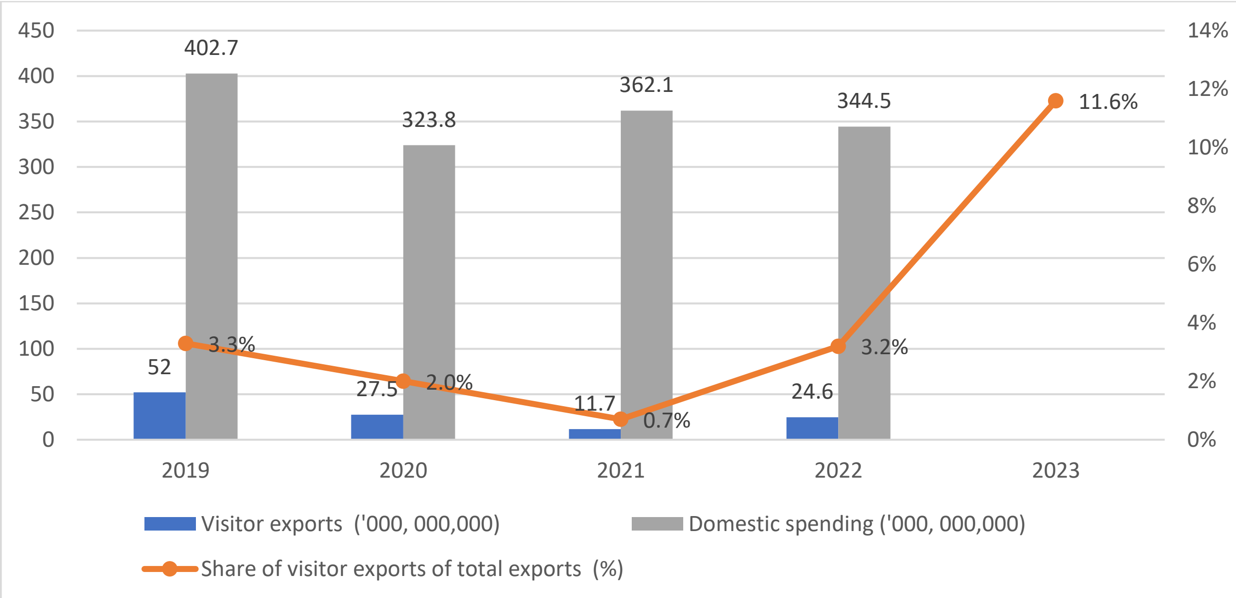


Source: World Travel and Tourism Council (WTTC)

10.2.5 Tourism Spending

In 2022, visitor exports declined by almost half to K24.6 billion compared to MK52 billion, in 2019. Furthermore, domestic tourism expenditure also declined marginally to MK344.5 billion in 2022 compared to MK402.7 billion, in 2019. Visitor exports constituted 3.2 percent of exports in 2022 compared to 3.3 percent in 2019. However, it was projected that visitor exports will increase sharply to 11.6 percent of exports in 2023, following the intensification of tourism promotion and awareness campaigns in the sector. Figure 10.5 shows tourism export and domestic travel and tourism spending between 2019 and 2022.

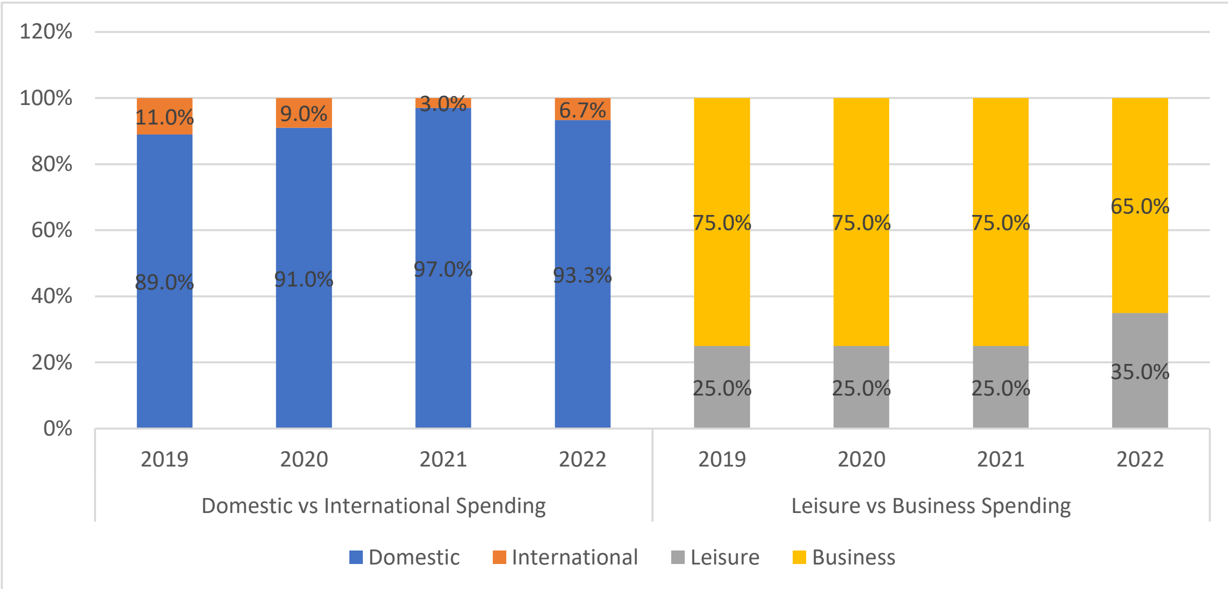
FIGURE 10.5: TOURISM EXPORT AND DOMESTIC TRAVEL AND TOURISM SPENDING



Source: World Travel and Tourism Council (WTTC)

As illustrated in Figure 10.5, most tourism spending constitutes domestic expenditure unlike international spending. In 2022, domestic spending constituted 93.3 percent of tourism spending compared to 89 percent of tourism spending in 2019. Most tourist spending is for business purposes, comprising 65 percent of tourism spending in 2022. Between 2019 and 2021, business tourism spending was at 75 percent. Figure 10.6 shows the share of domestic and international spending as well as leisure and business spending.

FIGURE10.6: 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 of the land is currently not secured and zoned to cater for such investments, thereby deterring potential investors. In addition, uncompetitive investment incentives discourage local and foreign direct investment in the high potential tourism sites. To address these challenges, the Ministry of Tourism is collaborating with the Ministry of Lands, Ministry of Local Government, Unity and Culture, Ministry of Finance and Economic Affairs and the Local Councils, to ensure that land is secured and zoned for tourism investments. Further, the Ministry of Tourism is also working with the Malawi Investment and Trade Centre and the Public-Private Partnership Commission to secure investors in the 103 project sites as highlighted in the National Tourism Investment Masterplan.

10.3.2 Poaching and Illegal Wildlife Trade

Poaching and illegal wildlife trade continue to pose the biggest threat to wildlife conservation in the country. To address this, law enforcement initiatives in protected areas as well as outreach and in-reach programs are being intensified, to curb illegal exploitation of wildlife resources and increase awareness, which are critical components of tourism in the country.

10.3.3 Underdeveloped Tourism Products

Malawi's diversity of natural, cultural and man-made attractions is generally underdeveloped. These include sites and events linked to cultural, colonial, and religious heritage and the lakeshore, mountains and protected areas. As a result, the competitiveness of Malawi as a tourism destination within the region is weakened. To address this, the Ministry is focusing its initiatives on two strategic areas: product development and destination marketing. Implementation of the Ministry's activities is aimed at ensuring that the various touristic sites are well-developed, to attract tourists.

10.4 Lessons Learnt

The key lessons for the tourism sector learnt in the reporting period is that collaboration, coordination and active participation at national, regional and global tourism events, can assist to clear bottlenecks and develop tourism in the country.

10.5 Projected Performance of the Tourism Sector

The projected performance of the tourism sector in the 2024/25 is as presented in Table 10.1. The estimated projections are subject to the changing macroeconomic environment and other factors that affect tourism investments in Malawi.

TABLE 10.1: PROJECTED PERFORMANCE OF THE TOURISM SECTOR IN 2024/25

Indicator	**2024/25 Projection (%)**	**Success factors**	**Risks and Assumptions**
Growth of tourism direct contribution to GDP	5.6	Increased tourist spend	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 tourism
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 of Integrated Rural Development and Decentralization Sector

The experience of Malawi since the adoption of the National Decentralization Policy (NDP) in 1998 has been marred by both success stories and challenges. Previous studies such as the Malawi Human Development Report underscored the imperativeness of deepening decentralization as a means of achieving advancement in all aspects of social and economic development in rural and urban areas across Local Authorities (LAs). In this regard, the government has demonstrated commitment towards ensuring that there is an increasing flow of resources, both human and financial, to the LAs which are central in the delivery of improved services to the local communities.

The Ministry of Local Government, Unity, and Culture has also prioritized the strengthening of legal and institutional frameworks in order to deliver policies and interventions that are responsive to the increasingly dynamic economic environment. Examples of such efforts include the review of the Local Government Act, the National Decentralization Policy (NDP), the Chiefs Act, the Traditional Leaders Policy and efforts towards formulating the Rural Development Policy. Having repositioned the Department of Urban Development from the Ministry of Lands to the Ministry of local Government, Unity, and Culture, the government has reemphasized its resolve to harness synergies and improve coordination of development interventions. Through technically backstopping LAs to fulfil their mandate of formulation and popularisation of Local Development Plans (LDPs), the Ministry has been a steadfast advocate of the bottom-up approach to development.

Central to the mandate of the Ministry is to effectively coordinate devolution processes. This fundamental process is envisaged as a catalyst for achieving the MW2063 and the MIP-1. Upon effective devolution, there will be enhanced service delivery of socio-economic development across the LAs. Despite being faced by various systemic and unique bottlenecks, success has been registered. The Ministry continues to engage non-devolved catalytic sectors such as energy, transport, tourism, and mining to accelerate the devolution process for the greater good.

To ensure that the Ministry is responsive to MW2063 enabler 5 on human capital development, the Ministry has facilitated the training of over 1500 extension workers across the country in effective facilitation of the LDP process. As a result, 27 out of 35 councils have formulated their Village Action Plans (VAP) and are on track to finalizing their Social Economic Profiles (SEP) and ultimately District/Urban Development Plans (DDPs/UDPs).

Having taken up the mandates under Civic Education, National Unity, Arts, and Censorship, the Ministry, in the 2023-2024 financial year, has had to reposition itself at the epicentre of meaningful transformation. As the leader of Pillar 3 (Urbanization), the Ministry of Local Government and National Unity has been responsible for the provision of leadership to achieve the targets across the entire Pillar Enabler Coordination Group (PECG). The Ministry has worked through the Urban Development Directorate to respond to the unique needs of urban areas. While a lot of challenges still remain, the enhanced coordination offers hope. This has called for a closer working relationship with other MDAs, such as the NPC.

This chapter highlights the achievements that have been attained during the 2023/24 FY in response to the strategic focus of the local government sector as stipulated in the acts, policies, LDPs, MIP-1, and SDGs.

11.2 Performance in the 2023/24 Financial Year

11.2.1 Major Achievements During the 2022/23 Financial Year

During the 2023/24 financial year (FY), the Ministry implemented programmes and projects that support the actualization of the MW 2063, such as:

i. Continued construction of DCs offices, Rural Growth Centers (RGC), Chiefs Houses, and district stadiums;
ii. Implemented performance-based Grants (PBG) and financing system for LAs through the $100 million Governance to Enable Service Delivery (GESD) project;
iii. Coordinated the implementation of the Investing in Early Years project (IEYP) for productivity and growth in collaboration with other Project Implementing Entities (PIEs);
iv. Supported all Local Authorities and trained over 1500 extension workers on effective LDP processes;
v. Modernized the VAP process through digitization;
vi. Establishment of the Malawi Peace and Unity commission;
vii. Development of the Civic Education bill;
viii. Developed asset devolution plans;
ix. Commencement of the construction Orton Chirwa Mausoleum;
x. Preservation of 400 museum artifacts and specimen and development of retrieval system;
xi. Facilitation and coordination of consultative meetings on Karonga, Kasungu, Luchenza, Chipoka and Bangula Secondary Cities with the respective Councils;
xii. Facilitation of the preparation of the Urban Structure Plan, Disaster Reduction Management Plan and Disaster risk Atlas for Blantyre City under the Malawi Risk and Disaster Reduction Management Program (MRDRMP); and
xiii. Preparation of concept notes for diaspora city hubs, Urban research, Urban development Bill, Urban Observatory and Kanengo road corridor project.

11.2.2 Progress on Programs and Projects

12.2.2.1 Rural Growth Centres (RGCs) Development Programme

Rural areas in Malawi are characterized by inadequate economic infrastructure, poor service provision, high unemployment rate and rising poverty. The implementation of an integrated rural development strategy is envisaged to be a catalyst for wealth creation in the rural and semiurban areas in line with MW2063.

During the period under review, the Ministry continued implementing works at medium and large scales under the RGCs at Mkanda, Chitekesa and Nambuma. Phase I works at both Mkanda and Chitekesa were completed while phase II works at Chitekesa and Nambuma are on-going and substantial progress is being registered.

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 and still constructing	Works in progress (60 percent completion rate)	Work in progress
Chitekesa (Works pertaining to Phase 2)	1.Community Library 2.Community Hall 3. Bus Depot	1. Still constructing, roofing, plumbing and other assorted works 2. Building Completion, roofing, plumbing and other works 3. Still constructing Construction activities	Works in progress (60 perzcent completion rate)	Work in progress
Chapananga	1.Market kiosks 2. Market sheds 3. Bus depot 4. Drainage works Electricity Water is there pumping tank awaiting electricity	1. Installation of ESCOM Transformer 2. Not reported 3. Not reported 4. Not reported	Works in progress (98percent completion rate). Official hand over done for the council to start using the market although electricity is not yet connected.	There is need of upgrading access roads to the site. Phase I works are complete and Phase II works are awaiting approval of addendum and resource mobilization. Phase II works include the construction of a community hall, library and ground.

Mkanda	1.Market kiosks 2. Market sheds 3. Bus depot	1. Filling of pits in the markets 2. None 3. None	Works in progress (98percent completion rate). Official handed over to council done to start using the structure as the Ministry is still in the process of engaging ESCOM on power connection	There is need of upgrading access roads to the site. Phase I works are complete and Phase II works include the construction of a community hall, library and ground.

Source: MoLGUC, 2023

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 which the Ministry is working to resolve. MoLGUC is committed to the successful completion of these projects because of their catalytic role in rural development and potential to curb rural-urban migration. It is envisaged that the investments that will be made in RGCs will create a conducive environment for wealth creation and the prosperity of the rural populace.

11.2.2.2 Markets Development Programme (Urban and Rural Markets)

The Market Development Programme is designed to create structured platforms for the exchange of goods and services in both rural and urban areas to improve the livelihoods of people. The programme involves erecting requisite amenities in trading places to ensure sanitation, safety, and security. During its years of implementation, the Markets Development Programme has offered economic opportunities to individuals and communities to participate in economic activities and improve their earnings while expanding revenue mobilization capabilities of local authorities.

Six markets have been completed and handed over to Local Authorities except for Kapiri Market. However, the challenge is delayed electricity and water connections which affects utilisation of the market structures. In the 2023/24 financial year, the Ministry has failed to work on the Kapiri market as the case is still in court.

11.2.2.3 Construction of Stadia and Community Grounds

The Ministry continued construction of stadia in M'mbelwa, Ntcheu, Thyolo and Zomba district councils. This project is of great value to the Local Authorities as it contributes to increased revenue generation. The projects are at various levels as depicted in Table 11.2.

TABLE 11.2: 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 75percent	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	1. Completed 2. Outstanding 3. Outstanding 4. Outstanding	The construction works are at 70percent 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. None 2. None 3. None 4. None 5. None	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	All works outstanding	Substantial progress made on VIP and open stands and pitch grading. Current progress estimated at 85percent	The project is in the second phase and will soon go into third and final phase

Source: MoLGUC, 2023

As presented in Table 11.2, there has been significant progress in the construction works for the stadiums. Improved funding in the period under review has accelerated the progress leading to some strides. However, the recent devaluation of the Kwacha is expected to have cost implications as the projects are closing in 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 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 quality of service delivery hence the need for provision of adequate and decent working space. The projects are in line with MW2063 enabler on Enhanced Public Service delivery. MoLGUCUC is currently constructing Thyolo and M’mbelwa District Council offices and Mzuzu City Civic offices, while Ntcheu District Council office is in the pipe line.

TABLE 11.3: PROGRESS ON THE CONSTRUCTION OF COUNCIL OFFICES

Name	Structures	Outstanding Works	Progress to Date	Annotations
Thyolo DC's Office	Office Block	All works outstanding	The contractor is now on site Super structure is almost done 75percent completion rate	Progress is slow because the project scope changed as there were some addendums and delayed funding
Mzimba DC's office	Office Block	All works outstanding	67percent completion rate	Progress is slow due to delayed funding
Mzuzu Civic Offices	Office Block	All works outstanding	47.5percent of construction works are completed	Progress is slow due to low funding

Source: MoLGUC, 2023

11.2.2.5 Projects under Department of Arts and Culture

The ministry of Local Government, Unity and Culture is also implementing several projects through the Department of Arts and Culture. These projects are of great value to preserving the national heritage and culture of the country as well as having great potential to generate more revenue through tourism enhancement. Table 11.4 shows the status of the projects:

TABLE 11.4: PROGRESS ON PROJECT UNDER THE DEPARTMENT OF ARTS AND CULTURE

Name	**Outstanding works for this FY**	**Progress to Date**	**Annotations**
The national Arts and culture Centre	Site plans, architectural drawings, structural drawings and development of bids for the four projects components.	Cadastral survey for the land done. Environmental and Social Impact Assessment is underway	The preliminary works have stored due to difficulties in accessing funds.
Rehabilitation of Blantyre Cultural Centre	installation of bucket seats, redesigning dressing room and improved toilets.	Perimeter fence is done. Steal works for ring beams. reception and adjacent offices, classrooms and auditorium were completed.	The scope of work has been revised to improve the ambience of the facility by increasing seating capacity to 1030. Contractor is also awaiting approval of revised project costs due to devaluation
Completion of Chongoni Rock Art World Heritage Site	Staff houses Artifacts storage room	Access road has been reworked and	Funding challenges have disrupted the implementation

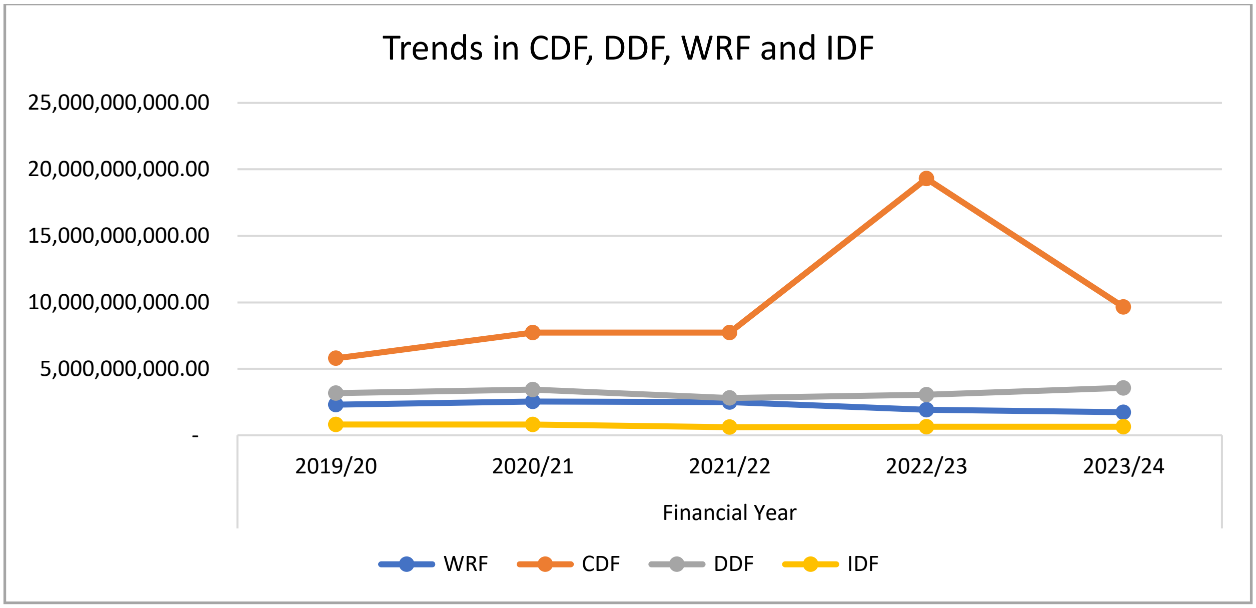
Sauce: MoLGUC, 2023

11.2.2.6 Constituency Development Fund, District Development Fund, Water Resources Fund and Infrastructural Development Fund

The Constituency Development Fund (CDF) was established in 2006 to respond to immediate development needs the local communities. It is a means of ensuring that rural development spreads evenly throughout the LAs. Projects being financed under CDF include the construction of bridges, markets and market sheds, CBCCs and ECDs 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) in accordance with the CDF Guidelines.

The District Development Fund (DDF)/Infrastructural Development Fund (IDF) aims at funding investment projects in local authorities. The fund was introduced as part of devolution of micro-projects to the councils. Just like CDF, projects being financed under DDF include micro projects such as 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).

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



Sauce: MoLGUC, 2023

As shown in Figure11.1, no significant variation was recorded in the funds allocation over the past five years except for the CDF which registered a 150percent increase from K40 million to K100 million in the 2022/23 FY as effected by the parliament. The CDF allocation increased from K7.7 billion in the 2021/22 FY to K19.3 billion in the 2022/23 FY. This increase was made to improve the quality and timeliness of projects implemented in the communities.

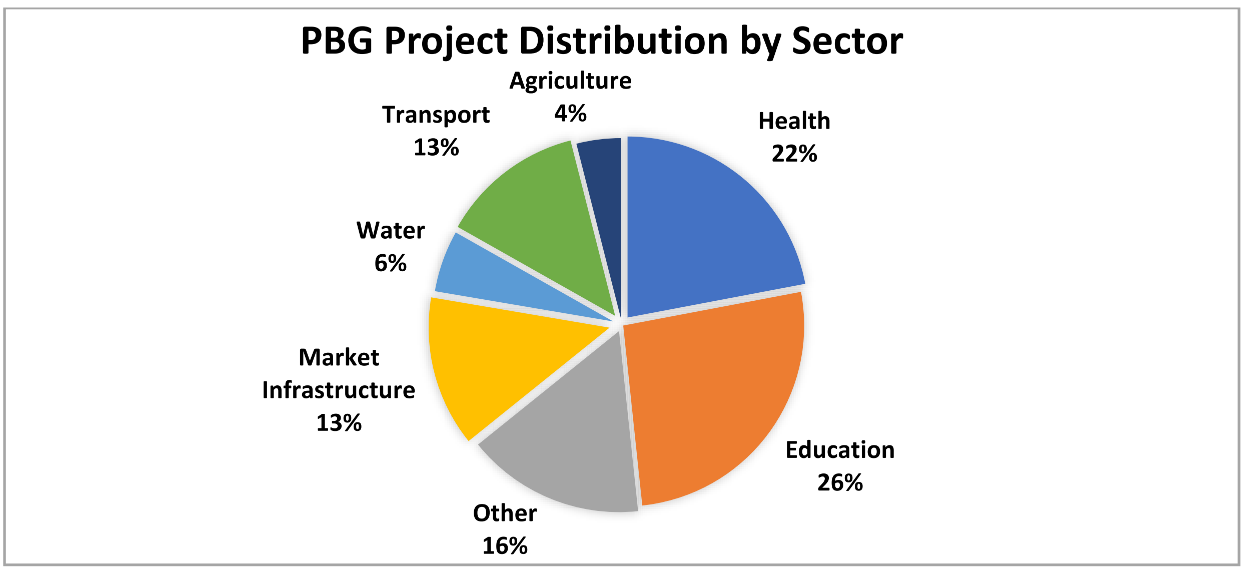
11.2.2.7 Governance to Enable Service Delivery (GESD) – Performance Based Grants (PBG)

The Government of Malawi is implementing the Governance to Enable Service Delivery (GESD) project, which is being financed by the World Bank as a grant to the tune of US$100 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 LAs' 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 governments in various functional areas through the Local Authority Performance Assessments (LAPA) as well as expand the local authorities' fiscal space for increased investments in infrastructure through the Performance-Based Grants (PBG).

The project is currently in its third year of implementation and so far, LAs have accessed two cycles of Performance Based-Grants (PBG) i.e. PBG 1 and PBG 2. PBG 3 will be disbursed in the last quarter of the 2023/24 FY. The disbursement of these grants is dependent on the LAs' performance on the LAPA. PBG 1 and PBG 2 were disbursed to 24 and 25 councils respectively. A total of 136 projects were implemented under the PBG 1 cycle with a completion rate of 90 percent, and 191 projects were implemented under the PBG 2 cycle with a completion rate of 79 percent. The delay in completion of most projects is attributed to funding delays, insufficient forex, and devaluation which have affected procurement processes in most local authorities. Consequently, the likelihood is that most projects will be carried over to 2024/25 FY.

Figure 11.2 presents the sectoral distribution of ongoing and completed projects implemented under PBG 1 and PBG 2.

FIGURE 11.2: PBG PROJECT DISTRIBUTION BY SECTOR



Source: MoLGUC, 2023

Out of the 327 projects that have so far been implemented through the PBGs, 26 percent are in the education sector and 22 percent are in the health sector. The projects include the construction of staff houses, school blocks, hostels and health posts. Most communities still have limited access to education and health facilities, these grants are therefore significantly contributing to addressing such challenges and their impact is evident among the grassroots.

11.2.2.8 National Decentralization Program II (NDPII)

Decentralization is a key aspect of the attainment of the aspirations prescribed in the MW2063. It ensures an enabling environment for effective governance systems and enhanced public service delivery by empowering local authorities to take charge of their development initiatives and effectively deliver services.

The MoLGUC is committed to deepening decentralization to local authorities as a means of promoting local governance and accelerating participatory democracy. Under the decentralization programme, 25 sectors have devolved some of their functions to local authorities. The challenge over the years has been the slow decentralization of economic sectors to local governments.

During the reporting period, the Ministry supported the remaining sectors to develop devolution plans and management guidelines. The Ministry is also finalising the development of asset devolution plans which will guide MDAs that are yet to devolve when devolving the assets that are centrally managed at the LA level. The ministry of Lands has already started devolving key human resource to local government authorities. The Ministry has also reviewed the Decentralization Policy and a cabinet paper was submitted and is awaiting approval or feedback.

11.2.2.9 Challenges

One main challenge experienced during the period under review is the continuous reluctance of some sectors to devolve some of their functions to the councils, despite all efforts made by the Ministry as per mandate. As a result, councils with their limited representation struggle with capacity in these sectors.

11.2.2.10 Recommendations

During the reporting period, there have been some lessons learnt resulting to which the following recommendations were made:

i. There is a need to enhance project management capacities in councils.
ii. There still remains a need to complete outstanding works in all projects before embarking on new civil works. Otherwise, the Government is forced to spend more than the initial project total estimated cost over delays in settling outstanding payments and certificates due to devaluation;
iii. Authorities need to prioritize works that can be accommodated within the approved budget;
iv. There is a need to develop proper land use maps, urban structure plans, detailed lay-out plans, access, roads and beaconing before erecting buildings in the case of rural growth centres;

v. There is a need to conduct more thorough consultations before embarking on development initiatives to ensure that structures being constructed are utilized by the beneficiaries and to avoid major cost escalations.

11.3 Expected Performance for 2024/25

11.3.1 Key Outputs

The Ministry intends to finalize the outstanding works at all the project sites in 2023. The key outputs for the year 2023 are as follows:

i. Construction of chiefs' houses, Orton Chirwa and Gwanda Chakuamba mausoleum.
ii. Finalise construction works on Zomba, Mzimba and Ntcheu stadia.
iii. Office blocks constructed in Thyolo, Ntcheu and Mzimba districts and Mzuzu city.
iv. Outstanding projects under PBG, CDF, DDF, WRF and IDF completed;
v. Devolution plans for the Ministries of Energy, Mining and tourism are completed and executed;
vi. Finalise asset devolution plans and execute them
vii. Development of secondary cities master plans.
viii. Facilitate the development of secondary cities and Secondary Cities Development Agency (SCDA).
ix. Conducting consultations on the development of modern markets and business parks.

11.3.2 Key Drivers for the Projected Outputs

Councils develop their DDPs which acts as a blueprint for the implementation of development interventions within their jurisdiction. In 2022, all DDPs and UDPs became due for revision, hence, the LAs are expected to develop successor plans. These Local Development Plans are key in the implementation of the MIP-1 at the grassroot level. The Ministry has been providing support to the councils to develop these plans but the process has been staggering due, to the lack of resources. Some councils are at an advanced stage in producing the plans as they have had financial assistance from partners that are operating in the council's jurisdictions. The Ministry is committed to support the LAs in completing all scheduled works in the 2024/25 Financial Year. The Ministry has adopted a strategy to complete the old projects first before starting new ones. The completion of these council amenities must be accelerated in order to further budgetary devolution.

11.3.3 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 AND HIV/AIDS MANAGEMENT

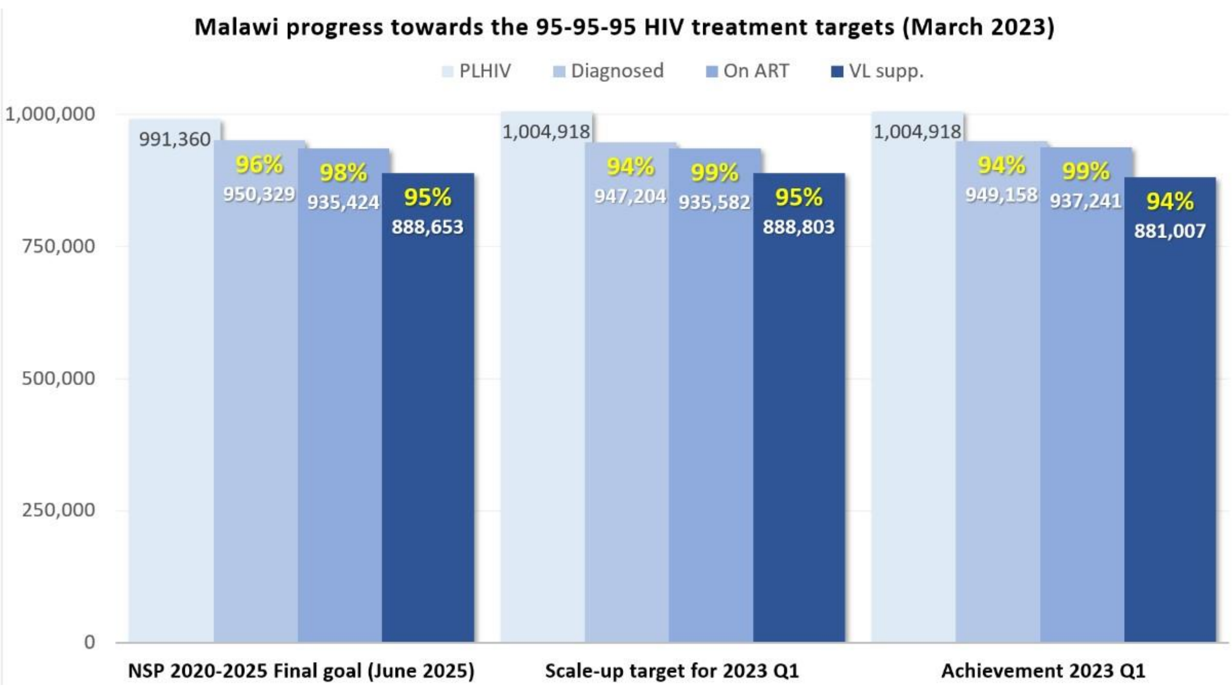
12.1 Health Sector Performance and Progress

12.1.1 Health Output Indicators Performance

12.1.1.1 HIV/AIDS Services

The success of the HIV program is evaluated based on its compliance with the 95-95-95 global treatment benchmarks. Remarkable strides have been made by the program towards meeting these targets, as demonstrated in the Figure 12.1 depicting the national progress as at March 2023. Having achieved exceptional results across all three parameters, innovative measures are now being implemented to identify those who remain undiagnosed, re-engage individuals who defaulted from treatment after diagnosis and maintain continuity of care for those already receiving it.

FIGURE 12.1 MALAWI PROGRESS TOWARDS THE 95-95-95 HIV TREATMENT TARGETS (MARCH 2023)



Source : Ministry of Health

12.1.1.1.1 HIV Status Ascertainment in ANC Clinics

The ascertainment of HIV status among pregnant women receiving antenatal care (ANC) has been consistently increasing since the introduction of Option B+ in 2011. According to the Table 12.1, although there was a slight decrease in national-level HIV status ascertainment from 98.0 percent in 2022 to 97.9 percent in 2023, district-level data for both years indicated that the range of HIV status ascertainment varied from as low as 90.8 percent for Kasungu to as high as 99.9 percent for Phalombe and from 91.0 percent for Kasungu to an impressive rate of up to 99.8 percent for Phalombe respectively.

TABLE 12.1: HIV STATUS ASCERTAINMENT IN ANC CLINICS: 2018-2022

District	2022	2023
Balaka	98.4	99.6
Blantyre	98.8	99
Chikwawa	97.5	95.3
Chiradzulu	99.2	97.6
Chitipa	93	97.5
Dedza	98.7	98.1
Dowa	95.2	96.1
Karonga	98.6	97.6
Kasungu	91	90.8
Likoma	97	98.9
Lilongwe	97.7	97.1
Machinga	99.7	99.1
Mangochi	99.6	99.3
Mchinji	98.2	97.9
Mulanje	99.6	99.8
Mwanza	98.3	98
Mzimba North	98.6	98.8
Mzimba South	93.9	94.8
Neno	98.4	97.8
Nkhata Bay	97.9	98.1
Nkhotakota	95	95.5
Nsanje	99.7	100
Ntcheu	98.8	99.1
Ntchisi	98.9	99.3
Phalombe	99.8	99.9
Rumphi	98.1	99.1
Salima	98	98.5
Thyolo	99.4	99.7
Zomba	99.5	99.7
Malawi	**98**	**97.9**

Source: Ministry of Health

12.1.1.1.2 HIV Testing in HIV-Exposed Infants

Testing infants for HIV at the age of two months has been a challenging performance indicator in the Prevention of Mother to Child Transmission (PMTCT) program. Nevertheless, it has significantly improved in recent years. Table 12.2 demonstrates that the rate of HIV testing for exposed infants at two months increased from 71.9 percent to 98.3 percent in 2022, with district performance ranging from Dedza's 71.9 percent to Balaka's impressive 98.3 percent.

In addition, during 2023, there was an increase from 78.1 percent to 97.1 percent in HIV testing rate for exposed infants at two months old; however poor documentation found on source documents such as updating HIV test results on infant cards contributes towards sub-optimal performance observed within some health facilities. To address this challenge, targeted site level mentorships have been conducted by the HIV program resulting in remarkable improvements over time.

TABLE 12.2: HIV TESTING AT 2 MONTHS OF BIRTH: 2022 – 2023

District	2022	2023
Balaka	98.3	95.7
Blantyre	87.7	87.5
Chikwawa	86	92.2
Chiradzulu	74.5	78.1
Chitipa	90.3	89.4
Dedza	71.9	79.1
Dowa	76.6	86.3
Karonga	84.3	90.3
Kasungu	73.6	80.6
Likoma	87.5	88
Lilongwe	81.2	85.6
Machinga	86.4	92.3
Mangochi	87.7	95.6
Mchinji	80.6	80.1
Mulanje	92.3	97.1
Mwanza	86.3	84.4
Mzimba North	93.7	93.9
Mzimba South	75.8	81.9
Neno	92.4	86.4
Nkhata Bay	92.9	87.1
Nkhotakota	80.5	83
Nsanje	78.2	84.4
Ntcheu	88.4	82.8
Ntchisi	91	93
Phalombe	94.1	95.5
Rumphi	94.1	90.8
Salima	87	90.1
Thyolo	78.9	79.3
Zomba	80.7	84.8
Malawi	**85**	**88.1**

Source: Ministry of Health

12.1.1.1.3 ART Coverage in ANC Clinics

The provision of antiretroviral therapy (ART) for pregnant women who are living with HIV is a crucial measure for preventing mother-to-child transmission (PMTCT). The implementation of the Option B+ strategy in 2011 has resulted in consistently high levels of performance on this indicator. At the national level, ART coverage in antenatal care (ANC) clinics rose from 99.4

percent in 2022 to 99.6 percent in 2023, as demonstrated by Table 12.3. In that same year, all districts achieved a performance rate of no less than 95 percent, thereby meeting the national target set at that threshold.

TABLE 12.3: ART COVERAGE AMONG HIV POSITIVE ANC ATTENDEES: 2022-2023

District	2022	2023
Balaka	98.7	98.8
Blantyre	99.6	99.7
Chikwawa	99.9	99.7
Chiradzulu	99.8	99.2
Chitipa	100	100
Dedza	95.7	99.2
Dowa	99.1	98
Karonga	99.7	99.3
Kasungu	99.1	99.5
Likoma	100	100
Lilongwe	99.3	99.6
Machinga	99.4	99.9
Mangochi	99.1	99.7
Mchinji	99.8	99.5
Mulanje	100	99.7
Mwanza	100	100
Mzimba North	98.8	99.3
Mzimba South	98.3	99.4
Neno	100	100
Nkhata Bay	99.8	99.4
Nkhotakota	99.3	98.6
Nsanje	99.7	99.1
Ntcheu	99.7	99.5
Ntchisi	96.8	100
Phalombe	98.9	100
Rumphi	99.7	100
Salima	98.8	99.5
Thyolo	99.6	99.2
Zomba	99.9	100
Malawi	**99.4**	**99.6**

Source: Ministry of Health

12.1.1.1.4 ART Retention at 12 Months for all ages

The retention of ART at the 12-month mark following initiation is a crucial gauge in HIV care and treatment. Nationally, performance on this metric rose from 79.3 percent in 2022 to 81.7 percent in 2023 (see Table 12.4). By district, retention rates for all age groups at the one-year mark ranged from as low as 67.5 percent in Likoma to as high as 96.3 percent in Mwanza, with Karonga reporting a rate of 68.8 percent and Chiradzulu coming in at 87.3 percent respectively during both years under consideration.

It should be noted that true retention rates are believed to be roughly ten percentage points higher than reported figures due to unofficial transfers being inaccurately classified as defaulters when analyzing health facility-based retention data. As ART decentralization continues, it is expected that challenges associated with silent or unofficial transfers between sites will become more pronounced.

TABLE 12.4: ART RETENTION AT 12 MONTHS -ALL AGES: 2022-2023

District	2022	2023
Balaka	79.6	78.6
Blantyre	84.6	88.8
Chikwawa	77.5	78.9
Chiradzulu	87.3	92.8
Chitipa	75.6	84.6
Dedza	78.7	79.2
Dowa	75.3	76.1
Karonga	68.8	77.4
Kasungu	76.6	77.8
Likoma	78.2	67.5
Lilongwe	74.3	76.8
Machinga	75.2	76.3
Mangochi	78.2	78.3
Mchinji	85	84.7
Mulanje	81.6	79.8
Mwanza	86.3	96.3
Mzimba North	73.7	81.4
Mzimba South	75.5	82.5
Neno	79.3	77.8
Nkhata Bay	77.6	74.5
Nkhotakota	76.2	78.3
Nsanje	75.7	75.9
Ntcheu	83	84.5
Ntchisi	76.8	77.2
Phalombe	81.2	83.9
Rumphi	83.9	83.8
Salima	71.9	77.9
Thyolo	83.7	86.6
Zomba	86.5	89.3
Malawi	**79.3**	**81.7**

Source: Ministry of Health

12.1.1.2 TB Incidence Rate

TB rates in Malawi have declined by 7.1 percent on average over eight years. Latest incidence is 125 cases per 100,000 population. Malawi has achieved its End TB milestone with a 31 percent reduction in incidence and 43 percent reduction in mortality. The country is projected to achieve a 50 percent reduction in incidence by 2025. However, the goal of reducing incidence to 39.4 cases per 100,000 may not be feasible by 2030 if current decline rate continues, with estimates suggesting it may reach around 69 cases per 100,000 population.

TABLE 12.5: TB INCIDENCE TREND AND YEAR TO YEAR AND AVERAGE RATE OF DECLINE TB

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	Average
Incidence	228	197	176	162	153	146	138	132	125	154
% year to year decline		-14%	-11%	-8%	-6%	-5%	-5%	-4%	-5%	-7%

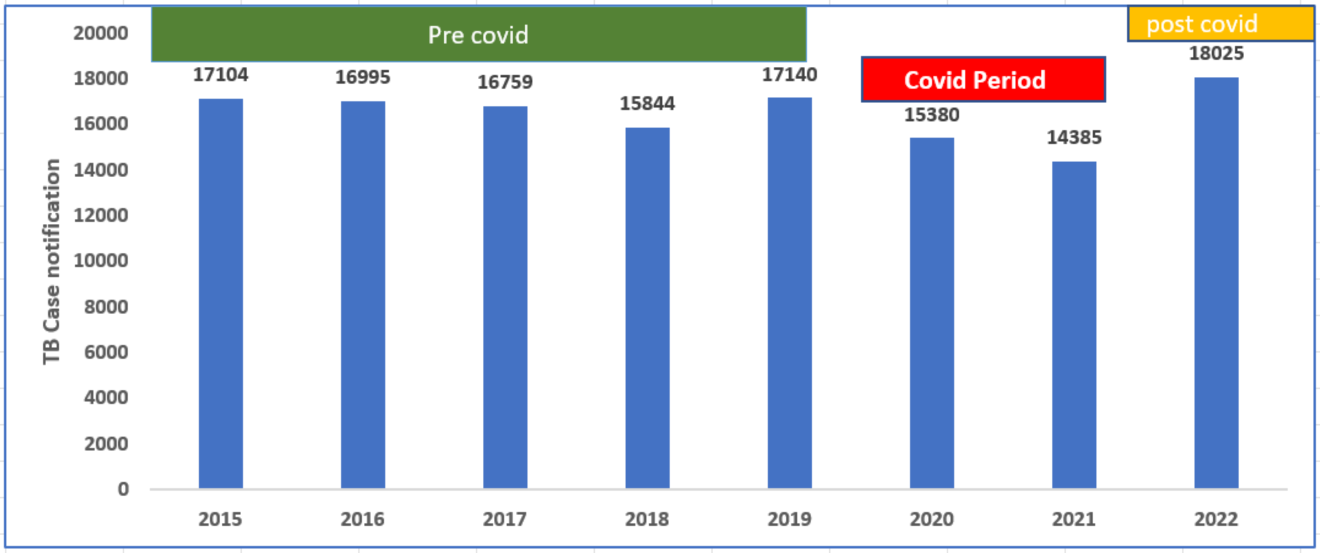
Source: Ministry of Health

12.1.1.2.1 Trend in TB Notification by Year

The detection of tuberculosis cases shows annual fluctuations, as demonstrated by a decline in case notifications from 2020 to 2021. This decrease can be attributed to the negative impact of the Covid-19 pandemic on TB service delivery at both community and facility levels. However, there was an upturn in TB case notification in 2022 with a total of 18,025 new and relapse cases reported - representing an impressive growth rate of 18 percent compared to the previous year. The program's success is due to diverse strategies implemented to mitigate Covid-19's effects on TB notifications; these include implementing FAST at selected sites, quality improvement programs that strengthen detection efforts in chosen facilities, enhanced coverage for mobile diagnostic units' screening interventions, and increased engagement with community sputum collection efforts against TB.

In 2022, the notification rate for tuberculosis (TB) cases - both new and recurrent - was 94 per 100,000 individuals in the general population. Treatment coverage estimates were projected to be around 70 percent, based on incidence figures from two years prior during the early stages of Covid. However, recent trends suggest that these projections may have inaccurately predicted actual treatment coverage rates over time.

FIGURE 12.2: TREND IN NOTIFIED TB CASES BY QUARTER (2015-2022)

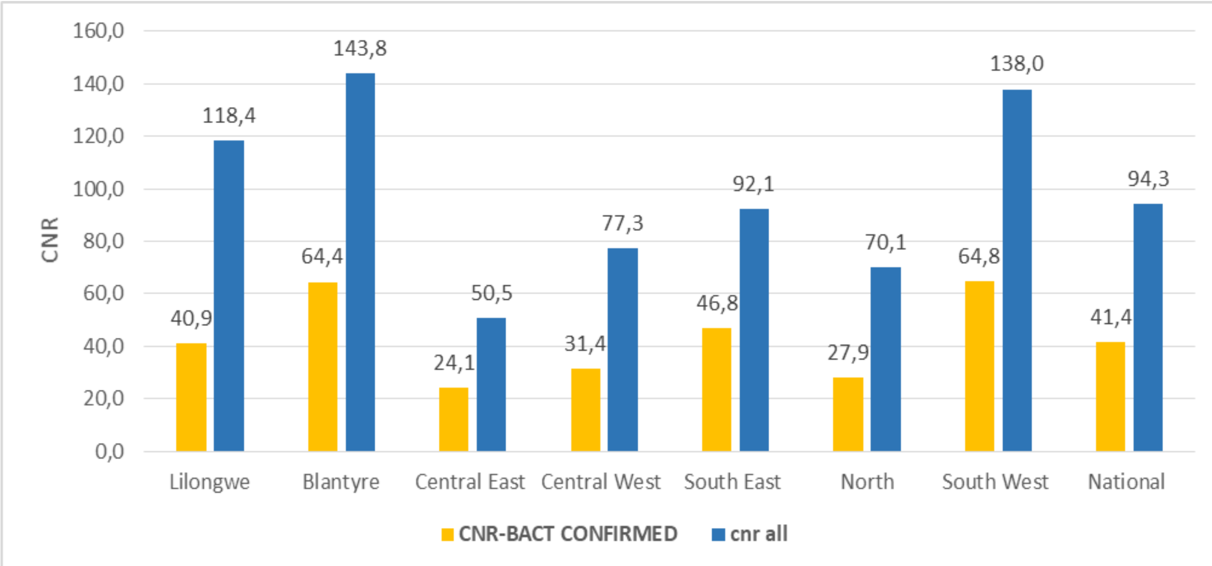


Source: Ministry of Health

12.1.1.2.2 Notification by Zones and District

Blantyre had the most elevated rate of case notification, at 138 per 100,000 individuals, followed by the Southwest Zone (excluding Blantyre) with a similar ratio. The Central East zone presented the lowest CNR at only 50 per 100,000 people. Nationally speaking, the case notification rate was recorded as being 94.3 percent, while bacteriologically confirmed TB cases accounted for only 41.4 percent of all cases (refer to Figure 12.3).

FIGURE 12.3: CASE NOTIFICATION RATE (BACT. CONFIRMED TB CASES VS ALL TB CASES)



Source: Ministry of Health

12.1.1.2.3 TB Case notification by district

As anticipated, Lilongwe represented 20 percent of all reported TB cases, followed by Blantyre at 12 percent. Five districts - namely Lilongwe, Blantyre, Mangochi, Mulanje and Nsanje - accounted for half of the notified TB cases. A total of twenty-five districts recorded a surge in reported TB cases compared to the prior year (refer to Table 12.6). The most significant increase rates were observed in Lilongwe, Blantyre, Mzimba North & Dowa.

TABLE 12.6: CHANGE IN NOTIFIED TB CASES 2022 VS 2021 /2022 VS 2019, MALAWI.

Row Label	2019	2021	2022	2022-2021	2022-2019
Balaka	375	328	348	20	-27
Blantyre	2626	1720	2180	460	-446
Chikwawa	719	630	766	136	47
Chiradzulu	642	358	430	72	-212
Chitipa	170	121	146	25	-24
Dedza	370	466	547	81	177
Dowa	331	228	449	221	118
Karonga	306	194	279	85	-27
Kasungu	321	273	414	141	93
Likoma	5	9	7	-2	2
Lilongwe	3387	2802	3531	729	144
Machinga	445	300	384	84	-61
Mangochi	858	937	1225	288	367
Mchinji	427	671	741	70	314
Mulanje	571	696	997	301	426
Mwanza	262	336	418	82	156
Mzimba N	619	538	752	214	133
Mzimba S	249	231	275	44	26
Neno	181	223	281	58	100
Nkhatabay	143	166	161	-5	18
Nkhotakot	233	201	242	41	9
Nsanje	1016	523	795	272	-221
Ntcheu	334	322	417	95	83
Ntchisi	112	140	99	-41	-13
Phalombe	319	371	330	-41	11
Rumphi	133	124	125	1	-8
Salima	424	381	399	18	-25
Thyolo	640	492	545	53	-95
Zomba	684	600	728	128	44

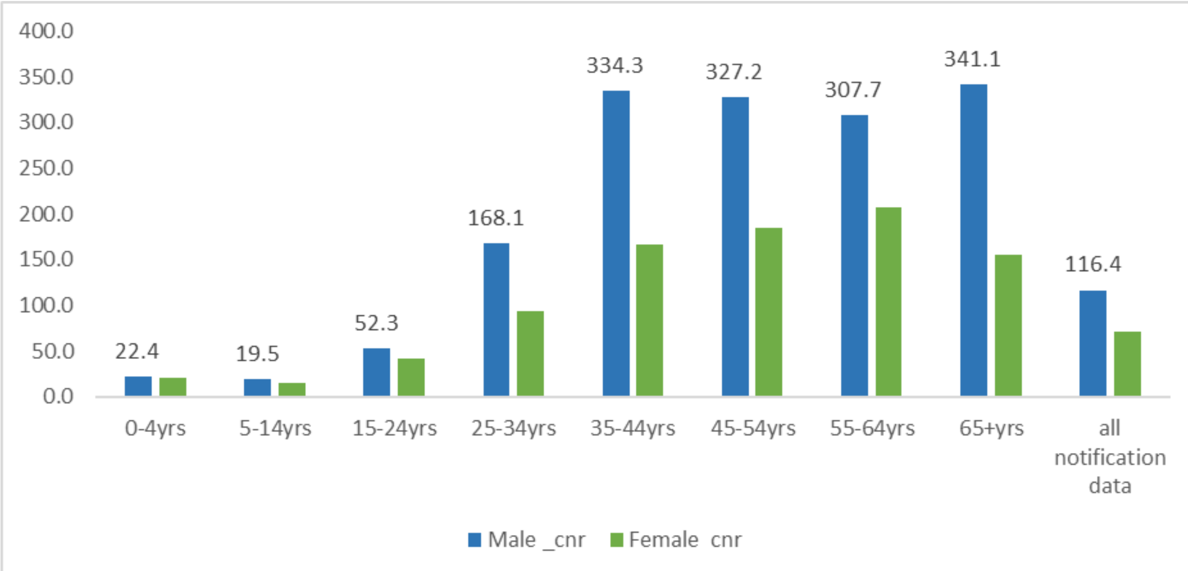
Source: Ministry of Health

12.1.1.2.4 Gender and Age Distribution of the Notified Cases

In 2022, the male gender accounted for a majority of new and relapse TB cases at 61 percent, in line with findings from the national prevalence survey. Notably, individuals aged 65 years or older exhibited higher age-specific notification rates. Additionally, nearly one-quarter (26 percent) of all cases were among those aged between 35-44 years old. A particularly significant increase in

TB case notifications was observed within the age group of 55-64 years old, standing at an impressive uptick of 39 percent compared to other age groups.

FIGURE 12.4: TB NOTIFICATION BY AGE GROUP AND GENDER (2022)



Source: Ministry of Health

12.1.1.2.5 Treatment Outcome

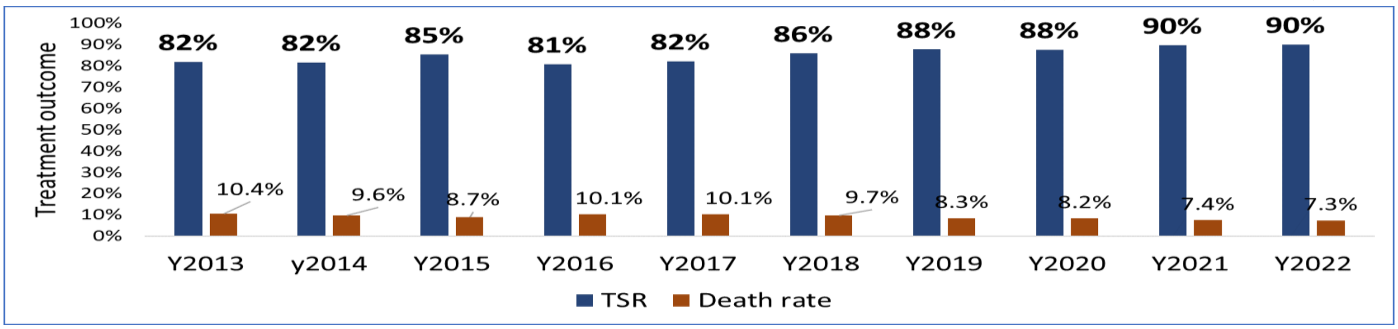
The TSR for the 2021 cohort averaged at an impressive 90 percent, with a range of 85 percent to 90 percent. The death rate among new and relapse TB cases was on average, 7.0 percent, representing a slight decline from the previous cohorts' rate of 8.0 percent. Notably, this year's cohort marks the sixth consecutive year where we have observed a decline in its death rate. However, high mortality rates were still prevalent within specific groups such as EPTB (10 percent), TB/HIV (9 percent), Relapse TB patients (8 percent) and clinically diagnosed cases (7 percent) according Table 12.7. It is likely that these groups experienced increased dissemination of disease due to pauci-bacillary nature along with delayed diagnosis resulting from HIV co-infections which ultimately led to higher mortality rates amongst them.

TABLE 12.7: TREATMENT OUTCOME OF PATIENTS ENROLLED IN 2021.

Data Element	New and relapse	TB HIV	SSP	MTB (new) WRD	Clinical diagnosis (New)	EPTB	Relapse	Retreatment excluding relapse
Cohort	14221	6472	1918	3725	2664	4647	1329	235
TSR	90	87	90	92	91	88	87	83
Death rate	7	9	4	4	7	10	8	5
Rate LTF	1	2	2	2	1	1	2	8
Not Evaluated	1	1	2	1	1	1	2	3
Failed	1	1	2	1	0	0	3	2

Source: Ministry of Health

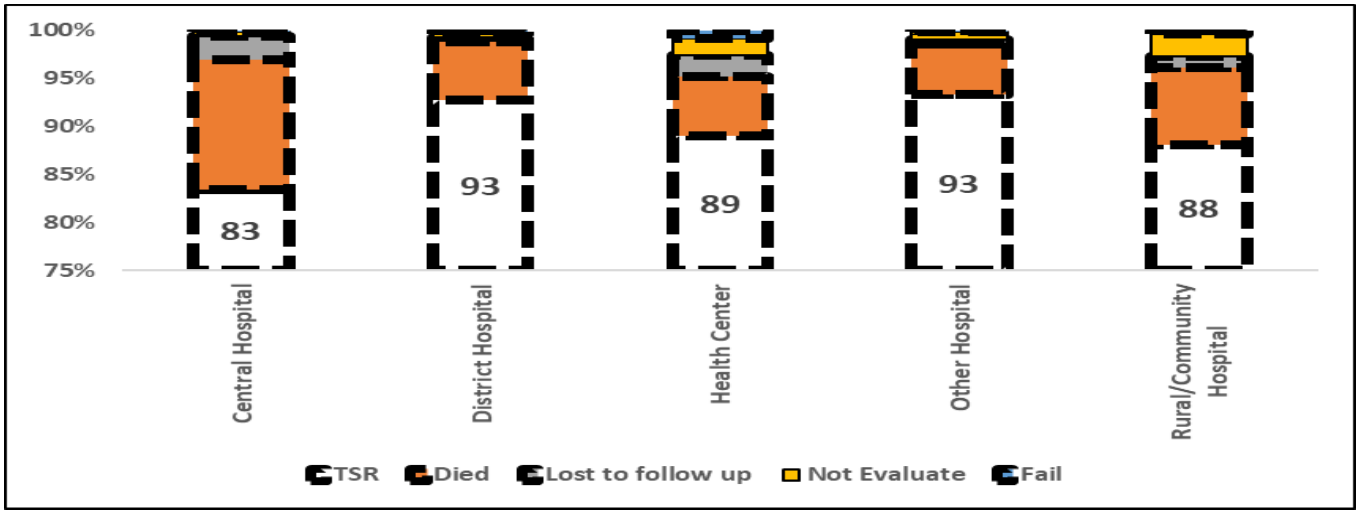
FIGURE 12.5: NATIONAL LEVEL TREND TSR AND DEATH RATE (2015-2022 COHORTS)



Source: Ministry of Health

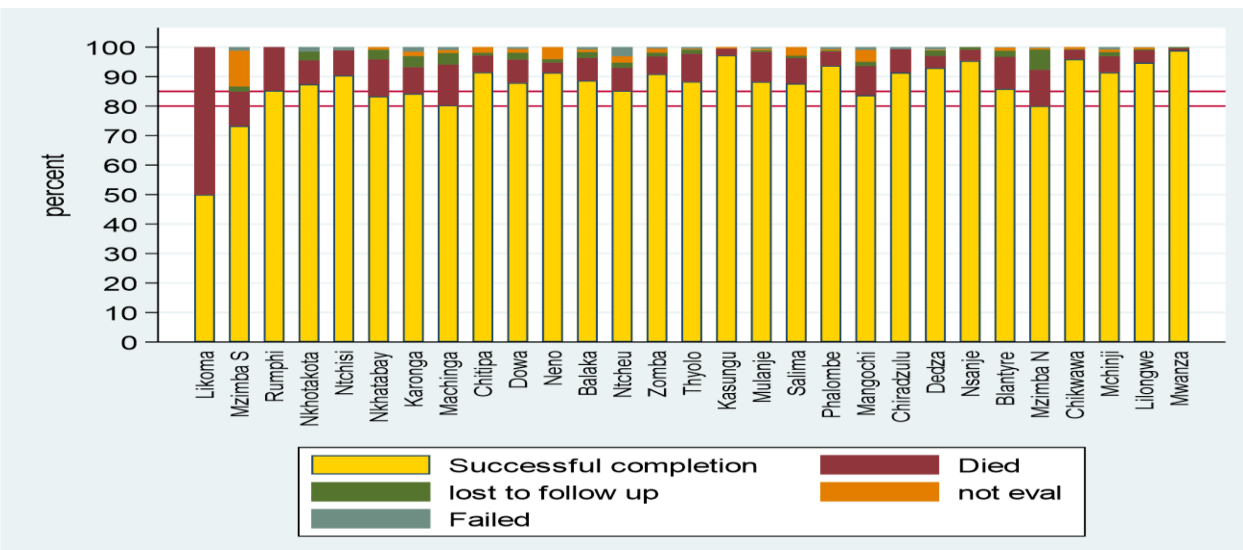
Analysis of treatment outcomes based on the type of healthcare facility indicates a low Treatment Success Rate (TSR) in Referral Hospitals, as depicted in Figure 12.6 below. The unsatisfactory outcome in referral hospitals may be due to their handling of severely ill TB patients, which results in higher mortality rates. Meanwhile, health centers and Rural/community Hospitals have maintained a TSR of 89 percent and 88 percent, respectively. This is attributed to reducing the number of Lost to follow up and Not evaluated TB patients. The overall enhancement in treatment success rate across the country could be credited to various interventions implemented by the program at the district level. Specifically, supporting districts with peripheral-level supervision/mentorship visits aims to improve TB service delivery within healthcare facilities.

FIGURE 12.6: TREATMENT OUTCOME BY TYPE OF HEALTH FACILITY (2021)



Source: Ministry of Health

FIGURE 12.7: TREATMENT OUTCOME BY DISTRICTS (2021)



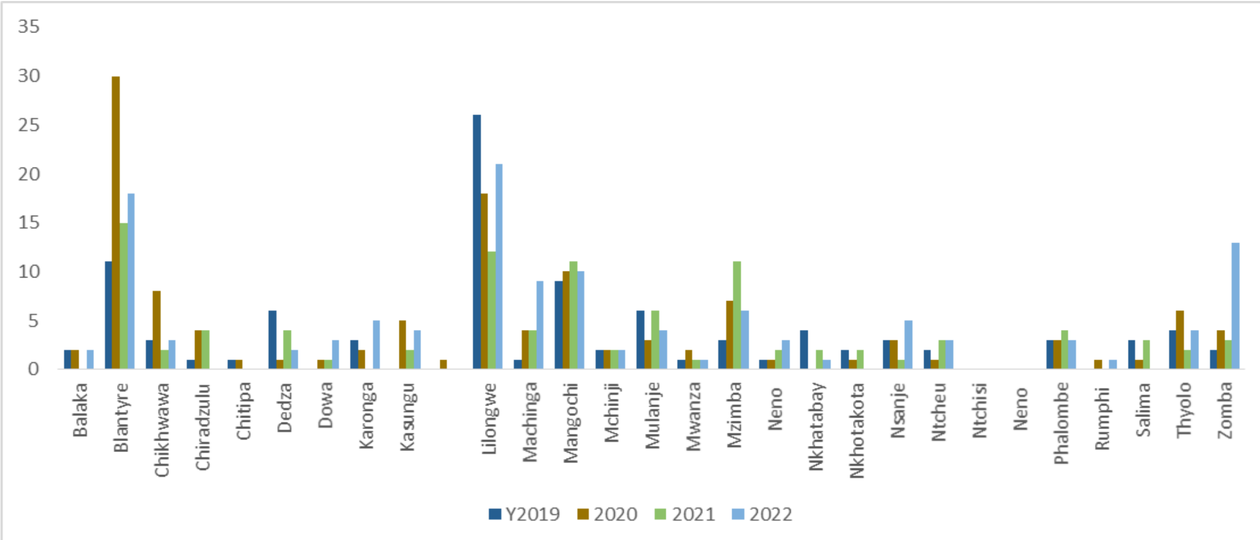
Source: Ministry of Health

12.1.1.2.6 Drug Resistant TB

In the year 2022, a sum of 122 individuals afflicted with drug resistant tuberculosis (including five patients diagnosed with isoniazid resistant TB) were enrolled for second line treatment. Out of this total number, 16 cases were clinically identified. Children constituted approximately 6.5 percent (eight individuals) of those registered for DR TB therapy. Lilongwe was responsible for admitting 17 percent of all patients receiving DR TB treatment, followed by Blantyre at 15 percent.

Furthermore, 22 districts reported having at least one case of RR/MDR that was enrolled for second line treatment.

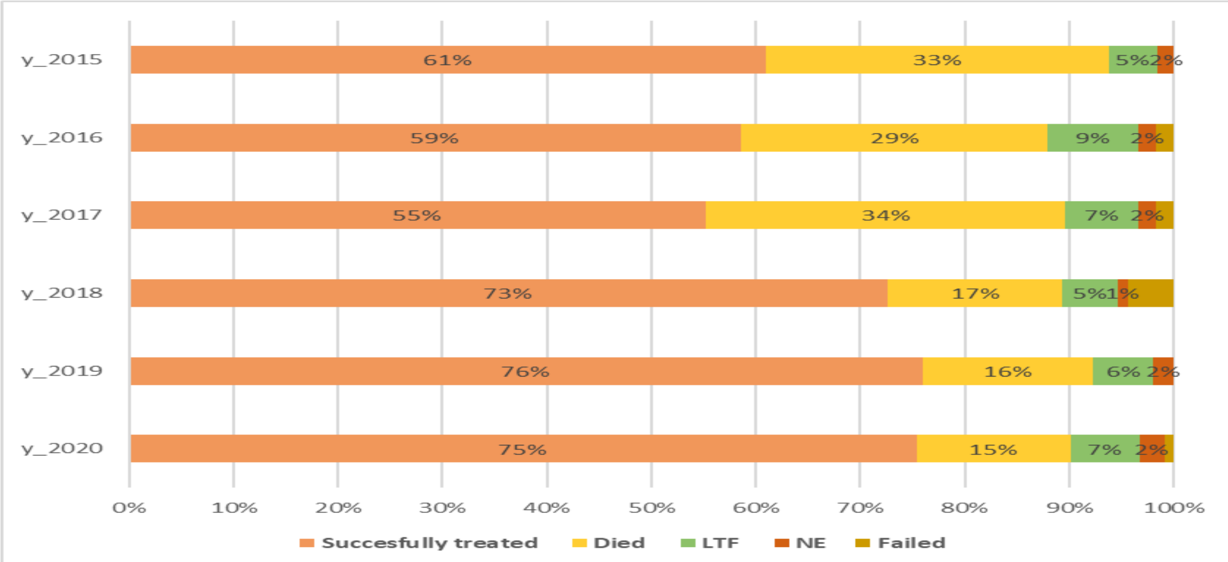
FIGURE 12.8: DR TB ENROLLMENT BY DISTRICT (2018-2022_)



Source: Ministry of Health

The treatment success rate (TSR) for the 2020 cohort of patients with drug-resistant tuberculosis (DR TB) reached an impressive 75 percent, marking a notable increase from the previous cohort in 2018, which achieved a TSR of only 73 percent. Additionally, the death rate among DR TB patients was recorded at 15 percent, showcasing a commendable decline when compared to the preceding cohort's death rate of 16 percent. Notably, this reduction in mortality can be largely attributed to marked improvements in patient management quality offered by districts overseeing DR TB cases during monthly clinics. It is worth mentioning that within HIV-positive individuals, TSR was calculated as being at approximately 71 percent, while around one-fifth (19 percent) died before completing their prescribed course of treatment.

FIGURE 12.9: TB TREATMENT SUCCSESS RATE (2020 COHORT)

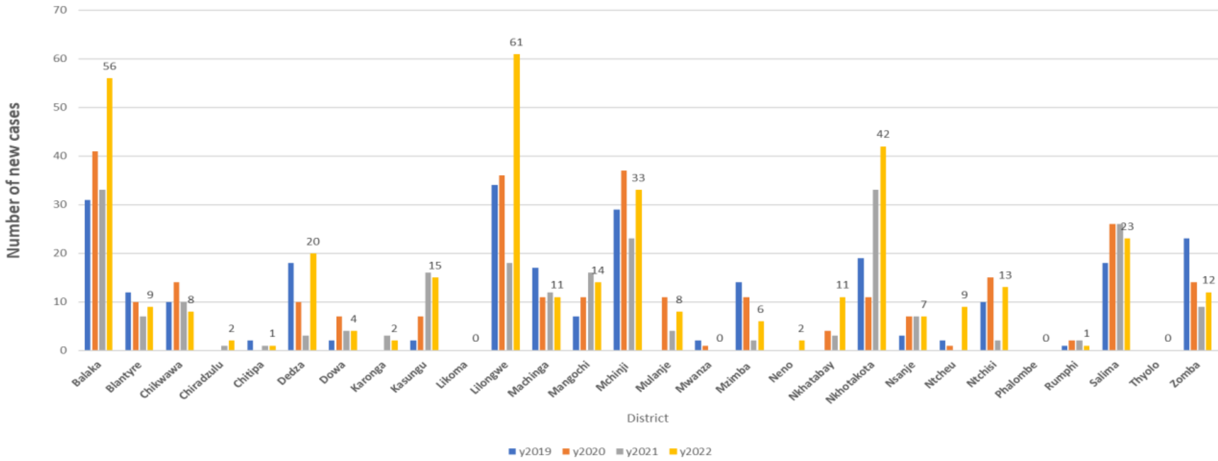


Source: Ministry of Health

12.1.1.3 Leprosy

In the year 2022, an aggregate of three hundred and seventy novel Leprosy sufferers were registered for medical attention. Lilongwe, Balaka, and Nkhotakota presented with the most extensive incidence of leprosy cases (refer to diagram below). As at December 2022, the cumulative count of leprosy patients in the nation amounted to six hundred and sixty-seven (677) individuals.

FIGURE 12.10: TREND IN NUMBER NEW LEPROSY CASES REGISTERED 2019-2022 BY DISTRICTS.



Source: Ministry of Health

12.1.1.3.1 Leprosy Treatment Completion

The completion rate of leprosy treatment for the 2020 cohort was marginally higher at 59.5 percent compared to the previous year's cohort (58.9 percent). Conversely, there was a decline in the lost-to-follow-up rate from 41.8 percent reported in the 2019 cohort to 31.5 percent. The diminished lost-to-follow-up rate can be attributed to various program activities aimed at reducing it, including default tracing and contact tracing.

TABLE 12.8: TREATMENT COMPLETION AND LOST TO FOLLOW UP RATE FOR LEPROSY PATIENTS ENROLLED DURING THE SPECIFIED PERIODS

Parameter	
New MB cases who started treatment in 2020	219
Of them, how many completed treatments within 18 months	130(59%)
Of them, how many were 'lost to follow-up.	69(31.5%)
New PB cases who started treatment in 2021	15
Of them, how many completed treatments within 9 months	3(20%)
Of them, how many were 'lost to follow-up	5 (33.3%)

Source: Ministry of Health

12.1.1.4 Malaria

Malaria still remains a public health problem, causing illness and death in Malawi. Approximately 6 million malaria cases on average are recorded annually. The whole population of Malawi is at risk of malaria infection but more in pregnant women and children under the age of 5. The major Malaria interventions implemented during the reporting period include malaria case management through prompt diagnosis and effective treatment, integrated vector management (IVM), malaria in pregnancy (MiP) and other novel interventions, procurement and supply chain management. The supportive interventions are monitoring and evaluation, social behaviour change and communication and program management.

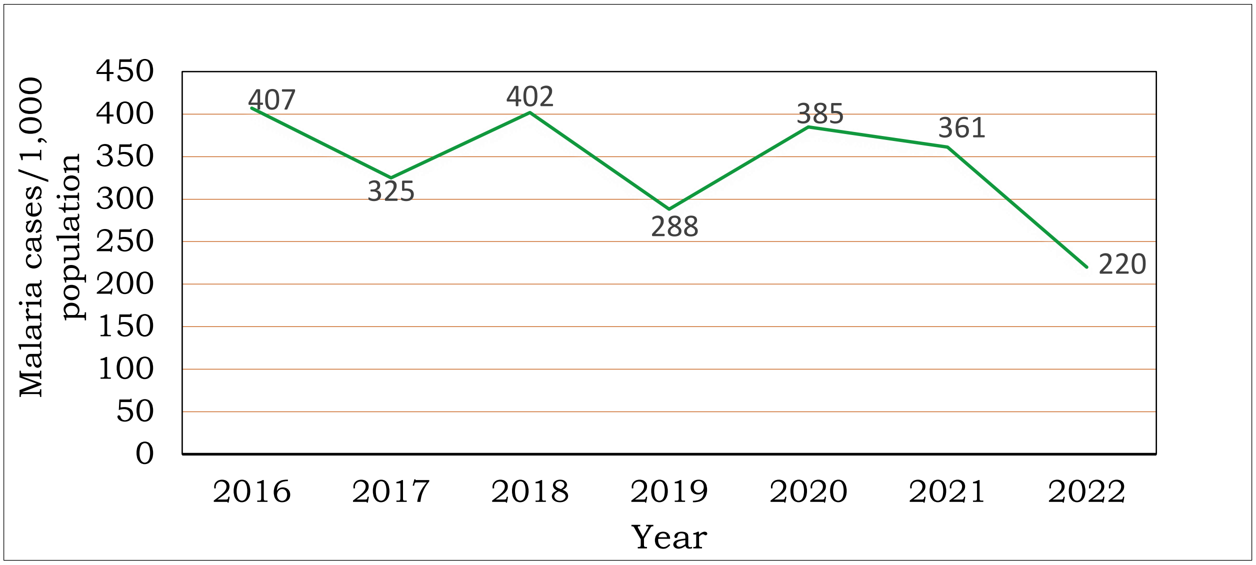
12.1.1.4.1 Progress on Key Malaria Indicators

12.1.1.4.1.1 Malaria Incidence and Deaths Rates

The 2018-2030 SADC Malaria Strategic Plan goal is to eliminate malaria in all SADC Member States by 2030. The 2017-2022 Malawi Malaria Strategic Plan goal was to reduce malaria incidence by at least 50 percent from 386 per 1,000 population in 2015 to 193 per 1,000 population by 2022 and reduce malaria deaths by at least 50 percent of 2015 levels from 23 per 100,000 population in 2015 to 12 per 100,000 population by 2022. Generally, Malawi has seen changes in its malaria deaths trend because of the high investment in malaria case control and improvements in data management.

Figure 12.11 shows that the malaria incidence reduced from 407 per 1,000 population in 2016 to 220 per 1,000 population in 2022. The fluctuating trend indicates unstable progress in reducing the Malaria Incidence. There was a significant decline in malaria incidence by almost 30 percent from 402 per 1,000 population in 2018 to 288 per 1,000 population in 2019 which was highly attributed to the nationwide mass net distribution campaign that was conducted in 2018. However, one year after the mass net distribution campaign we saw a rise in malaria incidence to 385 per 1,000 population in 2020 and then similarly two years after the mass campaign a rise in malaria incidence to 361 per 1,000 population in 2021. In 2021 another mass net distribution campaign was conducted in 20 districts while in 4 districts there was Indoor Residual Spraying that was conducted. There was a sharp decline in malaria incidence by almost 40 percent from 361 per 1,000 population in 2021 to 220 per 1,000 population in 2022. This reduction was also highly attributed to the mass net distribution campaign and indoor residual spraying.

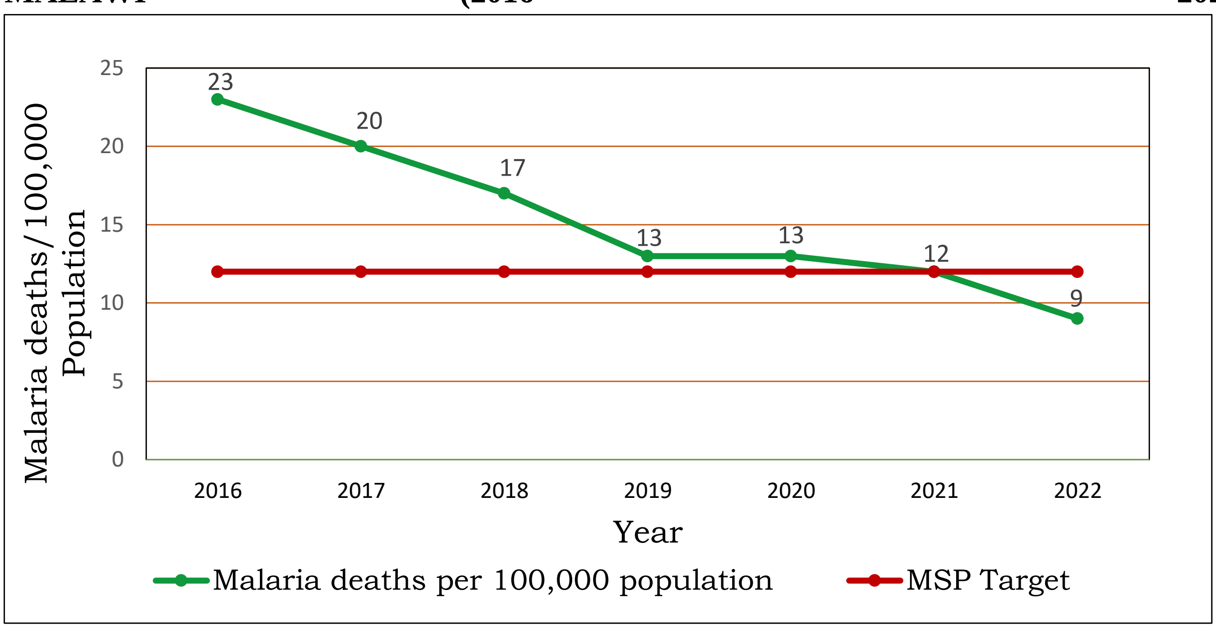
FIGURE 12.11: TRENDS ON MALARIA INCIDENCE RATES IN MALAWI (2016 – 2022)



Source: Ministry of Health

Figure 12.12 shows that the malaria death rate reduced by more than half from 23 per 100,000 population in 2016 to 9 per 100,000 population in 2022 surpassing the 2022 target of 12 per 100,000 population. The graph shows a linear trend of sustained reduction in malaria mortality over the period from 2016 to 2022.

FIGURE 12.12: TRENDS ON MALARIA MORTALITY PER 100,000 POPULATION IN MALAWI (2016 – 2022)



Source: Ministry of Health

Some of the key interventions that have helped reduce malaria mortality include:

i. Integrated Vector Management

The National Malaria Control Program focused on universal access and coverage through deployment of quality Long Lasting Insecticidal Nets (LLINs), targeted quality Indoor Residual Spraying in selected suitable epidemiological areas and monitoring of insecticide resistance. During the mass net distribution campaign that was conducted in 2018 a total of 10,685,831 nets were distributed in 28 districts. And during the mass net distribution in 2021 a total of 7,246,694 nets were distributed in 20 districts. The remaining targeted 5 districts the mass net distribution was conducted in September 2023 where a total of 1,868,401 nets were distributed. This therefore resulted in a total of 9,115,096 nets distributed in 25 districts. Another strategy for net distribution in Malawi is through free routine distribution to pregnant women through Antenatal Clinic and to new-borns at the time of delivery. Implementation of Indoor Residual Spraying started in 2018 beginning with Nkhotakota district expanded to Mangochi district in 2019 and then in 2020 expanded further to two more districts of Balaka and Nkhata Bay. These four districts maintained implementation of Indoor Residual Spraying up to 2023. In 2023 the total number of structures sprayed in the four districts were 642,777 protecting a total population of 2,405,459.

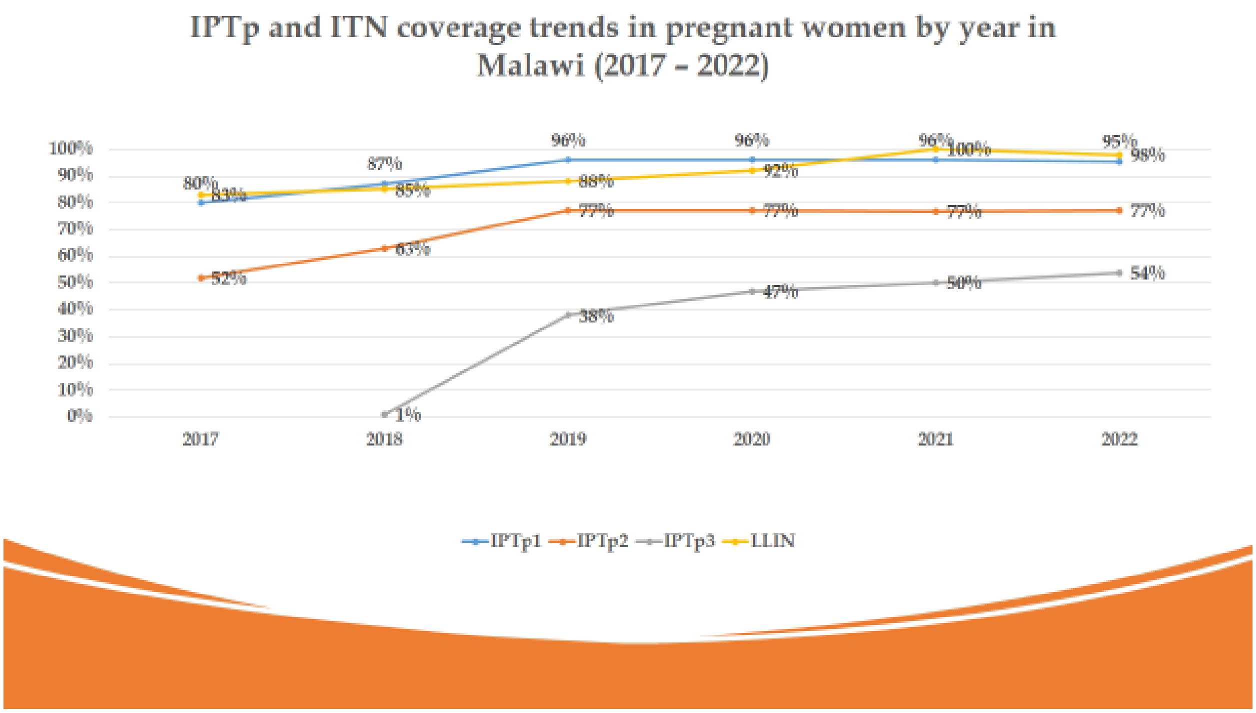
ii. Malaria Case Management

The National Malaria Treatment Guidelines and Diagnostic Guidelines were revised to incorporate new policy changes. Implementation of malaria community case management targets from under-fives to all age groups was piloted in three districts of Ntchisi, Salima and Neno. The National Malaria Control Program in collaboration with the Integrated Management of Childhood Illnesses Department trained a number of health workers on malaria case management. Learners Treatment Kit a school-based initiative where primary school teachers are selected and trained to improve access to prompt and effective treatment to learners was successfully implemented in Zomba and Machinga. The program has also been implementing joint laboratory and clinical outreach training and supportive supervisions a quality assurance approach which improves facility performance through observation of malaria testing, clinical practices, facility practices, and provides continuous feedback. Early malaria diagnosis and prompt treatment has helped to avoid complications from malaria and therefore contribute to improved outcomes.

iii. Malaria in Pregnancy (MIP)

To combat malaria during pregnancy, one effective strategy is to promote the uptake of Intermittent Preventive Treatment (IPTp) through antenatal clinics. The updated MIP policy recommends administering at least three doses of SP (Fansidar) for IPTp to pregnant women starting early in their second trimester, specifically at 13 weeks gestation. As of the end of 2022, IPTp 3+ coverage reached a commendable 54 percent, though it fell short of the targeted goal of 60 percent. Nevertheless, this represents significant progress from a baseline rate of only 38 percent in 2019. Referencing the figure below showcases trends in both IPTp and LLIN coverage over time.

FIGURE 12.13: TRENDS OF IPTP AND LLIN COVERAGE IN PREGNANT WOMEN

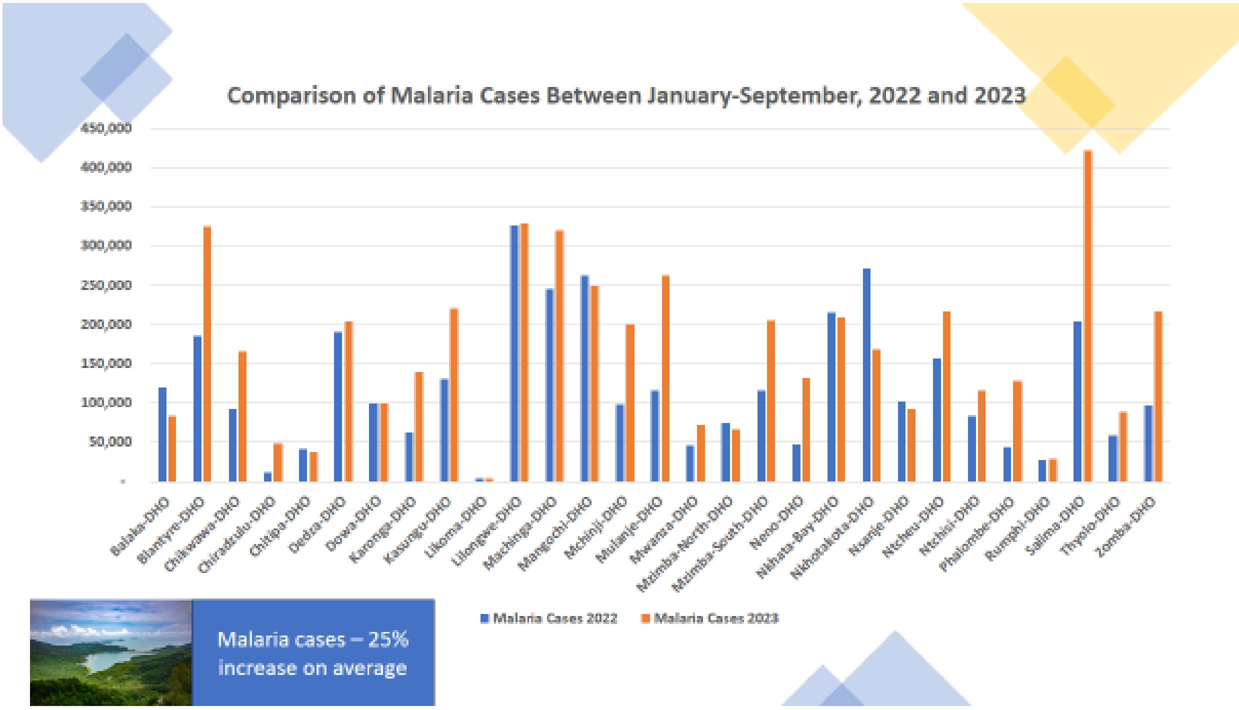


Source: Ministry of Health

12.1.1.4.1.2 Malaria Incidence by District

Figure 12.14 presents a comparative analysis of districts from January to September for both 2022 and 2023. The data indicates that eight districts observed a decrease in malaria cases in 2023 as compared to the previous year. However, Malawi was struck by the Tropical Cyclone Freddy disaster during March and April of 2023, affecting almost fourteen districts located in the Southern Region. The graph reveals that most of these affected districts (Blantyre, Chikwawa, Chiradzulu, Machinga, Mulanje, Mwanza, Neno, Phalombe, Thyolo and Zomba) witnessed an increase in the number of malaria cases during 2023 when compared with those recorded in 2022. This unwarranted trend can be attributed to several factors such as displaced households where property including distributed nets were lost; difficulties encountered while accessing quality health services; floods bringing stagnant water surfaces which served as fertile breeding grounds for mosquitoes.

FIGURE 12.14: COMPARISON OF MALARIA CASES BETWEEN JANUARY TO SEPTEMBER 2022 AND 2023



Source: Ministry of Health

12.1.1.5 Sexual and Reproductive Health

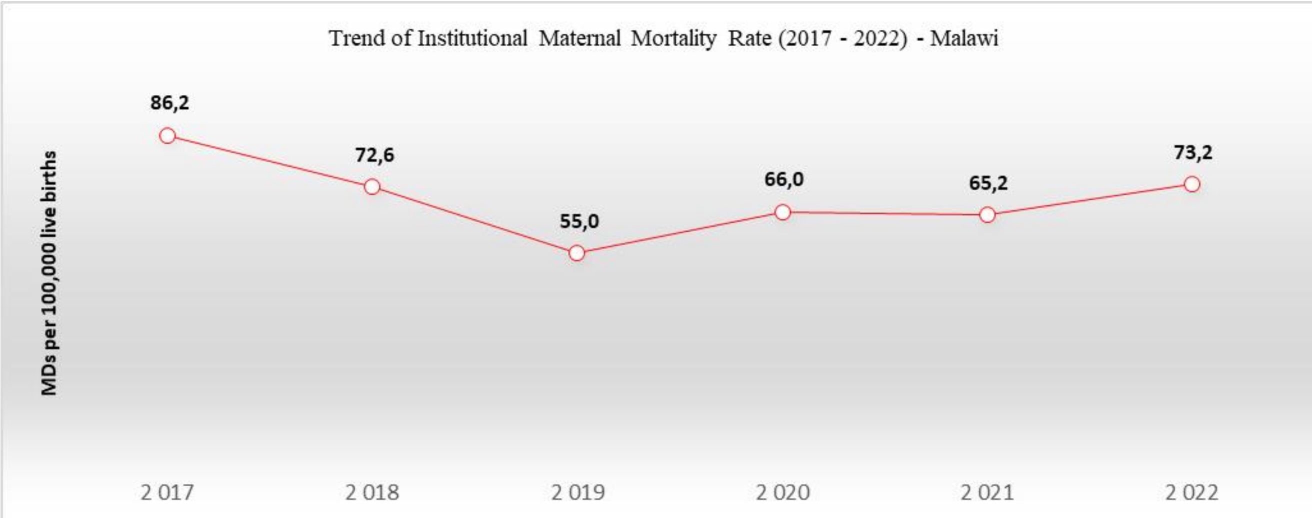
Access to Sexual and Reproductive Health Rights (SRHR) services is crucial for promoting healthy living and gender equality. Investing in family planning, maternal and neonatal healthcare, HIV treatment, and STI prevention has both immediate and long-term benefits for women and their families. In Malawi, SRHR services are offered at primary, secondary, and tertiary levels of care, including cancer detection/management, obstetric fistula prevention/treatment, infertility prevention/treatment, and male involvement in service delivery. Human resource development is constantly being strengthened to ensure optimal outcomes.

12.1.1.5.1 Performance Indicators

12.1.1.5.1.1 Institutional Maternal Mortality Ratio (IMMR)

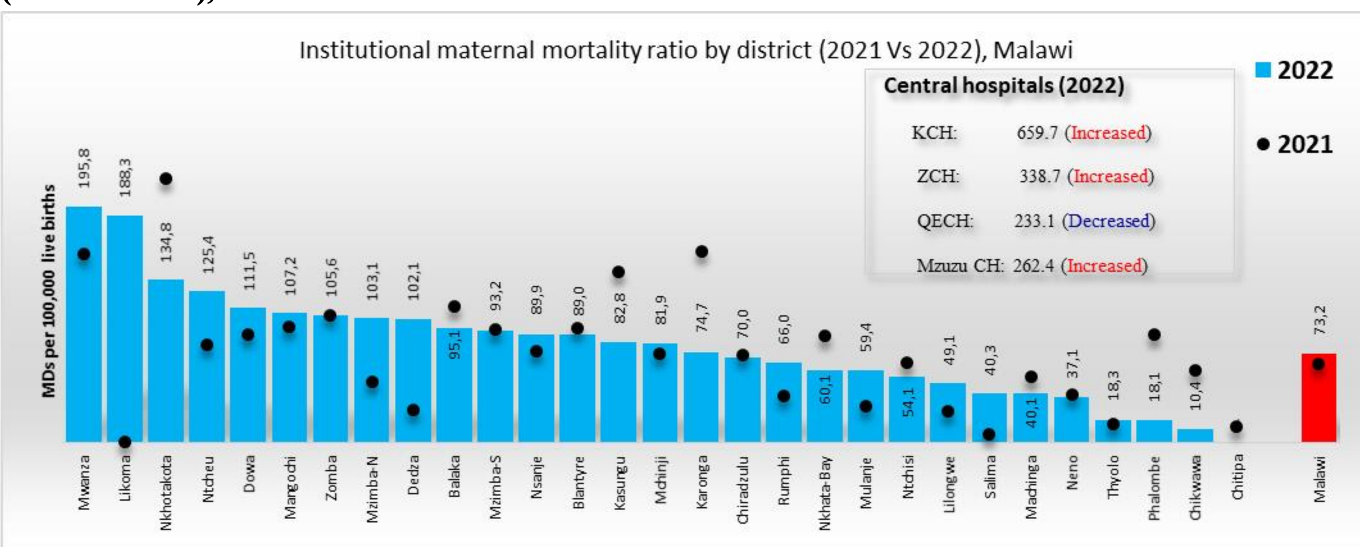
The maternal mortality ratio in the seven-year period preceding the 2015-16 MDHS was estimated to be 439 maternal deaths per 100,000 live births. Nevertheless, based on HMIS data, there has been a decline in maternal fatalities during the five-year span from 2017 through 2021.

FIGURE 12.15: TREND OF INSTITUTIONAL MATERNAL MORTALITY RATE (2017 - 2022) - MALAWI



Source: DHIS2

FIGURE 12.16: INSTITUTIONAL MATERNAL MORTALITY RATIO BY DISTRICT (2021 VS 2022), MALAWI

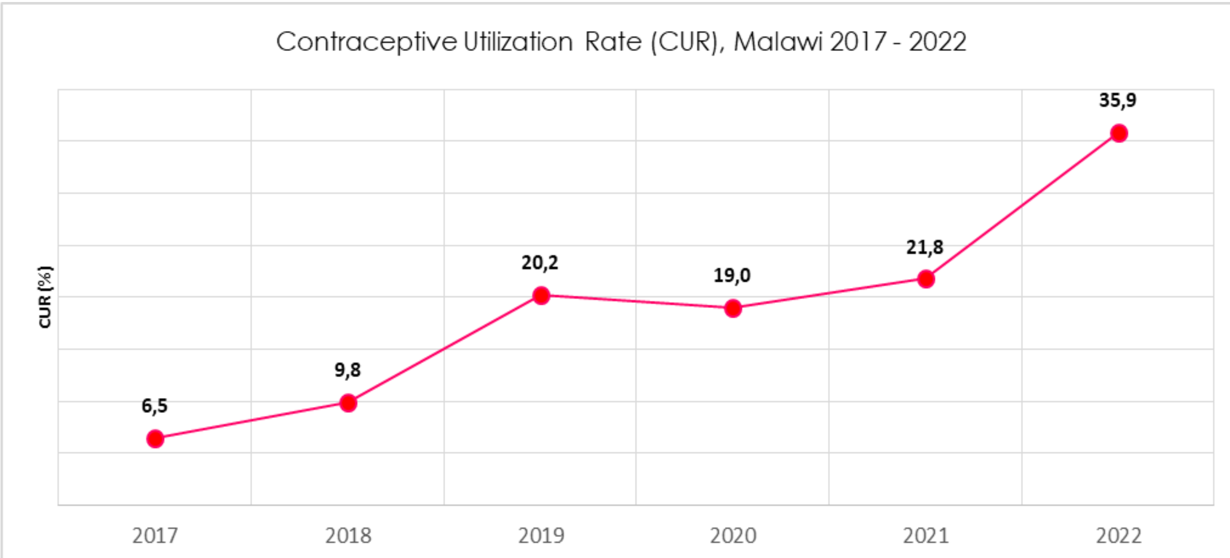


Source: DHIS2

12.1.1.5.1.2 Family Planning

The Family Planning Policy aims to decrease the risk of maternal and child mortality by providing comprehensive family planning services to all men, women, and young people. Despite efforts, Malawi's fertility rate remains high at 4.2-4.5 per woman in rural areas and 2.9-3.0 per woman in urban areas. Although knowledge of family planning is nearly universal, the unmet need for married women is at 15.4 percent. However, demand for family planning is high among sexually active unmarried people at 89.4 percent. Family planning improves individual health, wealth accumulation, and reduces pregnancy-related complications while supporting sustainable use of natural resources and economic development.

FIGURE 12.17: CONTRACEPTIVE UTILIZATION RATE TRENDS FOR A 5 YEAR PERIOD, 2017 TO 2022



Source: DHIS2

Despite being on the lower end, there has been a steady increase in the utilization of modern contraceptives within the last five years of this report. This progress may be attributed to heightened awareness and health talks, as well as community-based initiatives by both partners' interventions, HSAs, and other primary care cadres supporting family planning. It is also noteworthy that sexually active adolescents and young adults are able to utilize long-acting and reversible contraceptives (LARCs), which represents a positive step towards reducing unintended pregnancies over time. However, significant work remains to be done in order to reach expected levels of utilization, necessitating increased efforts and collaboration aimed at reaching more eligible women with modern contraceptive options.

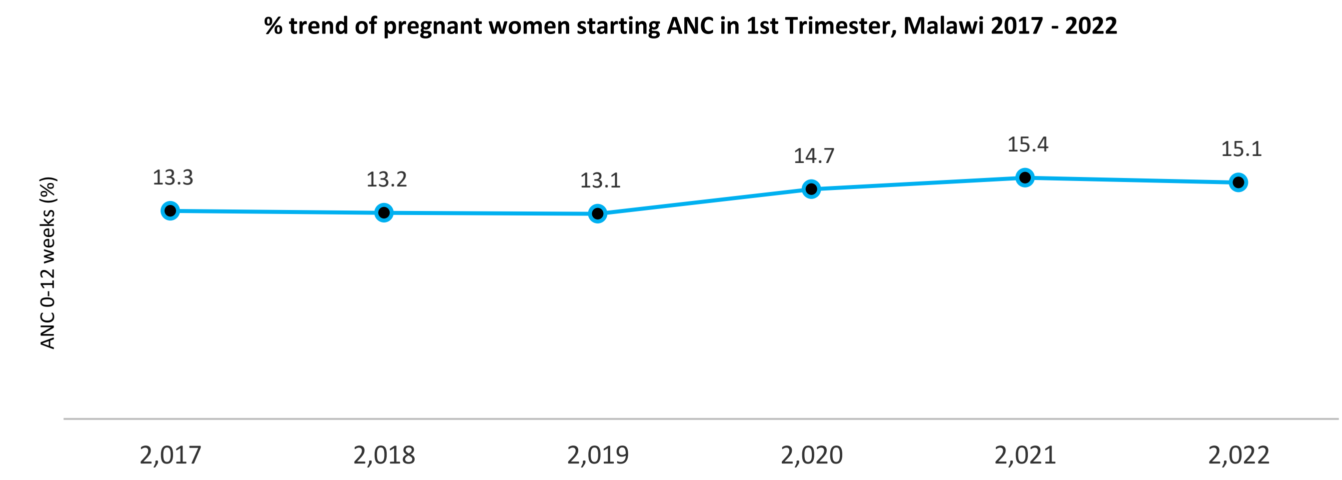
12.1.1.6 Maternal Health

Maternal mortality in Malawi has surpassed the target for MDG 5, with an estimated Institutional Maternal Mortality Rate (IMMR) of 675/100,000 live births in 2015-16. However, this has decreased to around 50/100,000 in 2019-20, indicating an improvement in quality of care in health facilities. Neonatal mortality rate has also decreased from 31/1,000 in 2010 to 8 in 2020-21.

Maternal deaths are related to various factors such as early childbearing, high fertility, and complications during pregnancy and delivery. While antenatal coverage is high at 86.8 percent, only 32 percent completed the required four or more visits in 2020-21.

Despite improvements in skilled delivery rates and access to MNH services over the years, some women still deliver at home or with Traditional Birth Attendants. More initiatives are needed to encourage facility delivery and improve the quality of maternal care for all women delivering at health facilities. Early detection of high-risk pregnancies is crucial for preventing maternal morbidity and mortality, which is why antenatal check-ups should start within the first trimester of pregnancy. The ultimate target is to have at least one antenatal check-up by all pregnant women within the first trimester.

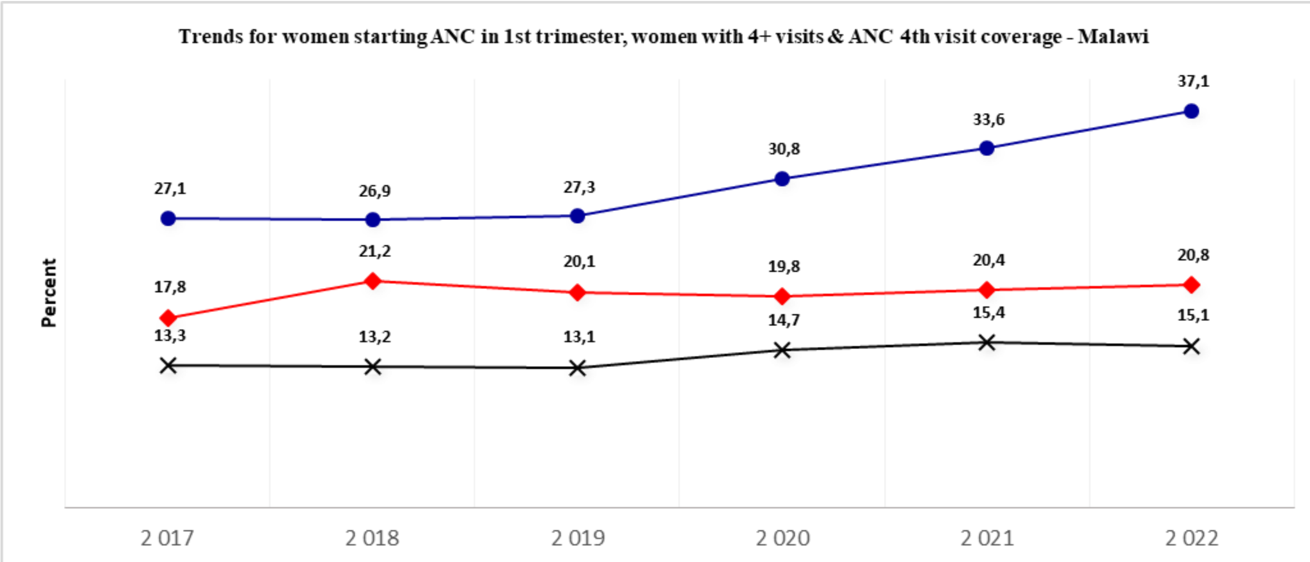
FIGURE 12.18: PERCENTAGE TREND OF PREGNANT WOMEN STARTING ANC IN 1ST TRIMESTER, MALAWI 2017 -2022



Source: DHIS2

The percentage of pregnant women starting ANC in their first trimester decreased slightly between 2018 and 2019 due to the first wave of COVID-19, which limited access to most maternal and newborn health services. However, increased awareness and health talks on accessing services without exposure to the virus led to more women regaining confidence to access services, resulting in an increase in the percentage of women starting ANC in their first trimester between 2019 and 2021. During the pregnancy period, more women availed themselves to access ANC services at health facilities as shown in the graph below.

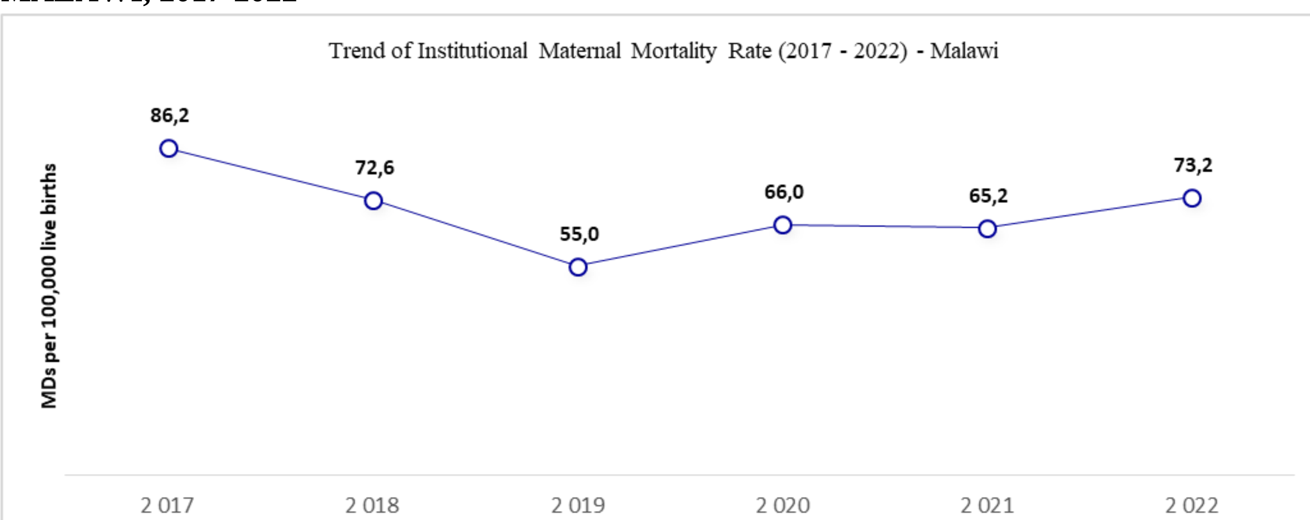
FIGURE 12.19: TRENDS FOR WOMEN STARTING IN 1ST TRIMESTER, WOMEN WITH 4+ VISITS AND ANC 4TH VISIT COVERAGE IN MALAWI, 2017 TO 2022



Source: DHIS2

It can be observed from the above graph that fewer women started ANC in their first trimester compared to women who completed at least 4 ANC visits in their pregnancy. The graph shows the actual increase in percentage of women starting ANC in their first trimester from 10.4 percent in 2017 to 11 percent in 2021. The graph also shows the increase in percentage of women completing at least 4 ANC visits from 27 percent in 2017 to 34 percent in 2021.

FIGURE 12.20: TREND IN INSTITUTIONAL MATERNAL MORTALITY RATE IN MALAWI, 2017-2022



Source: DHIS2

Trends in the above graph depicts a steady decrease of Institutional Maternal Mortality Ratio (IMMR). In 2017, IMMR was at 87 per 100,000 live births down to 56 per 100,000 livebirths in 2019. The decrease may be attributed to increased awareness and community level initiatives. However, from 2019 to 2021, the IMMR slightly increased to 65 which may have resulted from the lesser number of staff in facilities as well as transportation challenges also escalated by the vice. Additionally, it can be speculated that women were afraid to deliver in the hospitals because of Covid- 19 pandemic hence were reporting to the facilities in very critical conditions. Figure 12.22 Below (Trend proportion of home/community deliveries (2017 - 2022)) relays the same IMMR information but at district level, comparing two reporting periods.

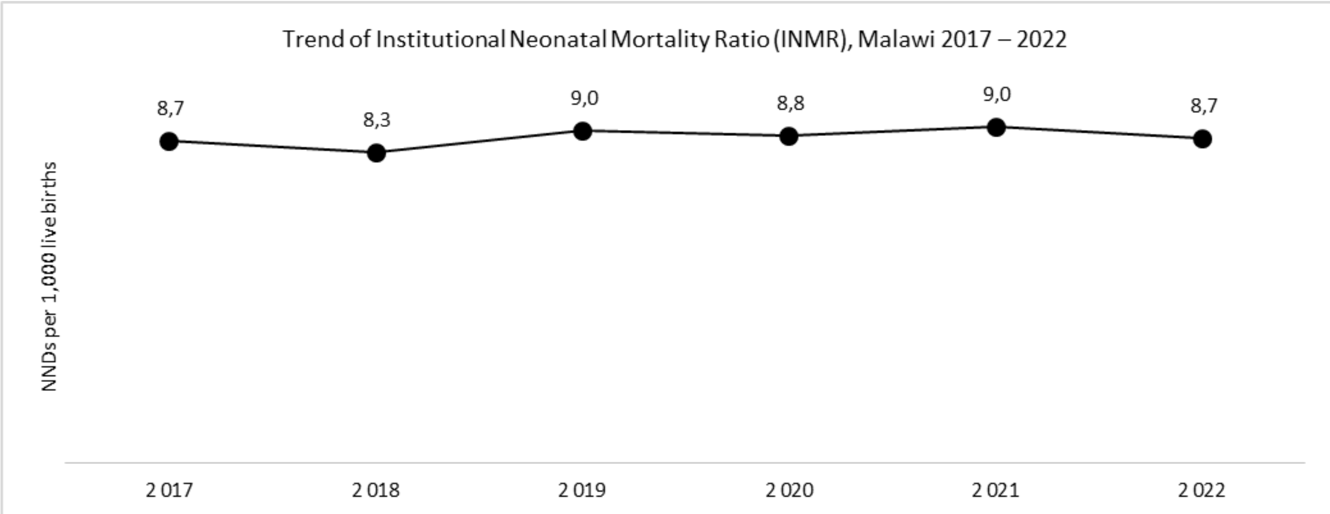
12.1.1.7 Early Childhood Mortality Rate

With the SDG target (3.2) for child mortality, on ending preventable deaths of newborns and children under 5 years of age, the international community has retained the overarching goal of reducing child mortality. While the global target calls for reducing neonatal mortality to at least as low as 12 deaths per 1,000 live births and under-five mortality to at least as low as 25 deaths per 1,000 live births. Reduction of child mortality continues to be prioritized as one of the most important health outcomes in national plans and programmes. Malawi set its under-five mortality rate target to 48 deaths per 1,000 live births by 2022.

12.1.1.7.1 Neonatal Mortality Rate

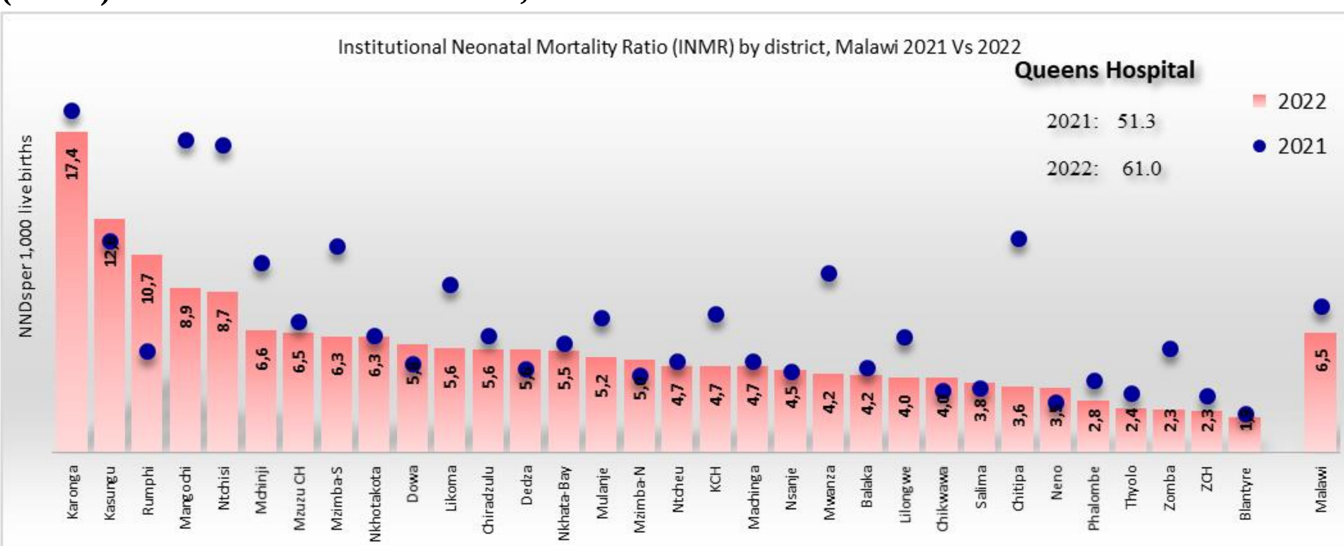
The neonatal period, which is the first 28 days of life, is the most critical time for a child's survival. The global average rate of neonatal deaths in 2020 was 17 deaths per 1,000 live births, which is a decrease of 54 percent from 1990. The leading preventable causes of neonatal deaths are preterm birth, intrapartum complications, and pneumonia. These causes contributed to a higher proportion of deaths in rural areas than urban areas, although mortality rates for these three causes fell significantly between 2014 and 2018. In Malawi, the neonatal mortality rate was estimated at 26 per 1000 live births in the Multiple Indicator Cluster Survey (2019/2020), with rural areas having more neonatal mortality than urban areas (26 per 1000 live births compared to 22 per 1000 live births).

FIGURE 12.21: TREND OF INSTITUTIONAL NEONATAL MORTALITY RATIO (INMR) IN MALAWI, 2017 – 2022



Source: DHIS2

FIGURE 12.22: TREND OF INSTITUTIONAL NEONATAL MORTALITY RATIO (INMR) BY DISTRICT IN MALAWI, 2021 VS 2022



Source: DHIS2

12.1.1.7.2 Under-five Mortality Rate

In 2020, 5 million children under 5 years died, which is 13,800 per day. Infectious diseases like pneumonia and malaria are major causes of these deaths, along with premature birth and complications during delivery. Under-five mortality rate is the probability of a child dying between birth and exactly 5 years old expressed per 1,000 live births. Malawi's under-five mortality rate is 56 per 1000 live births. Most deaths occur in rural areas, with 58 per 1000 live births dying compared to 42 per 1000 in urban areas.

12.1.1.7.3 Infant Mortality Rate

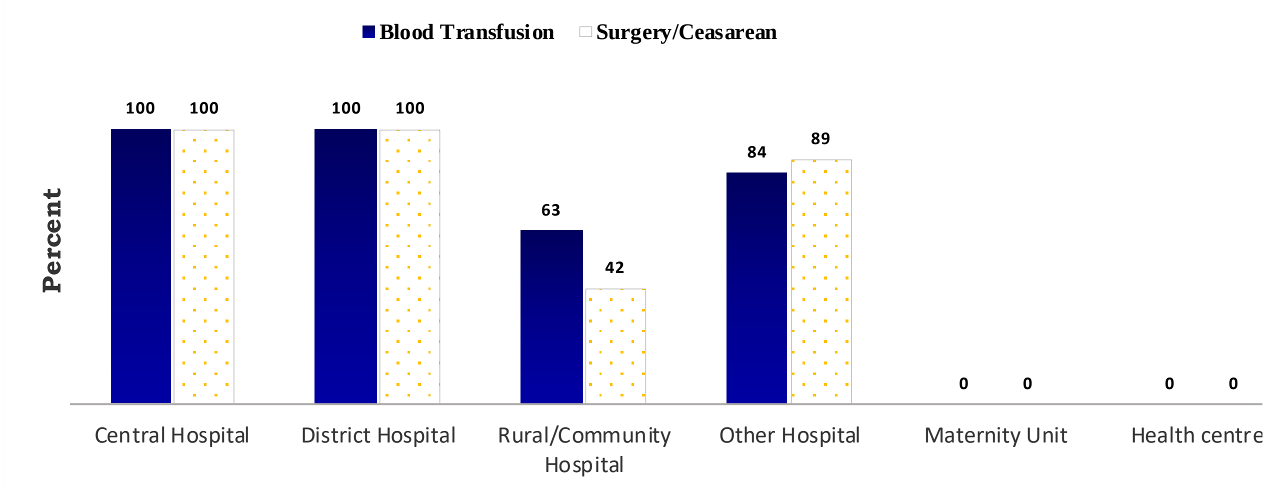
Infant mortality is when a baby dies before their first birthday. The infant mortality rate is the number of deaths per 1,000 live births. It tells us about maternal and infant health and overall societal health. Top causes in 2018 were birth defects, preterm birth, injuries (suffocation), and maternal complications.

In Malawi, according to Multiple Indicator Cluster Survey (2019/2020) infant mortality rates was estimated at 40 per 1000 live birth for the five-year period preceding the survey. Many Infants are dying in rural areas. The survey estimated 42 per 1000 live birth died in rural areas and 30 per 1000 live birth died in urban areas.

12.1.1.7.4 Facilities offering Comprehensive Emergency Obstetric and Newborn Care Services (CEmOC)

Malawi has 482 health facilities, including central and district hospitals, rural/community hospitals, other hospitals, health centers, and maternity units. The Malawi 2020 Emergency Obstetric and Newborn Care (EmONC) report shows that all central and district hospitals offer EmONC signal functions, but only some rural/community hospitals do. Other hospitals provide a higher percentage of these services. Health centers and maternity units only offer Basic Emergency Obstetric and Newborn Care (BemONC) services.

FIGURE 12.23: BLOOD TRANSFUSION

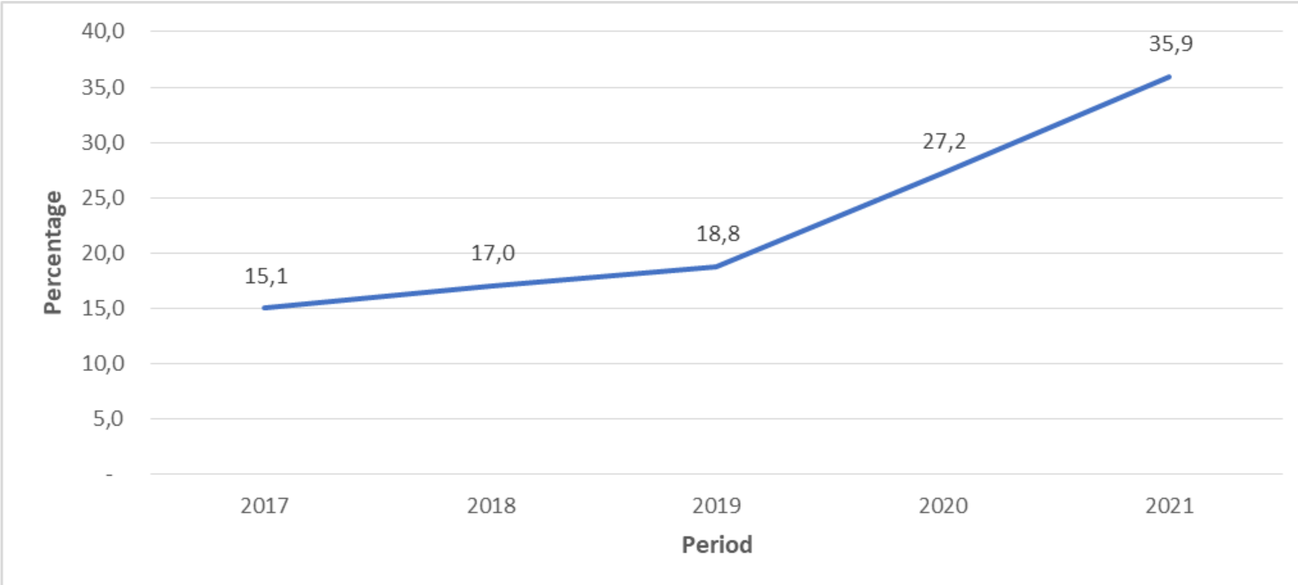


Source: Ministry of Health

12.1.1.8 Cervical Cancer Screening

Cervical cancer is a preventable and treatable disease, but it remains a leading cause of cancer-related deaths in women worldwide. In Malawi, cervical cancer has a high incidence and mortality rate, accounting for 45.4 percent of all cancers in women. Risk factors include HIV, human papilloma virus, inadequate screening and treatment services, late diagnosis, and limited access to timely treatment and palliative care. The Cervical Cancer Prevention and Control Program (CECAP) aims to reduce both the incidence and mortality rates of cervical cancer in Malawi. In 2020 alone, there were 4,145 new cases confirmed with related deaths rising from 2,314 in 2012 to 2,905 in 2020.

FIGURE12.24: CERVICAL CANCER INITIAL SCREENING COVERAGE, MALAWI 2019 – 2022



Source: Ministry of Health

Despite cervical cancer screening coverage for initial clients being on the lower side, it is encouraging to note that the trend has been steadily increasing every year. This can be attributed to more awareness campaigns, mass screening, partner support and interventions, as well as an enabling environment. Additionally, more providers have been trained to provide CxCa screening and treatment (250 trained and active in 2013, against 0ver 900 trained and active providers in 2020) as well as more screening and treatment sites and options being made available (104 screening sites in 2013 vs 316 sites in 2020; 22 treatment sites with cryotherapy only vs 211 sites with thermocoagulation in 2020).

12.1.1.9 New Born

Institutional Neonatal Mortality Rate in Malawi.

TABLE 12.9: INSTITUTIONAL NEONATAL MORTALITY RATE, MALAWI 2017 - 2022

Period	Live births	Neonatal deaths	Neonatal Death rate (/1000)
2017	523,020	4,269	8.2
2018	546,175	4,903	9.0
2019	547,403	4,694	8.6
2020	523,721	4,517	8.6
2021	519,910	4,173	8.0
2022	565,416	3,675	6.5

Source: Ministry of Health

The table above shows a noticeable increase of neonatal death rate from 8.2 per 1000 in 2017 to 9.0 per 1000 live birth in 2020. Among other factors, this would be a result of late reporting to the facility by mothers leading to foetal distress conditions that were hard to resuscitate. Inadequate skills by providers and lack of newborn resuscitation equipment would be likely contributing factors. However, after mentorships and provider training in helping baby's breath (HBB), INMR slightly decreased to 8.0 per 1000 live birth in 2021.

12.1.1.9.1 Proportion of births attended by skilled personnel

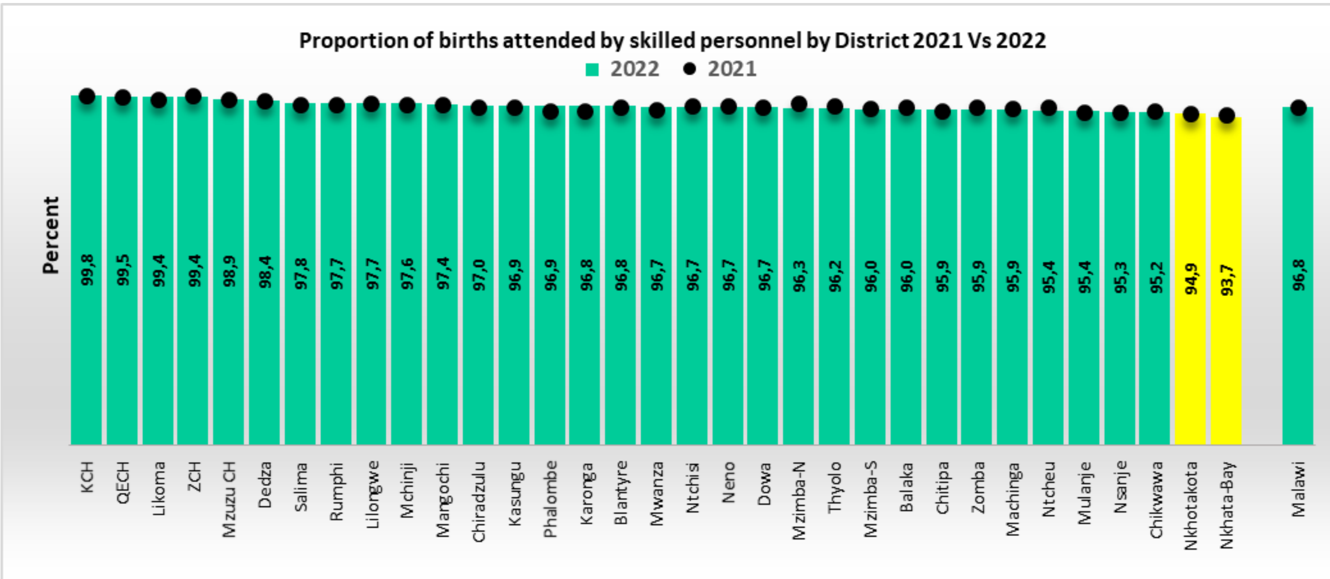
TABLE 12.10: PROPORTION OF BIRTHS ATTENDED BY SKILLED PERSONNEL, MALAWI 2017 -2022

Period	Number of Deliveries	Skilled Deliveries	% of skilled birth attendance
2017	531077	520242	98.0
2018	569413	566687	99.5
2019	556284	539544	97.0
2020	592558	574008	96.9
2021	545118	527984	96.9
2022	572,313	553,871	96.8

Source: Ministry of Health

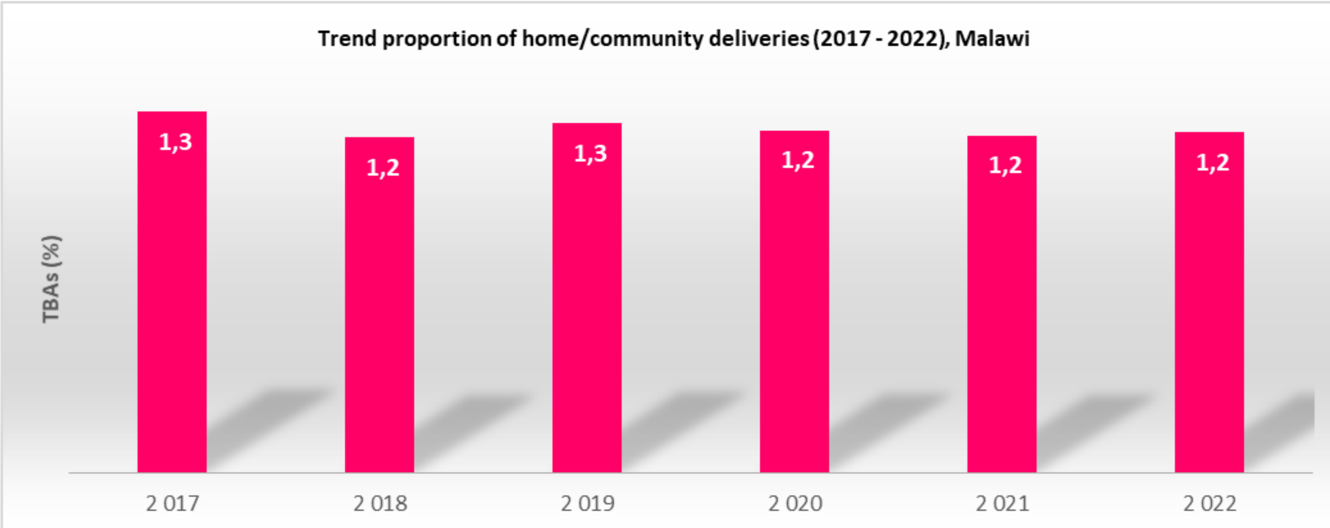
The Table 12.10 shows a slight decrease of delivery attended by skilled personnel at national level. The delivery rate decreased from 98 percent from 2017 to 96.9 percent in 2021. Despite the difficulty to determine the precise reason behind the decrease between 2017 and 2021, it is most likely that the lowering rates beyond 2019 may have been because of increased home deliveries due to minimized access to maternal services in health facilities triggered by the fear of contracting the corona virus (it was rumored that most people got infected while trying to access services in facilities).

FIGURE 12.25: PROPORTION OF BIRTHS ATTENDED BY SKILLED PERSONNEL BY DISTRICT 2021 VS 2022



Source: DHIS2

FIGURE 12.26: TREND PROPORTION OF HOME/COMMUNITY DELIVERIES (2017 - 2022), MALAWI

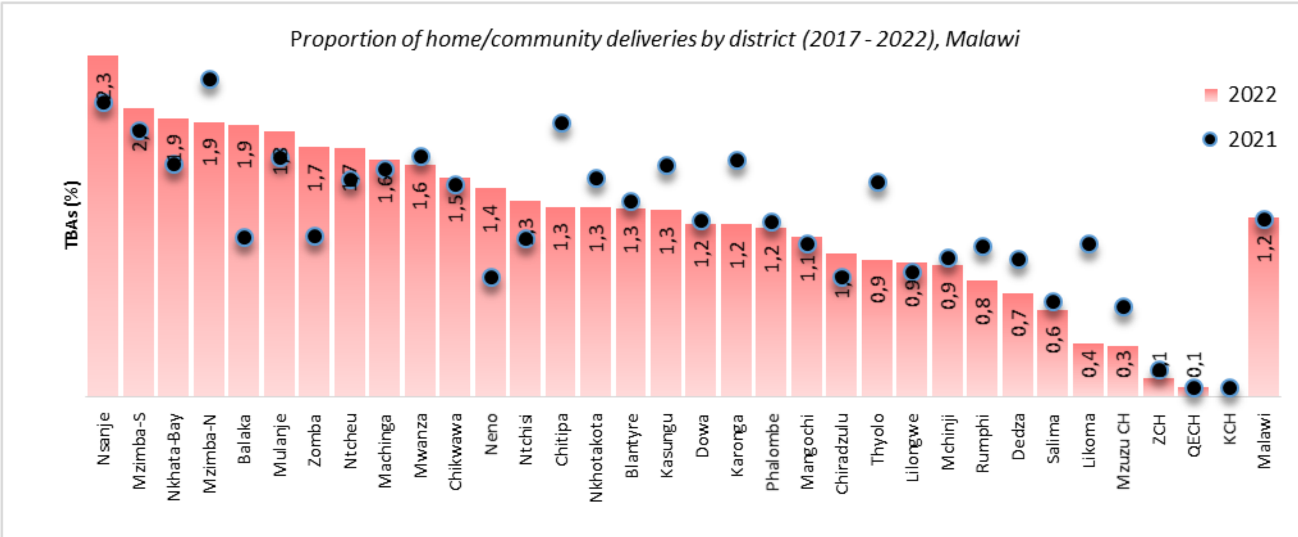


Source: DHIS2

Figure 12.26 depicts a decline in the proportion of home or community deliveries, with a drop from 1.3 percent in 2017 to 1.2 percent in 2021. The reduced rate of home delivery, observed at 1.2 percent in the latter year, can be attributed to the implementation of by-laws established by traditional authorities and heightened awareness among healthcare professionals (such as HSAs) regarding measures that clients can take to safeguard themselves against contracting COVID-19 while seeking maternal care services at health facilities.

During the period spanning 2018 to 2019, there was a marginal rise of 0.6 percent in home and community deliveries. This upswing can be attributed to limited access to maternal services due to apprehension surrounding the Covid-19 pandemic. Additionally, this trend may have been exacerbated by insufficiently trained community healthcare workers in CBMNC, which resulted in an increased number of women not receiving critical information regarding the benefits of hospital delivery.

FIGURE 12.27: PROPORTION OF HOME/COMMUNITY DELIVERIES BY DISTRICT, 2017 TO 2022



Source: DHIS2

TABLE 12.11: FRESH STILL BIRTH RATE, MALAWI, 2021 VS 2022 (PER 1,000BABIES)

Period	Number of Babies (still and live)	Fresh still births	Fresh still birth rate
2017	532,097	4,613	8.7
2018	555,314	4,633	8.3
2019	557,439	4,993	9.0
2020	537,280	4,715	8.8
2021	532,927	4,787	9.0
2022	574,660	5,021	8.7

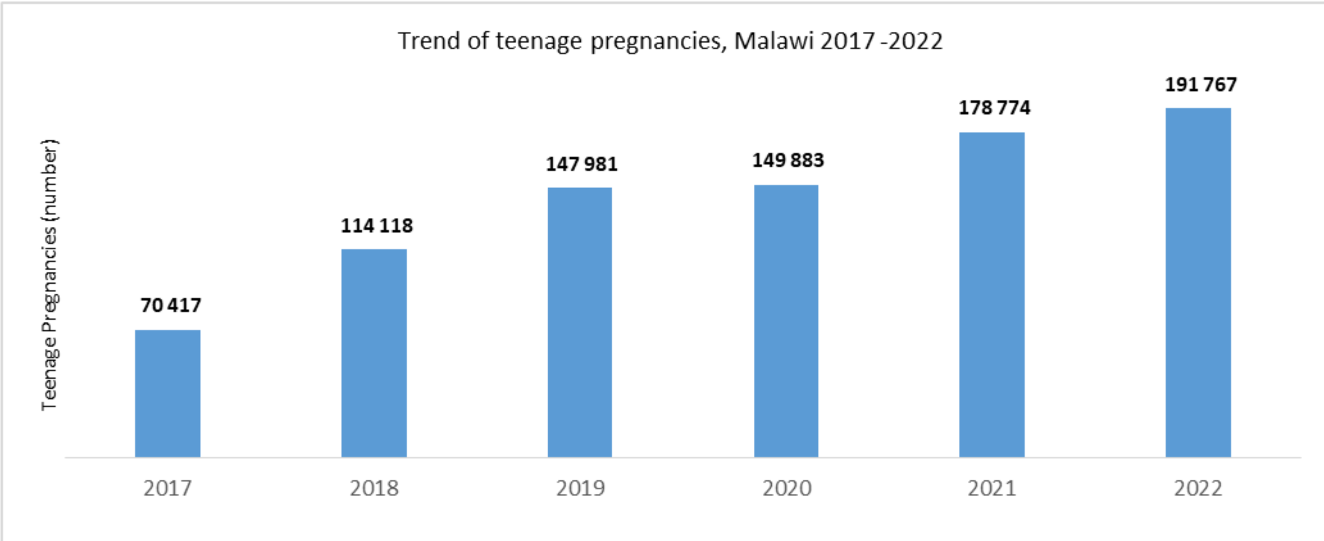
Source: Ministry of Health

In contrast to INMR, Fresh stillbirth rates have exhibited a consistent trend over the past five years, with only a marginal rise of less than 1 per 1000 newborns between 2017 and 2021.

12.1.1.9.2 Teenage Childbearing

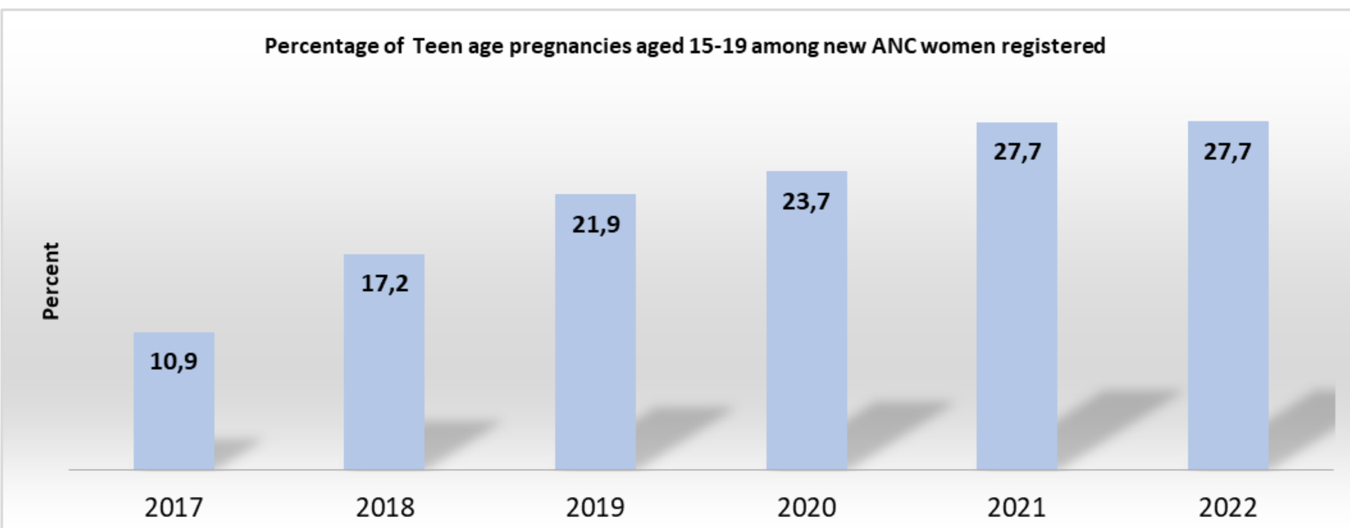
The Malawi Multiple Indicator Cluster Survey of 2019-2020 reported that 22 percent of women aged 15-19 years already had one birth; 6 percent are pregnant with their first child, and 27 percent begun childbearing. However, proxy data from HIMS reported that 26 percent of women aged 15-19 had begun child bearing.

FIGURE 12.28: TREND OF TEEN AGE PREGNANCIES AGED 15-19, MALAWI, 2017-2022



Source: DHIS2

FIGURE 12.29: PERCENTAGE OF TEEN AGE PREGNANCIES AGED 15-19 AMONG NEW ANC WOMEN REGISTERED



Source: DHIS2

Teenage pregnancies decreased among sexually active adolescents due to increased access to contraceptives. However, Covid-19 led to an increase in teenage pregnancies from 23.7 percent to 27.7 percent. Efforts are being made to increase uptake of contraceptives through mobile outreach and community dialogue sessions. Ministry of Health has a Youth Friendly Health Services Strategic plan for 2022-2030.

12.1.1.10 Community Health

The Ministry of Health developed an all-encompassing National Community Health Strategy (2017-2022) which served as a fundamental directive for all relevant parties. Following this strategy's success, the National Community Health Framework (2023-2030) was introduced in 2023 as its successor.

12.1.1.10.1 Delivery of integrated community health services

Based on the mid-term review report 2021, about 75 percent of community Health workers (Health surveillance Assistants) provided integrated community health services especially health posts, under five shelters, outreach sites and other hard-to-reach areas. In 2030, the target is about 90 percent community health workers to reach all communities with integrated essential community health services through health posts, under five shelters, outreach sites and other hard-to-reach areas.

12.1.1.10.2 Health Surveillance Assistants to Population Ratio

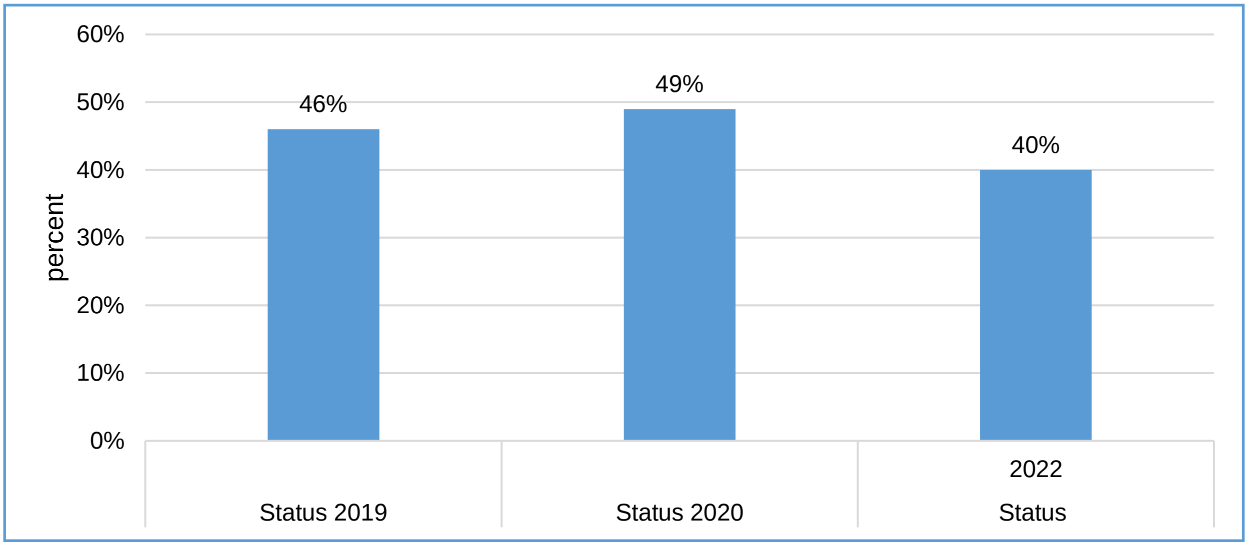
Malawi's recommended ratio of Health Surveillance Assistants (HSAs) to population is 1:1000, but the current ratio is 1:2000. The Community Health Services Section aims to achieve a more desirable ratio of 1:1346 by 2022. Currently, only about 74 percent of the recommended number of HSAs are available. There are approximately 15,000 active HSAs in Malawi, but the recommended standard requires eighteen thousand such professionals. The current ratio has improved to 1:260 due to the recruitment of additional HSAs and SHSAs, with over 2000 new HSAs employed in the past two years. In 2024, the Ministry plans to recruit an additional 2,436 HSAs and provide training for around 540 existing HSAs to improve their skills and knowledge in community health services.

12.1.1.10.3 Health Surveillance Assistants Residing in their Catchment Areas

The Government is currently endeavouring to augment the percentage of Health Service Assistants (HSAs) and Senior Health Service Assistants (SHSAs) domiciled within their respective catchment regions to 75 percent, via the erection of health posts and housing units in remote locations.

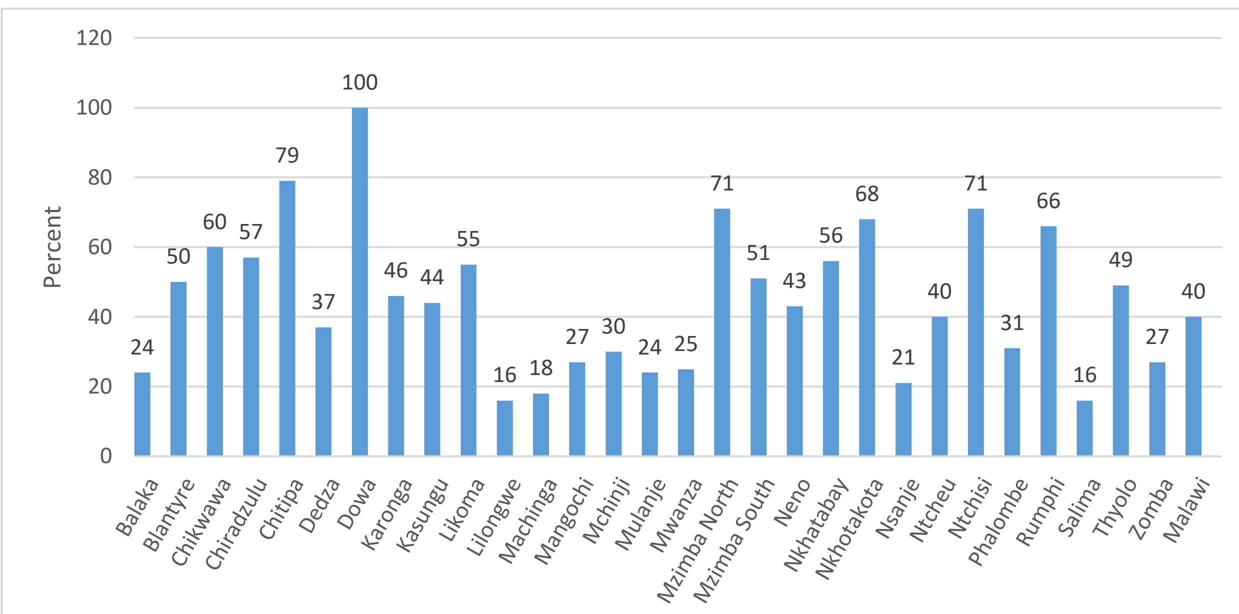
Figure 12.30 depicts the ratio of Health Service Areas (HSAs) that inhabit their respective catchment regions per district. The percentage stood at 49 percent in 2020 and has experienced a marginal decline to reach 40 percent in 2021.

FIGURE 12.30: PERCENT OF HSAS RESIDING IN THEIR CATCHMENT AREAS



Source: Ministry of Health

FIGURE 12.31: PERCENT OF HSAS/SHSAS RESIDING IN CATCHMENT AREAS BY DISTRICT



Source: Ministry of Health

The aforementioned chart depicts a rise in the ratio of districts, namely Dowa, Chitipa, Mzimba North and Ntchisi. This can be accredited to the health partner's emphasis on community healthcare and the inclusion of HSA leadership in management engagement meetings that pertain to service delivery models for community health.

12.1.1.10.4 Community Participation Strengthening

The Government of Malawi has implemented community health structures to enhance community participation and involvement in the management of community health services, thereby fortifying social accountability. Health Centre Management Committees (HCMCs) and 70 percent of Hospital Management Committees (HMCs) are functional.

At present, the operational rate for Health Centre Management Committees (HCMCs) stands at approximately 61 percent, while that of Hospital Management Committees (HMCs) amounts to around 70 percent. The National Community Health Framework's objective for the period spanning from 2023 to 2030 is to elevate this metric by ensuring that a minimum of 80 percent of these community structures are fully functional.

12.1.1.10.5 Community Health Action Groups that have been formed and oriented

A CHAG is a community structure established to enhance social accountability mechanisms at GVH level. In 2018 the average was at 26 percent and currently as of 2021 it is at 38 percent of the CHAGS formed and trained. Currently in 2021 38 percent of the CHAGs are functional evident with quarterly meeting minutes shared with relevant stakeholders.

In summary, 90 percent of community structures such as Village Development Committees, Area Development Committees, Community Health Action Groups, Village Health Committees, Health Centre Management Committees and Hospital Management Committees and others oriented on social accountability tools to improve quality of health service delivery

12.1.1.10.6 Integrated Community Health Information System

The Ministry of Health, under the auspices of the Government, is currently implementing a community digital health initiative aimed at enhancing healthcare delivery at the grassroots level. In collaboration with CHSS, various integrated community health information system (iCHIS) modules have been developed to cater to different aspects of community health programs. These include household register, personal registers and electronic integrated disease surveillance and response (eIDSR), among others. To date, eight such modules have been created in total. Table 12.12 provides an overview of the number of Health Surveillance Assistants who have received training across districts in Malawi through support from multiple partners.

TABLE 12.12: HEALTH SURVEILLANCE ASSISTANTS TRAINED

District	Training Partner	# HSAs Trained	# SHSAs Trained	Total S/HSAs Trained
Balaka	LMH	262	39	301
Machinga	LMH	136	20	156
Salima	LMH	311	40	351
Dowa	Wandikweza	47	-	47
Kasungu	UNICEF	280	-	280
Thyolo	Save	379	-	379
Blantyre	Save	175		175
Chitipa	Amref	139	39	178
Total HSA's Trained in Ichis		**1,293**	**138**	**1,812**

Source: Ministry of Health

12.1.2 Health Systems

12.1.2.1 Health Infrastructure

To ensure the provision of high-quality healthcare services, it is imperative that healthcare infrastructure be both conveniently located and easily accessible to those within its targeted population. This necessitates the presence of adequately equipped medical facilities in close proximity to individuals' residences, thereby streamlining their access to necessary care. The availability of such resources can greatly enhance health outcomes for entire populations and promote overall well-being within respective communities. As such, Table 12.13 provides a comprehensive overview of ongoing, recently completed, and newly initiated key projects slated for completion during the year 2023/24.

TABLE 12.13: NUMBER OF KEY INFRASTRUCTURE PROJECTS IN MALAWI - 2023/24

Infrastructure Type	Funding Source	Type of Works (New, Rehabilitation, Pipeline)]	Quantity-Number of facilities	Progress Status (Under Design, Initiated, On-going, implementation, Handed Over and Operational)
District Hospitals	Badea (Saudi Fund) and Government of Malawi	New	1	The construction of Phalombe District Hospital has been completed and subsequently handed over.
	Government of Malawi	Pipeline	3	The Chikwawa, Dowa, and Rumphi District Hospitals are currently undergoing feasibility studies and facility design.
Community Hospitals	Government of Malawi	New	2	Currently, the progress of Domasi Community Hospital stands at 75%, while that of Mponela is only at 40%.
National Cancer Centre	OFID & Government of Malawi	New	1	In progress - The Ministry of Health is in the process of building four radiotherapy bunkers, two brachytherapy bunkers, and corresponding support services. Currently, the contractor is involved in preliminary preparations for the superstructure's concrete walls.
Kamuzu Central Orthopaedic Centre	Haukeland University (Norway) and Mr. Mohn	New Construction	1	The construction of the facility has been finalized and it has since been transferred, now operating at full capacity.
Health Posts	Global Fund	New	55	In progress - The Ministry of Health is currently undertaking the construction of 20 Health Posts out of a total of 55, which comprises five lots out of nineteen lots. These sites are situated in Dedza, Mzimba North, Ntchisi, Phalombe, Mwanza and Neno. As it stands presently, the overall advancement rate is at 75%, with contractors having completed roofing work and now focusing on finishing touches.
Nancholi Health Centre	HSJF	New	1	The entirety of the civil construction has been finalized and is now pending electrical

Infrastructure Type	Funding Source	Type of Works (New, Rehabilitation, Pipeline)]	Quantity-Number of facilities	Progress Status (Under Design, Initiated, On-going, implementation, Handed Over and Operational)
				connection in order for the facility to be formally transferred.
Gas Plants (Mzuzu Central Hospital.)	GAVI	New	1	Two out of the three units have been installed and we are currently awaiting completion of the final unit.
Construction of MDR TB isolation ward and associated external works at Nsanje, Balaka, Kasungu, Rumphi, Mzimba and Karonga district hospitals as well as Kamuzu, Zomba and Queen Elizabeth Central Hospitals	World Bank	New	9	The contractors have completed the roofing of the isolation wards and are currently focused on executing the final touches.
Renovation and refurbishment of COVID-19 projects	World Bank	Rehabilitation	15	The Ministry of Health has initiated a process of conducting physical assessments of various sites. Subsequently, the scope of works, drawings and BoQs have been completed and are now awaiting procurement of consultants and contractors.
Construction of Vaccine stores	GAVI	New	4	At the Mzimba site, the contractor is currently focused on implementing the finishes. In Mangochi, construction work is centered around the superstructure and has progressed to beam level. Meanwhile, at Domasi, excavation of foundation trenches remains ongoing under the purview of the contractor. Lastly, at Central Medical Stores in Lilongwe, notable progress has been made by the contractor in completing a

Infrastructure Type	Funding Source	Type of Works (New, Rehabilitation, Pipeline)]	Quantity-Number of facilities	Progress Status (Under Design, Initiated, On-going, implementation, Handed Over and Operational)
				basement floor slab alongside a retaining wall and part of the ground floor slab.
Construction and installation of Incinerators in Mzuzu and Mangochi	GAVI	New	2	Ongoing MANGOCHI - The contractor is currently in the process of mobilizing for the civil works and housing construction project. MZUZU - Following the completion of essential soil testing, the contractor has initiated site clearance efforts on a plot containing ant hills.
Construction and installation of Incinerators Kasungu and Zomba	The Global Fund	New	2	In the process of execution, in Kasungu, all civil works have been concluded and machinery has been installed; however, the contractor is yet to commence with the roofing phase. In Zomba, on the other hand, the superstructure has already been finalized and machinery installed. The contractor is now tasked with completing finishes as well as roofing for this structure.
Mzuzu Infectious Disease	The Global Fund	New	1	Under implementation.
Rehabilitation of Laboratories (Mulanje DHO, Kakoma in Chikwawa, Malomo in Ntchisi, QECH and Jenda)	The Global Fund	Rehabilitation	5	At present, the implementation of various construction projects is underway in different regions. In Chikwawa, the contractor has completed the superstructure. In Mulanje, the contractor has progressed to the ring beam level. Meanwhile, at QECH (Queen Elizabeth Central Hospital), demolition work is currently being carried out by the contractor. At Jenda, roofing work has been finalized and finishing touches are presently being worked on. Lastly, Ntchisi's construction project has reached a stage where roofing is

Infrastructure Type	**Funding Source**	**Type of Works (New, Rehabilitation, Pipeline)]**	**Quantity-Number of facilities**	**Progress Status (Under Design, Initiated, On-going, implementation, Handed Over and Operational)**
				complete and painting works are currently ongoing.

Source: Ministry of Health

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 2023.

13.2 Skills Development

The Ministry's commitment to increase access to TEVET education in all 28 districts of Malawi has been accelerated by the construction of six community technical colleges. Progress in Nkhotakhota (Kalinda), Machinga, Chiradzulu (Nsoni), and Chikwawa (Ngabu) indicates that major construction works at the CTCs were completed, but what remains is the water and electricity connection with landscaping works. However, the contractors are yet to be paid for the work done in order to finalize the external works. A substantial amount of work is outstanding for two CTCs in Rumphi (Lura) and Nsanje (Mtowe). Similarly, the contractors for the 2 CTCs are yet to be paid for the work done in order to finalize the outstanding work. It is expected that by the end of the 2024/25 financial year, the Ministry will have completed the remaining colleges and fully operationalized them.

Enrollment in the National Technical Colleges for the current financial year stands at 5797 students, of which 4097 are males and 1700 are females. In CTCs, enrolment has increased from the previous 1,364 students to 5,969 students, of which 3,526 are male and 2,443 are female. Finally, in Community Skills Development Centers (CSDCs), enrollment of students has increased from 767 to 916, out of which 567 are male and 354 are female. It is projected that enrollment will increase to 10,000 and 13,000 students in the 2024/25 and 2025/26 financial years, respectively.

Through the World Bank-funded SAVE Project, the Government has embarked on a project to construct classrooms, laboratories, girls` hostels, and workshops in all seven national National colleges. In the year under review, construction work has not yet started. However, the project is finalizing the recruitment process for contractors with the assurance that construction work will start in April 2024. In the next financial year, it is projected that the Government, through SAVE, will manage to construct 11 classrooms, 2 laboratories, 13 workshops, and 4 hostels in the following national technical colleges: Livingstonia, Mzuzu, Salima, Lilongwe, Namitete, Nasawa, and Soche.

In the year under review, the Ministry also launched the European Union-funded Zantchito Project on December 5, 2023, which intends to establish Centres of Vocational Excellence (CoVEs) for Renewable Energy at Mzuzu Technical College, Water Transportation at Salima Technical

College, Agriculture Engineering at Lilongwe Technical College, and Tourism at the Malawi Institute of Tourism in Blantyre.

13.3 Trade testing services

In the year under review, 13087 candidates were tested, and 7859 passed, representing a 60 percent pass rate. Out of the total candidates that were tested, 9131 were males and 3956 were females, and the pass rate was 67 percent and 33 percent, respectively. Out of the 13087 candidates that were tested, 7284 were certified. It is projected that in the upcoming financial year, 14,600 candidates will be tested, and 65 percent of these will be certified.

In the Recognition of Prior Learning (RPL) system, where the Government tests skilled persons who were informally trained, the Ministry managed to test 40 candidates in the pilot phase, of whom 40 were male and none were female. The overall pass rate in this financial year is 100 percent, and it is projected that in the upcoming 2024/25 the number of RPL candidates to be tested under this program will increase to 2100 candidates.

13.4 Labour Services

13.4.1 Job Creation Initiative

To spur job creation in the economy, the Malawi Government, through the Ministry of Labour, launched the National Job Creation Strategy. The main goal of the strategy is to facilitate the creation of employment in a more participatory and coherent way across all sectors of the economy. In the year under review, His Excellency the state president, Dr. Lazarus Chakwera, directed that the strategy be reviewed to take into consideration the catastrophic disasters that hit the country earlier this year. So far, the Ministry is in the process of reviewing the strategy, and by the end of this year, a draft review will have been prepared. It is also of paramount importance to report that, using the job creation tool that the Ministry developed, the economy has managed to create a cumulative of 1,358,809 jobs as of April 2023.

13.4.2 Labour Inspections

In its mandate to protect the 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 at least twice a year. In the year under review, the Ministry managed to perform 1357 Labour inspections against 1000 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. The table below disaggregates the inspections conducted in this financial year.

TABLE 13.1: NUMBER OF LABOUR INSPECTIONS CONDUCTED IN THE 2023/24 FINANCIAL YEAR

Type of Inspection	Number (percent)
Routine	974 (71.78)
Complaint	135 (9.95)
Follow up	172 (12.68)
Special	76 (5.60)
Total Inspections	**1,357 (100.00)**

Source: Ministry of labour

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 the minimum wage, underpayments with regard to overtime, and many more. In the period under review, the Ministry registered 62,105 complaints against 14,911 that were registered during the same period last year. Out of this, 51,766 were brought forward from the previous year of 2022/23, and 10,339 were actually registered from the period of April 2023 to December 2023.

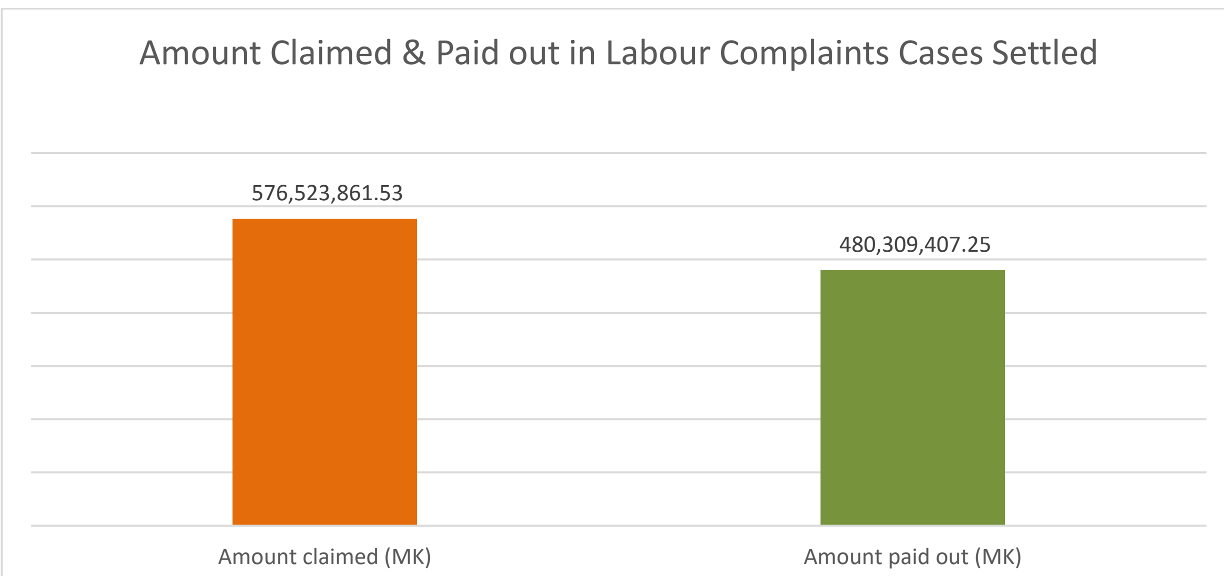
Moving forward, after Labour complaints have been recorded, they need to be settled. In this regard, the Ministry managed to settle a cumulative figure of 6755 complaints in the year under review. Out of these settled complaints, 1417 were referred to the industrial relations court for further review. The settled cases have attracted MK 576,523,861.53 claims, and out of which, MK 480,309,407.25 have been paid out.

TABLE 13.2: LABOUR COMPLAINTS CASES HANDLED

Labour Complaints Cases	Number
Cases b/f from previous year	51,766
Cases registered	10,339
In action	62,105
Cases settled	6,755
Cases referred to IRC	1,417
Cases referred to other offices	1,016
Cases closed	9,404
Outstanding	43,513

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

The Ministry of Labour is mandated to foster job creation in the economy. This mandate is fulfilled in different ways, and among them is the graduate internship program. The core purpose of the program is to provide work-integrated experience to freshmen and young graduates so as to enhance their employability. In the year under review, the Ministry of Labour continued to implement the graduate internship program, which has engaged 2905 interns in various MDAs. It is of paramount importance to report that the Ministry has cumulatively engaged 13,454 interns since the inception of the program in September 2018.

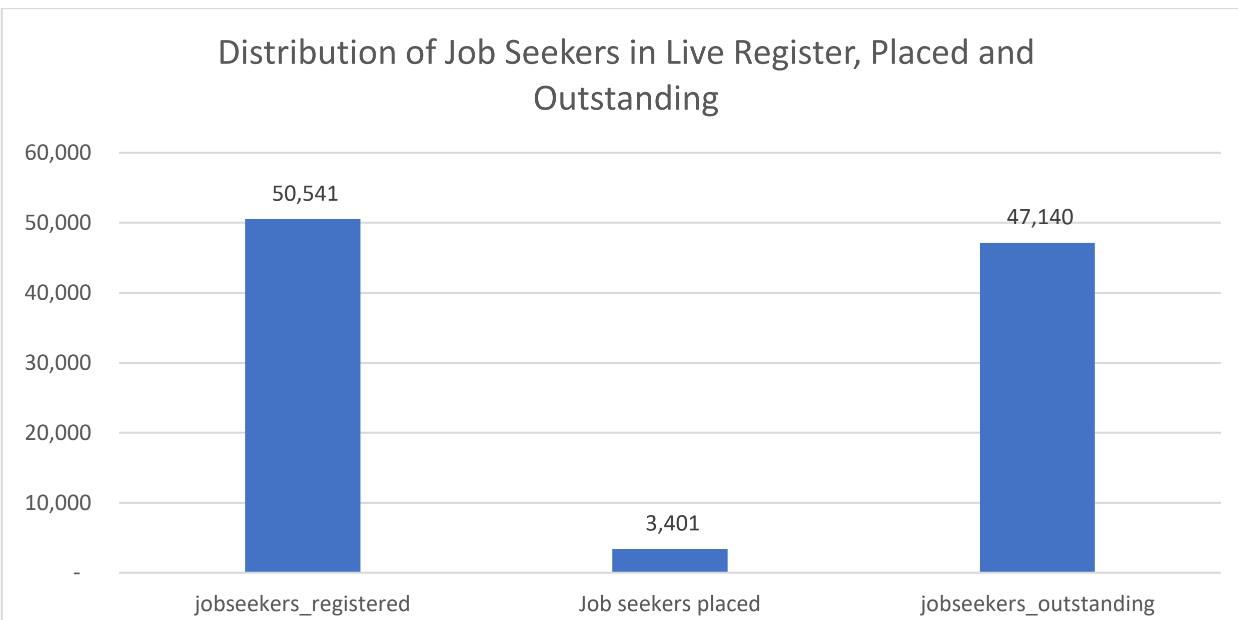
13.5.1 Public Employment Services

The ministry also provides public employment services. This includes 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

Through its regional and district Labour offices throughout the country, the Ministry of Labour keeps track of job seekers and the number of placements made for those job seekers. In the current year, the Ministry has managed to register 50,541 job seekers, and out of this, 3401 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

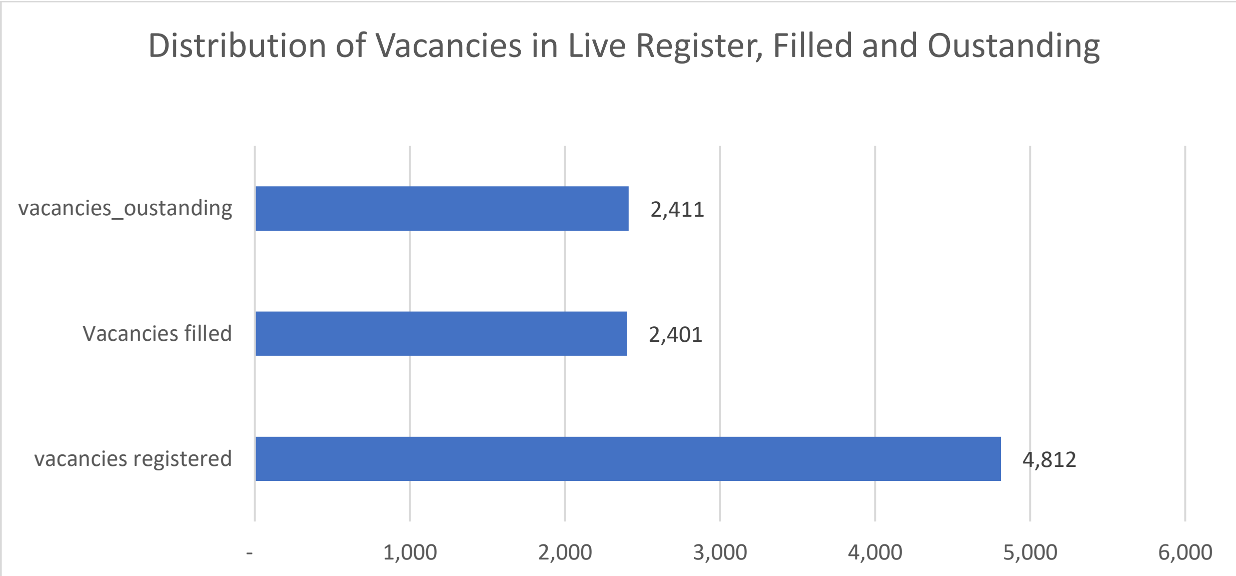


Source: Ministry of Labour

13.5.3 Vacancy Registration and Placements

The Ministry has managed to register 4,812 vacancies as of December 2023. Out of these vacancies, the Ministry has managed to fill 2401 vacancies. This represents a 49 percent vacancy filled. 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, and Welfare Act, Cap 55.05, which stipulates minimum employment conditions as regards health and welfare for employees. To enforce the Act, the Ministry has, in the current year, conducted 792 workplace inspections to assess the compliance levels in different workplaces. The Ministry has also registered 126 workplaces and collected MK 49.100,000 for registration and inspection of pressure vessels.

13.5.5 Employment Injury and Workers Compensation

Under the Workers Compensation Act, the Ministry is mandated to enforce compensation payments for injuries and diseases that arise in the course of duty. Under the period in review, the Ministry has managed to record 1,820 compensation cases, of which 479 were from the public sector and 1,341 were from the private sector. A total of 249 cases have been sent to the Workers Compensation Division, which has resulted in payments of compensation amounting to MK 350,360,501.57.

13.5.6 Child Labour

Child Labour is any kind of work that impedes the intellectual, physical, and social development of a child. In the current period, the Ministry has, through Accelerated Action for the Elimination of Child Labour (ACCEL), managed to remove 309 children from child Labour. Table 13.3 depicts how progress in child Labour inspection and withdrawal of children from child Labour has performed in this current financial year.

TABLE 13.3: NUMBER OF LABOUR INSPECTIONS, CHILDREN IDENTIFIED AND ACTIONS TAKEN

Number of inspections conducted	Children identified	Children withdrawn	Chidren repatriated	Children placed on Vocational Skills	Children placed back to school	Children placed on other rehabilitation measures	Sensitisation meetings held	Number of employers prosecuted
1,094	1,050	309	55	4	254	3	223	4

13.6 Challenges

The Labour and skills development sector is facing countless challenges. For instance, the Ministry lacks adequate inspection vehicles and faces inadequate funding. Other challenges include:

Manual handling of examination data and the lack of a TEVET Awarding Body pose a greater challenge in the manner in which the skills assessment and certification function is delivered. It is therefore strongly recommended that the Government consider providing support for the establishment of a TEVET Awarding Body and embrace digitalization in order to strengthen the management and hence the quality of TEVET examinations.

13.7 Youth Development

The youth comprise a large part of our population and are indispensable for sustainable and long-term national development. They are, however, a complex heterogeneous group with unique lifestyles and problems such as high unemployment rates, high illiteracy levels, HIV and AIDS, drug and substance abuse, early pregnancies and marriages, limited access to sexual and reproductive health services, mental health disorders, and limited access to technical and vocational training.

Sports are key to promoting Malawian national identity, unity in diversity, and poverty reduction. However, technical capacity gaps, limited and poor sports infrastructure, and a lack of sports equipment in Malawi remain a big challenge. As such, the Government continues to provide direction in capacity development for the youth and sports sectors, multi-stakeholder engagement, resource mobilization, and monitoring and evaluation of investments in the youth and sports sectors.

For the year 2023, the Ministry, through the Department of Youth, achieved the following in addressing some of the highlighted issues:

i. To provide direction to all youth stakeholders and increase youth representation and participation in decision-making positions, the Ministry launched the National Youth Policy (2023–2028). The policy was launched under the theme of *harnessing the youth* *potential toward the realization of Malawi 2063*. The policy aims to empower young people to effectively address social, cultural, economic, and political challenges, leveraging various opportunities to realize their full potential. Specifically, the policy seeks to create an enabling environment that supports youth in developing their full potential for sustainable personal and national development by 2028.

ii. To strengthen multi-stakeholder engagement, draft youth mainstreaming guidelines to support Ministries, Departments, and Agencies (MDAs) programs for youth across sectors. Youth issues are cross-cutting and require thorough consideration in programming across different sectors. Plans are underway to engage stakeholders to validate the guidelines.

iii. Efforts were made to provide the youth with several platforms to interact with and showcase their innovations and businesses. With support from UNDP and UNFPA, the Ministry officially housed the Youth Council Malawi secretariat. The mandate of Youth Connekt Malawi is to connect Malawian youth to opportunities, knowledge, and skills. Through Youth Connekt's social media platforms, several opportunities were advertised. One of the main events hosted was the Youth Connekt Malawi Expo, a day filled with engagement, exhibitions, and networking.

iv. To provide operational guidance on counseling and psychosocial support, especially to young people with mental health issues and drug and substance abuse or addictions, the Ministry is working closely with the Ministry of Health in developing the Mental Health Strategy. Through Youth Connekt, the Ministry, in collaboration with UNFPA, has facilitated support for youth innovations geared toward combating mental health. Under the Youth Connekt Mental Health and Adolescent SRHR Hacklab 2023, young Malawians with innovative mental health solutions were identified, and two finalists were selected. A framework to utilize innovative mental health solutions is being developed.

v. The Ministry provided capacity building to 150 district and community stakeholders, anchoring the National Youth Service (NYS) program. In particular, the stakeholders were inducted into the NYS program. They were also trained as trainers in mindset change and business management. Following the capacity building for districts, the councils have, in turn, enrolled 3,582 youth from sixty youth groups across the country to benefit from the Skills and Entrepreneurship Development pathway, which covers the following aspects: mindset change training, entrepreneurship and business management, as well as technical and vocational skills training. A total of 3419 youth have completed the Entrepreneurship and Business Management Training, with 60 business proposals being developed and operationalized through technical and vocational training to acquire skills to start and grow a business as per the vision of the NYS. Upon completion of the technical training, the Ministry will support the beneficiaries with startup capital in the form of working equipment.

vi. The Ministry continued with the construction of Mzuzu Youth Center, which is phased in given the project's magnitude. The first phase will see the construction of the classrooms, administration block, netball, volleyball, tennis, basketball court, and perimeter fence. As of the end of 2023, the classroom and administration block substructure has been completed, and the project completion rate is approximately 20percent.

vii. Through the district youth offices, youth were provided with services that improved their sexual and reproductive health, empowered them economically, and enhanced their leadership skills and participation in community development. Some of the activities that led to these outcomes in the districts include assessing and supervising health facilities in their ability to provide youth-friendly health services, supervising youth clubs engaged in agribusiness, administering elections and review meetings in youth networks, and engaging the youth in environmental conversation activities.

In the next financial year, the Ministry, through the Department of Youth, expects to carry out the following:

i. Mainstream youth-supportive interventions at all levels of development programming. The focus will be on building sectors' capacity to budget and program for youth.
ii. Finalize the mental health strategy and roll out mental health interventions, including strengthening coordination mechanisms to ensure the delivery of quality mental health services.
iii. Enhance youth agriculture entrepreneurship through model youth agripreneurs to provide mentorship. The focus is to ensure that Neno Youth Centre becomes the hub of agri-business training for youth in Malawi.
iv. Continue the rollout of the National Youth Service across the country. The intention is to roll out the infrastructure development pathway through irrigation, environmental management, and public works projects.
v. Phase 1 of the construction of the Mzuzu Youth Center is expected to continue.

13.8 Sports Development

In 2023, the Government will continue to implement activities that facilitate the promotion and development of sports in the country. The Ministry, through the Department of Sports, is addressing the highlighted challenges through the implementation of the following activities:

i. Identifying potential talent was prioritized to ensure that talent was developed to a level that would ably represent the country at international competitions and win medals and trophies. Thus, in liaison with the Ministry of Education and the Malawi National Council of Sports, the Ministry introduced the Malawi Youth Games in the year 2020, to be participated in by all primary and secondary schools in various sports disciplines. In 2020, the program started with five sports disciplines, with a plan to add one or two disciplines each year until most of the sports disciplines are incorporated into the program. The 2023 edition of the Malawi Youth (school sports) Games was held from October 1st to October 16th, 2023, at Civo Stadium. About 6,000 schools (public and private), 12,000 students, and 2000 officials participated in the games. Some athletes from this program have already been incorporated into clubs and national teams and are performing well.

ii. To ensure that the identified talented athletes are well-trained and managed, there is a need for well-qualified personnel. In liaison with the Malawi National Council of Sports and key stakeholders, the Ministry embarked on training sports personnel in different sports fields such as coaching, officiating, and sports administration. To strengthen this initiative, the Ministry collaborated with the Malawi University of Science and Technology to offer a sports science course and Mzuzu University to offer a sports management course, both at the degree level. The Ministry, Malawi National Council of Sports, and Malawi Olympic Committee offer short-term courses to new personnel and refresher courses for existing personnel.

iii. To showcase our talent, acquire an international ranking, and comply with international sports relations, every country has to participate in and host international sports programs, including competitions. During the period under review, the Malawi National Netball team, the Queens, participated in the Netball World Cup championship in South Africa in July 2023. The team finished in position 6, which indicates a decline in performance compared to past tournaments. The Malawi National Football Team, the Flames, participated in the COSAFA men's football tournament in July 2023. The team's performance improved after replacing the expatriate coach with a local coach. It has been observed that local coaches can handle our national teams based on past experiences. The Malawi National Women's Football Team, the Scorchers, participated in the 2023 Women COSAFA Championship in October in South Africa. The team won the championship.

iv. The other key factor in the development of sports is infrastructure. In this regard, the Government, through the Ministry, is constructing and managing national sports facilities at the national level. The Ministry of Youth and Sports is mainly responsible for national facilities. At the same time, the Ministry of Local Government is responsible for district and community facilities, and the Ministry of Education takes care of school sports facilities. It has been observed that there is good progress in developing sports infrastructure in the country because facilities are being constructed across the country. One exciting development is that private individuals and organizations are investing in the country's sports infrastructure. Some private facilities are Champion Stadium in Dowa and Dimba Stadium in Mchinji. The Ministry supported both public and private facilities in the sector by routinely inspecting them and also by training 30 stadium managers (both public and private) as one way of promoting good management practices, efficiency, and effective service delivery.

In the next financial year, the Ministry, through the Department of Sports, is expected to carry out the following activities:

i. Construction of the Griffin Saenda Indoor Sports Complex and Aquatic Complex stalled in 2023 despite being used during the Region 5 games that Malawi hosted in December 2022. The stall resulted from increased project costs due to changes in the scope of work and inflation. To pay for part of the already-done work and complete the projects, the Public Procurement and Disposal of Assets Authority (PPDA), through the Auditor General's office, has engaged a consultant to audit the two projects for PPDA to decide on the way forward.
ii. The construction of Zingwangwa and Soche stadiums is expected to continue. Discussions are in progress with the contractor to revise the work plan and review the contracts for the project to continue.
iii. An additional talent identification program will be introduced for both schools and communities to reach out to many youths and provide more opportunities for practice.

13.9 Challenges

The implementation of the youth and sports development programs has been primarily affected by inadequate financial resources, the prevailing macroeconomic environment, violence, vandalism, and theft of facilities.

Chapter 14

ENVIRONMENT, NATURAL RESOURCES AND CLIMATE CHANGE MANAGEMENT

14.1 Overview

The environment and natural resources play a very significant role in influencing social and economic development at both household and national level, and they form a bedrock of Malawi's agro-based economy. The Government, recognizes that protecting the environment, as well as preventing the impacts of climate change and natural resource degradation is critical for boosting the economic and social welfare of the country thus providing green jobs, reducing poverty and addressing resource scarcity. Malawi currently faces an environmental and natural resources cycle of decline and degradation. The challenges are complex and interrelated, but there are two underlying drivers behind this decline. Population growth places huge demands on natural systems with more land being converted to agriculture and more forests being harvested for the wood fuel supply. Climate change magnifies these impacts by putting greater strain on land and forests due to increased incidents of natural disasters and extreme weather events. The degradation of environment and natural resources has an effect on the economy of the country.

Therefore, it is important to address the factors that lead to environmental degradation and restore the environment. It is against this background that Enabler 7 of Environmental Sustainability, in the Malawi 2063, is putting environmental sustainability at the centre in order to have a country that is clean, secure and safe for all. Government of Malawi can only achieve this successfully by consistently mainstreaming environmental issues into development planning processes.

Government through Environmental Affairs Department in the Ministry of Natural Resources and Climate Change plays a critical role in putting into place policies that ensure that resources contribute to the long-term economic development of the nation. In the 2023/24 financial year, several programmes on sustainable management of the environment, natural resources and climate change resilience and adaptation were implemented and continue to be implemented on the same.

This chapter, therefore, provides information on the performance, challenges, lessons learnt and future plans by the Environment, Natural Resources Management and Climate Change sector.

14.2. Performance in 2023/24.

In the 2023/24 financial year, Government has implemented various programmes on sustainable management of the environment, natural resources and climate change. The following are some of the key achievements.

14.2.1. Mainstreaming of ENRM Issues into Development Policies and Programmes.

Government continued promoting integration of environmental considerations into development programmes/projects in line with various environmental and natural resources management legislations and standards in order to address environmental degradation in the country and ensure environmental sustainability. Various development projects in the areas of infrastructure, energy, mining, tourism, waste management, irrigation, agriculture and water resources development were reviewed for adherence to Environment and Social Impact Assessment (ESIA) guidelines and environmental standards/legislations. A total of 32 Environmental and Social Impacts Assessment (ESIA) reports,13 Environmental Audits, 112 Project Briefs, and 62 Environmental and Social Management Plans (ESMPs) were reviewed and approved. These include: Mulalo fish farm in Dowa; 10 MW Biomass Power Plant in Mzimba; Automated Carpark in Blantyre, Chibuku Products factory in Blantyre; Trogon Tannery Company at Liwonde; Sewerage system for Machinga District Council at Liwonde; Mota Engil Campsite at area 6 in Lilongwe City; Malawi Fertiliser Company Ltd at Liwonde; Construction of sanitation facilities in beach landing sites under Sustainable Fisheries; and Aquaculture Development and Watershed Management (SFAD-WM) Project.

To ensure adherence to the ENRM legislations, Government continued monitoring implementation of various development projects in the country. A total of 14 development projects, industries and companies were monitored for compliance to the legislations, a mong others include: Shire Valley Transformation Project; Mangochi Water Supply Project; Camy Soap and Oil manufacturing; Easypack Limited; Pharmanova Malawi Limited. Companies that were found non-compliant were ordered to conduct Environmental Audits and to adhere to the principles of good environmental management. In addition, 11 potentially polluted sites were inspected and best environmental practices were promoted. Those found seriously violating environmental standards and polluting the environment were ordered to pay fines and to take remedial actions.

Additionally, the department reviewed and issued 45 licenses to companies for handling, transportation and collection of chemicals and waste. Companies that were found non-compliant were either ordered to conduct Environmental Audits, penalised and shut down and were mandated to adhere to the principles of good environmental management.

14.2.2 Climate Change Management

As the country continues experiencing the devastating impacts of climate change, Environmental Affairs Department in collaboration with key stakeholders in government, civil society, academia, youths and the private sector continue to develop and implement strategies, frameworks, programmes and projects in response to climate change, by among others, integrating adaptation and resilience into policies, plans, and practices. Environmental Affairs Department is implementing interventions aimed at promoting a shift away from natural resource degradation and limited livelihood opportunities towards large-scale implementation of ecosystem-based adaptation and widespread adoption of alternative livelihoods and value chains that build adaptive capacity while contributing to reducing the country's greenhouse gas emissions. These interventions are aimed at improving food security and nutrition, increasing climate resilience, reducing carbon emissions into the atmosphere, and increasing adaptive capacity of the people and ecosystems, as well as providing awareness on the causes and effects of climate change and climate variability. The following are 2023/24 FY key achievements on Climate Change Management:

i. Government is pursuing revenue and forex generation through carbon trading through scaling up of carbon credit production from a current average of 600,000 tonnes per annum to 5 million carbon credits, which will mobilize up to US$100 million. Currently, the Government has issued a letter of authorisation to Hestian Innovations Ltd who will auction 1.5 million Verified Emission Reductions (VERs) at COP28 in Dubai in which a share of these, 12.5 percent will come to Malawi. This might attract approximately US$1 million to Government. Additionally, the Ministry has issued about a dozen letters of intent and no objections and approvals to investors in various sectors.

   Further to this, Government has developed a draft carbon regulatory framework to increase transparency in the market and improve the matching of buyers and sellers of carbon credits, which may help to meet the increase in demand prompted by developing climate-related regulations.

   Government is also implementing the Least Developing Countries (LDC) Initiative Effective Adaptation and Resilience (LIFE-AR) Project. In July 2023, LIFE-AR Board approved GBP6.5 million to be used in implementing adaptation and resilience building investments in pilot districts of Mangochi, Salima and Rumphi. Among others, the resilience building investments include: enhancing the capacity of communities and institutions to plan, implement and monitor ecosystem-based adaptation interventions; improving small-scale producers' access to lucrative markets for climate-resilient products and value chains through diversification of product/service offerings and alternative livelihoods, as well as through a sustainable climate finance facilitate the adoption of alternative livelihoods. These interventions are aimed at promoting more robust and coordinated relationships between the private sector and small-scale producers, facilitated by concessional financing, improved infrastructure and technologies.

ii. The Department developed guidelines and standard operating procedures for the national climate change fund and have engaged Ministry of Justice and Ministry of Finance to guide operationalization of the fund. In addition, adverts have been floated in the papers for call for proposals for councils to develop projects under the fund.

14.2.3 Phase-Out of Ozone Depleting Substances

Government continued implementing activities on the phase-out of Ozone Depleting Substances (ODS) in the country in accordance with the requirements of the Montreal Protocol on the protection of the ozone layer.

i. The United Nations Industrial Development Organization (UNIDO) and the United Nations Environment Programme (UNEP), with financing from the Multilateral Fund has procured and handed over refrigeration and air-conditioning servicing equipment, estimated at MK 200 million, to the Government of Malawi to strengthen the country's capacity on the implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer. The equipment has been delivered to two centres of excellence, namely: Soche and Lilongwe Technical Colleges to assist in building capacity of refrigeration students on good servicing practices. The equipment will also be used by small and medium-sized enterprises operating in the refrigerator and air-conditioning sector.

ii. Government has strengthened the capacity of 60 refrigeration technicians on good refrigeration practices on good servicing practices and safe handling of flammable and toxic refrigerants. The training enhanced the capacity of refrigeration technicians on improved operations, service and maintenance of refrigeration facilities with the aim of reducing emissions of Ozone Depleting Substances into the atmosphere. In addition, 50 Customs Officers were trained on Montreal Protocol issues including facilitating legal trade on controlled substances under the Protocol on the protection of the ozone layer.

iii. Government conducted compliance-monitoring exercises on implementation of best practices in the refrigeration sector and enforcement of Regulations on management of Ozone Depleting Substances and other controlled substances. A total of 6 compliance monitoring inspections were carried out to 48 refrigeration servicing workshops and 11 Importers of controlled substances and refrigeration appliances were visited and inspected. The importers were encouraged to continue importing ozone and climate friendly technologies in the refrigeration sector and refrigeration servicing experts were advised to adhere to the best principles of good refrigeration practices. Further to this, 11 Customs Boarder Stations were visited to appreciate the enforcement of the regulations on management of ozone depleting substances in the country. The customs were re-oriented on the provisions of the regulations and advised to continue raising awareness to the importers of the controlled substances in line with the provisions of the regulations. The stations visited included: Marka Nyathando in Nsanje, Chikombe in Chikwawa, Mwanza, Blantyre Port, Chiponde in Mangochi, Biriwiri in Ntcheu, Dedza Port, Mulodza in Mulanje, Mchinji Port, Songwe Port and Karonga Port.

iv. Government through the Environmental Affairs Department developed project proposals on the phase-down of Hydrofluorocarbons (HFCs) in the country in line with the Kigali Amendment of the Montreal Protocol. A Kigali Implementation project on the phase-down of HFCs in the country was developed and submitted for possible funding. The project will support the country to start phasing down use of HFCs which have higher global warming Potentials. HFCs are not ozone depleting chemicals but have climate impact. They are used in the refrigeration and air-conditioning sector as refrigerants. Further to this, a project proposal on energy efficient was developed and submitted to the Multilateral Fund of the Montreal Protocol for possible funding. The project will promote importation and use of energy efficient refrigeration appliances in the country in line with the provisions of the Kigali Amendment of the Montreal Protocol. The Kigali Amendment encourages parties to the Montreal Protocol to adopt low-GWP and energy efficient alternative technologies to HFCs to realize climate benefits and energy savings.

14.2.4 Biodiversity Conservation and Protection

Malawi's unique biodiversity and ecosystem services, as well as its abundance of traditional knowledge and practices, are vital assets for the country's long-term development. Biological resources provide ecosystem services that are fundamental to human survival and ecological wellbeing. Such services include provision of food, medicine, energy and timber, regulating climate, purifying water and air, carbon sequestration including cultural services such as recreation and therapeutic services. To sustain these benefits, Government continues implementing programmes aimed at addressing drivers of biodiversity loss, promoting conservation and sustainable use of biological resources in the country as follows;

i. Government is implementing the Invasive Alien Species (IAS) Management Project. The project has two pilot sites, which are biodiversity hotspots; Nyika National Park in Rumphi and Mulanje Mountain Forest Reserve in Mulanje. The project aims to enhance the capacity of Malawi to manage IAS, especially in protected areas and surrounding agro-ecosystems, by strengthening existing national and protected area specific frameworks for the prevention and management of IAS. The main objective is to prevent new invasions and reduce the current impacts of IAS in protected areas and adjoining agro-ecosystems in Malawi. The project has managed to put together a National Framework for management of IAS in Malawi through development of the following documents; National Invasive Species Strategy and Action Plan (NISSAP) and an Invasive Alien Species Communication Strategy and conducted studies in the areas of Pathway Risk Analysis, Early Detection and Cost benefit analysis. The project has also trained Protected Area Staff on management of IAS in Malawi. The project is being funded by United Nations Environment Programme (UNEP).

ii. Government is implementing the Biodiversity Finance Initiative (BIOFIN) Project which aims at developing a methodology to measure existing biodiversity expenditure levels, assess future financial needs, and design comprehensive plans to use finance tools and solutions that increase financing, reduce harmful expenditure, and improve financial effectiveness and efficiency of biodiversity management. The project successfully developed three assessment reports namely; Policy and Institutional Review (PIR), Budget and Expenditure Review (BER) and Financial Needs Assessment (FNA). These three reports assisted in coming up with a National Biodiversity Finance Plan (BFP). With the assistance of the BFP, Malawi is implementing three solutions out of the 11 solutions that were proposed in the BFP and these are; Tagging and Coding Biodiversity in the National Budget, Payment for Ecosystems (PES) and Scaling up of Carbon Trading in Malawi. The project is being implemented in collaboration with United Nations Development Programme (UNDP).

14.3 Challenges

The following challenges were encountered during the reporting period:

i. Inadequate and delayed funding affected timely implementation of planned activities.
ii. Delays in administrative process in terms of placement of the National Climate Change fund affecting its operationalisation.

14.4 Possible Solutions

i. Timely disbursement of funds will ensure timely implementation of project activities by the Government;
ii. Engaged Ministry of Justice and Finance in developing guidelines to guide operationalisation of the fund.

14.5 Projected Performance for 2023/24 FY

Government intends to implement the following key activities in the 2024/25 fiscal year on Environment, Natural Resources and Climate Change Management Sector:

i. Facilitate the development, processing, review and finalization of agreements, Memoranda of Understanding and mitigation activity design documents approvals for Carbon Trading development projects in Malawi;

ii. Operationalization of Article 6 Carbon Trading regulatory framework for Malawi for regulation of Carbon Trading including establishment of the National Carbon Registry, and establishment of Article 6 office which will be responsible for reviews, approvals and authorization of carbon market project in Malawi to allow investors in Carbon Market invest into the country;

iii. Operationalization of Carbon Trust Fund responsible for receiving and management of share of proceeds received from investments into Carbon trading. The fund will trickle down to the communities to support climate change adaptation programmes;

iv. Enforce the ban on the production and use of thin plastics;

v. Implement interventions aimed at Biodiversity conservation across the country (Invasive Alien Species, Access and Benefit Sharing and Biosafety);

vi. Promote implementation of interventions aimed at environmentally sound management of waste to ensure a clean and heathy environment;

vii. Strengthen institutional capacity on the phase-out of Ozone Depleting Substances (ODS) in the country;

viii. Promote integration of environmental considerations into development projects through implementation of Environmental and Social Impact Assessments (ESIAs), Environmental and Social Management Plan (ESMP) and Environmental Audits; and

ix. Upscale implementation of adaptation and mitigation measures to address the impacts of Climate Change 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 the social economic empowerment and protection of women, men, girls and boys using community and welfare approaches in order for them to become productive citizens. The vision of the national agenda 'the Malawi 2063 (MW 2063)' is to have 'An inclusively wealthy and self-reliant nation'. Through the first ten-year MW 2063 Implementation Plan (MIP 1) emphasises on the need to reduce gender inequalities with emphasis on the empowerment of women and girls and protecting marginalised and vulnerable people. Based on its mandate, MoGCDSW is placed under Human Capital Development Enabler which serves as a catalyst to ensuring that the country attains the vision for the national agenda.

This chapter outlines the major achievements registered by the Gender Empowerment and Social Inclusion Sector per each programmatic areas such as: Gender Equality and Women Empowerment; Community Development and Functional Literacy; Child Development and Protection; and Social Protection and Development. It concludes by providing 2024/25 key planned interventions that are in line with MIP 1 priority interventions.

15.2 Performance for 2023/24

15.2.1 Gender Equality and Women Empowerment

15.2.1.1 Gender Mainstreaming

During the year under review, the Ministry continued to facilitate the mainstreaming of Gender in strategies and policies in an effort to reduce existing gaps and promotion of gender equality. The Government reviewed curriculum to include gender issues in Education Sector and facilitated the adoption of the school re-admission policy in all schools in the secondary education sector.

In addition, the Government facilitated domestication of sexual harassment policies in educational institutions and promoted implementation of the National Policy on safe motherhood as we strive to restrict mothers from giving births whilst at home and reduce infant and maternal mortality rates. The Ministry also facilitated the rolling out of the policy on male involvement throughout pregnancy and maternal health care in health sector.

15.2.1.2 Social Economic Empowerment

There has been an increased number of women appointed in decision making positions at various levels. During the year under review, for instance, at Cabinet level 41.8 percent of Ministers were females; women in management positions in the public sector: Secretary to the President and Cabinet (SPC), Deputy Head of the public Service, 50 percent of senior positions at Judiciary were females, which comprise of: Registrars 42 percent; Judges 37 percent and Magistrates 30 percent; 32 percent are Principal Secretaries; Directors 26 percent, Deputy Directors 29 percent and Chief officers 28 percent in Civil Service, 58.1 percent in Statutory Corporations, and 45 percent of positions in Foreign Missions are held by women.

As part of women empowerment programmes, the Ministry in collaboration with the Reserve Bank of Malawi facilitated development and signing of a Memorandum of Understanding between Financial Inclusion and Entrepreneurship Scaling Project (FINES) and COMESA Federation of National Associations of Women in Business (COMFWB). Further, the Ministry also facilitated disbursement of grant from SADC Accelerating Women Entrepreneurship programme to National Association of Business Women (NABW) amounting to 20,000 Euros.

15.2.1.3 Gender Based Violence

In an effort to improve access and provision of quality services to survivors of Gender Based Violence (GBV), the government in collaboration with Partners such as OXFAM and WORLEC with funding from the European Union (EU) implemented a project aimed at promoting gender transformative and youth inclusive democracy in Malawi. The Ministry also launched the Male Engagement Strategy which seeks to promote effective male involvement in ending Gender Based Violence (GBV) and reducing HIV and participation in Sexual and Reproductive Health Rights (SRHR).

Further, the Ministry established the National Prevention of Sexual Exploitation and Abuse (PSEA) network which is expected to improve coordination among stakeholders; developed Standard Operating Procedures on Gender and Gender Based Violence during emergencies and this targeted for survivors of Cyclone Freddy. The Ministry also provided 35 women rights organizations with specialized training whilst 65 Service providers were trained on essential package services and Gender based violence 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 reduce levels of illiteracy levels, the Government through MoGCDSW launched the National Strategy on Adult Literacy and Lifelong Learning. The strategy aims to increase literacy, enhance skills development and education through life-long learning among youth and adults for effective participation in national development agenda. For the 2023/24 financial year, 158,048 adult learners graduated from Adult Literacy and Education (ALE) and are able to manage, understand

and participate in various issues such as banking systems; community leadership and read the scriptures among others

15.2.2.2 Community Development

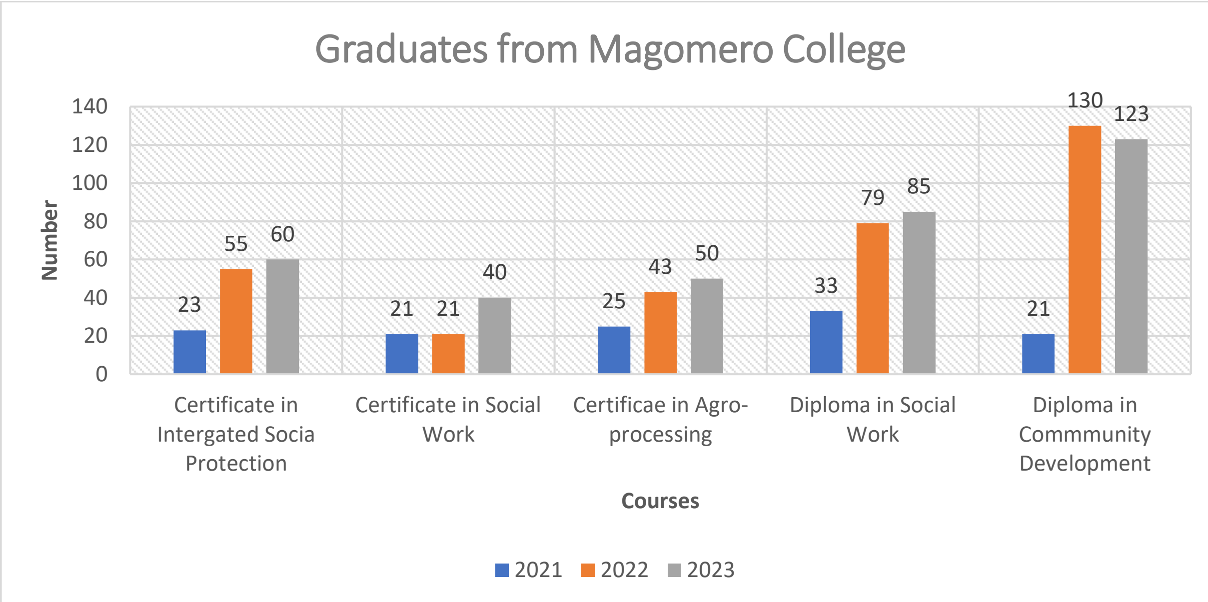
To ensure self-help spirit is instilled among Malawian, Government approved the Community Development Month (CDM) Initiative which will involve communities through coordination from the District Councils. So far through pilot, 587 CDM projects on road rehabilitations, construction of teachers houses and school blocks, catchment conservations and construction of bridges and culverts were carried out in Mchinji, Mangochi, Mzimba South, Thyolo and Lilongwe districts.

As part of strengthening governance in community development, 190 Area Development Committees and 2000 Village Development Committees have been reconstituted in district councils. In addition, as part of promoting culture of savings, over 61,880 Village Savings Loan Groups (VSLGs) have been formed over time with a membership of 1,171,496 (279,826 are male and 896,800 are female) with a total saving of over MK15 billion. The VSLGs have proven to be a powerful tool for the financial inclusion of the poor, especially women, by engaging and working with them to tackle the economic, social, and policy issues that affect their lives. The groups that have undergone a series of VSLG trainings, especially those in group businesses, have been linked to microfinance service providers to boost their business capital through loans.

15.2.2.3 Magomero College of Community Development

During the reporting period, the College enrolled and graduated 240 Diploma and Certificate students in various disciplines, enrolled 426 generic students and serving officers in Diploma and the college commenced the process of having its academic programmes accredited with TEVETA and NCHE. Figure 15.1 illustrates number of students that have graduated in the past 3 years.

FIGURE 15.1 NUMBER OF GRADUATES FROM MAGOMERO COLLEGE



Source: Ministry of Gender, Community Development and Social Welfare

15.2.3 Child Development and Protection

15.2.3.1 Early Childhood Development

The Government recognises that investing in early years through health, nutrition, protection and early learning interventions improves child growth and development. Over the past two decades, Malawi has made strides to increase the number of children that access Early Childhood Development (ECD) services from 5 percent in 2000 to 49 percent in 2023. However, these services are offered in Community Based Childcare Centres (CBCCs) that do not have purposively build structures. Further to that, these services are offered by caregivers that provide services on a voluntary basis. Currently, there are 49,630 caregivers, out of which 37 percent are trained, and only 4.02 percent of these caregivers receive honorarium. This has compromised the quality of ECD services that are provided to Malawian children.

As part of improving ECD services in the country, the government reviewed the Early Childhood Development (ECD) Policy and developed its Communication Strategy. Further to ensure that standardized and quality ECD services are provided, the government commenced the process of developing Early Child Development Bill.

Through Investing in Early Years Project (IEYP) financed by the World Bank, the government supported 21,000 children out of 2.6 million aged 36-59 months to complete at least one year of early learning in CBCC. Further, 3,400 CBCC caregivers and mentors received an integrated training package and 72 CBCC have been upgraded and equipped and handed over to the community. To motivate caregivers that are working on voluntary basis, the Government introduced additional 2,000 caregivers on payroll in the 2023/24 making a total of 4,000 caregivers that are receiving honoraria.

During the same period under reporting, the government procured and distributed 400 kits of play and stimulation materials to CBCCs and enrolled 1.4 million children between aged 36-59 months into CBCCs. This represents 49 percent of children in the age group. 83 percent of children complete at least one year of early learning in CBCC.

Through the same project, the government provided 234,216 parents with parenting education support. As a result, 59 percent of the households with children aged 0-36 months play with toys made from locally available materials. 50 percent of the 150 model CBCC that have been constructed under the project have been completed and handed over to Government.

15.2.3.2 Child Protection and Participation

Apart from ensuring that children are developed in all aspects of life, the Government is mandated to also protect them from any forms of abuse and exploitation including their active participation in the national development agenda. During the period under review, the government organized children's Parliament in eight (8) district councils namely: Mzimba, Neno, Mwanza, Zomba, Kasungu, Dowa, Dedza, and Nkhatabay

The government also held a second National Children's parliament in the chamber of the Parliament of Malawi involving 100 children from 20 district councils. Resolutions from the National Children's Parliament were shared to relevant line Ministries, Development Partners (DPs), District Councils, and Non-Governmental Organizations (NGOs) in the children's sector.

Further, 28 District Councils developed Action Plans for rolling out the implementation of the National Child Participation Guidelines and the National Child Participation Strategy and 60 Children (2 from each district) were trained as child advocates to spearhead advocacy for children's issues in their respective communities and districts.

15.2.4 Social Protection and Development

15.2.4.1 Family and Child Welfare

To protect the mental health of its population, specialized mental health and psychosocial services have been offered to 229,763 Children, 10,219 returnees and 20,913 adults. In addition, the same services were provided to 638,291 people that were affected by the effects of cyclones.

To ensure that our cities are clean, 3,541 Street Connected Children (SCC) were removed, screened, rehabilitated and reintegrated with their families. Alternative care arrangements were made to 1,556 children with inadequate parental care. In addition, 14,161 child marriages were nullified and readmitted 1,270 girls and boys back into schools.

Further, to enhance knowledge and skills on child protection related matters, 170 Child Protection Workers (CPW) were trained in child protection work and government gazzetted 196 child protection workers to attend to matters of children in conflict and in contact with the law as well as human trafficking

15.2.4.2 Social Cash Transfer Program

During the year under review, Government provided support to the ultra-poor through the Social Cash Transfer Programme (SCTP) and also to the most vulnerable population including those that were affected by Tropical Cyclones Freddy (TCF) and impact of devaluation. The support meant to cushion them and build their resilience as the Government continues to provide catalytic and transformative social cash transfer to the elderly, orphans and persons with disability. A total of 323,900 Mtukula Pakhomo households received monthly cash transfers in all the 28 districts. The Government in collaboration with DPs disbursed a total of MK39.6 billion in cash transfers to the households in 2023/24 financial year.

Further, MK33 billion was disbursed to 226,000 households with early recovery cash transfers in nine (9) TCF affected districts, supported 240,000 households in peri-urban hotspots of poverty in the cities of Blantyre, Zomba, Lilongwe and Mzuzu to cushion against acute food shortage and price shock.

To improve SCTP service provision, government has completed re-targeting processes in fourteen (14) districts to increase coverage from 10 percent towards 15 percent. In addition, sixteen (16) districts have migrated to e-payment, bringing total number of districts to nineteen (19). Over 90,000 beneficiaries under SCTP have received a phone handset thereby contributing to financial inclusion. The Government has also increased transfers levels for Mtukula Pakhomo by 57 percent effective November, 2023 upon recognition that the transfer values were very low coupled with price escalation for most of the basic commodities.

15.2.4.3 Disability and Elderly

The Government established the Disability Trust Fund (DTF) in 2020 to address funding and resources inconsistencies and gaps in order to improve the quality of life for Persons with Disabilities (PwD) and enhance their participation on matters that affect them in society and their contribution to the national development goals. During the year under review, the Government operationalized the DTF by developing its Strategic Plan, Standard Operating Procedures (SOP), and an Investment Plan. To date, the fund has reached out to about 2,000 PwD in the country to access education, rehabilitation services, and assistive technologies. Government also provided start-up capital items equivalent to MK130,000.00 to twenty-seven (27) graduates at Mulanje Vocational and Rehabilitation Centre for the Blind.

Through the National Action Plan on Albinism, school fees has been paid to 128 needy and deserving learners with albinism in twenty-eight (28) government secondary schools across the country. Government also enacted the Persons with Disabilities Act in November, 2023 and the Older Persons Bill is being finalized which will be tabled in the February, 2024 sitting of Parliament.

15.2.4.4 NGO Coordination

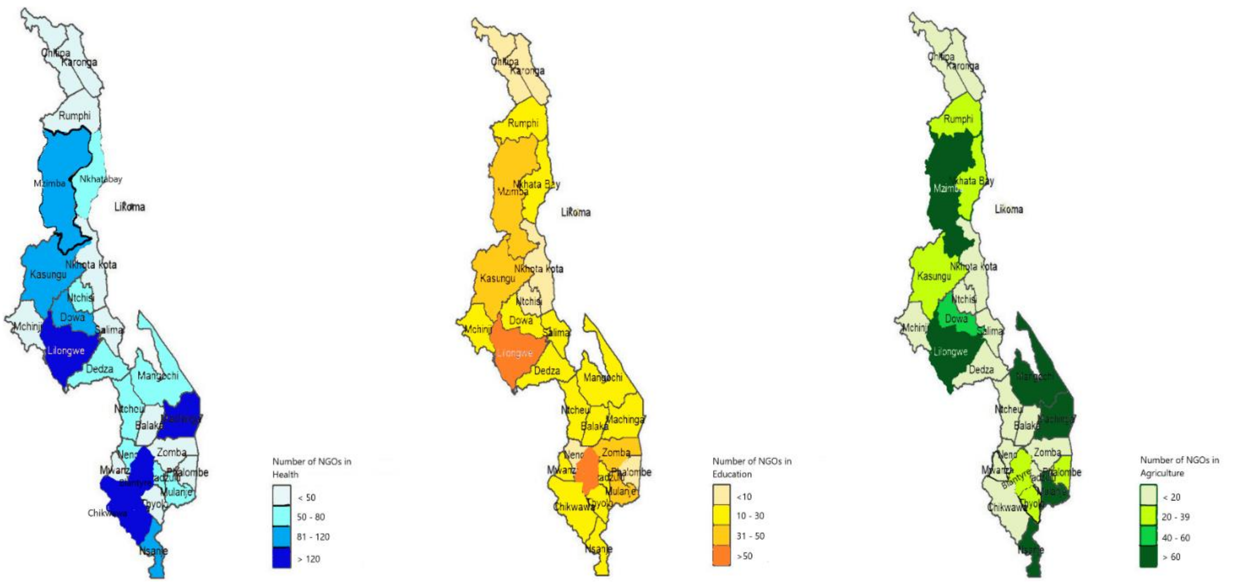
The Government recognizes the important role that Non-Governmental Organizations play in complementing its efforts. During the year under review, the Government registered 77 new NGOs taking the total to 941. The year under review also saw a total of 43 NGOs closed while 126 reported to have been dormant largely due to financial challenges. A total of 432 NGOs out of the expected 706 submitted their reports, representing 61 percent compliance rate.

From the submitted reports it was noted that the sector received a total sum of MK589 billion while a total of MK580 billion in expenditure was incurred. It should be noted that MK473 billion of the total income was received in foreign currency and at least MK200 billion was in US$.

Amongst the donors that were reported to have provided funding to the NGOs, USAID was reported to have funded the most (amounting to MK80 billion). Based on the donor categories, the International Government Agencies contributed the most (MK157.82 billion), followed by Affiliated NGOs (MK108.2 billion). It was also noted that there was an increase in resources received from NGO partnership moving from MK7.4 billion in 2020/21 FY to MK25.7 billion in the years under review.

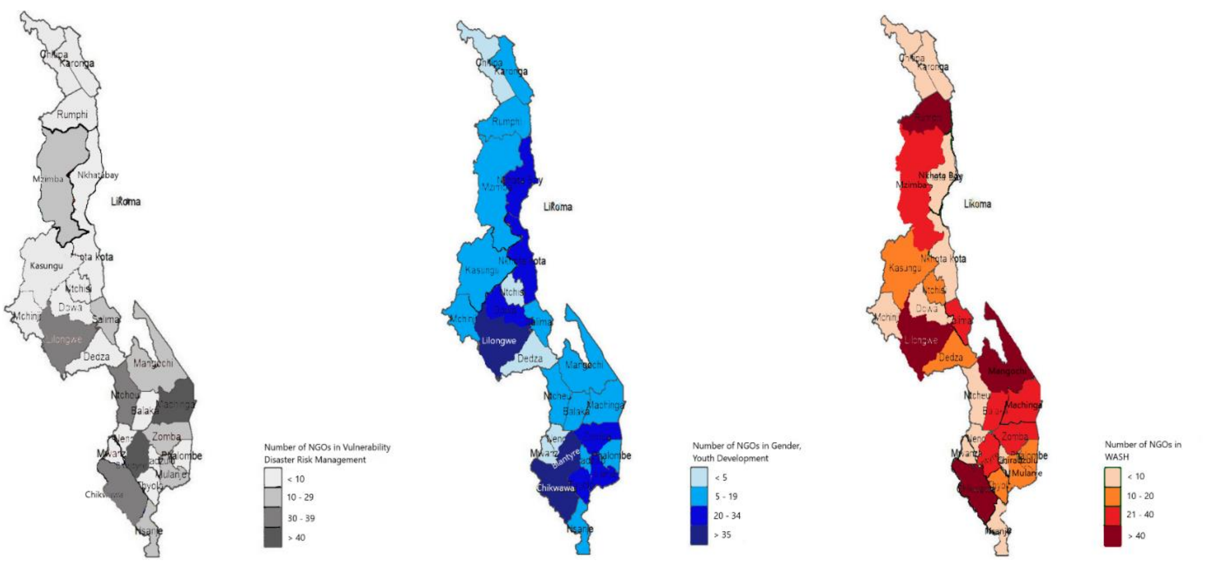
Unequal distribution of NGO interventions still poses a challenge to the improvement of livelihood of Malawians. Based on the assessment of the distribution of NGO interventions it was noted that most NGOs prefer implementing activities in the southern and central part of the country, with district like Chitipa, Karonga and Likoma mostly being sidelined. Figures 15.2 and 15.3 summarize the distributions of the interventions based on the 6 major sectors.

FIGURE 15.2 SPATIAL DISTRIBUTION OF NGOs IN THE HEALTH, EDUCATION AND AGRICULTURAL SECTORS AT DISTRICT LEVEL



Source: Ministry of Gender, Community Development and Social Welfare

FIGURE 15.3: SPATIAL DISTRIBUTION OF NGOs IN DISASTER, GENDER AND WASH SECTORS AT DISTRICT LEVEL



Source: Ministry of Gender, Community Development and Social Welfare

In the year under review, Government developed 4 draft regulations (registration, coordination, operations of NGOs and complaints handling regulations) aimed at operationalizing the amended NGO law. Government also managed to profile off-budget data obtained from 22 targeted NGOs in the 2023/24 financial statement as one way of reducing the duplication of efforts by government and the NGO sector and enhancing the impact of the received resources.

15.2.5 Management and Administration

The Ministry improved the provision and timely access to quality data for evidence-based decision on matter related to women and children. During the year under review, the Ministry upgraded the Child Protection, and Early Childhood Development Management Information Systems. The Ministry further reviewed its Strategic Plan with a view to have it aligned to the MIP 1.

Implementation of various programmes within the Ministry is supported by DPs who require timely update on the impact that their support is making in transforming the lives of the vulnerable population. Several surveys and studies have been conducted by the Ministry. This includes the performance monitoring exercises for the SCTP and the IEYP in order to assess the performance of the initiatives at all levels. Findings from the survey's reveal that the initiatives facilitated improved their health and living standards that have enabled them access food, improvement in learning outcomes among the targeted ECD going children.

15.3 Challenges in 2023/24 FY

The following are the challenges faced during the financial year:

i. Failure to increase coverage from 10 percent to 15 percent because of resource constraints and low transfer levels despite recent increase from MK9, 000 to MK15,000 due to the current inflation;

ii. Lack of safety homes and shelters for children awaiting trials, survivors of GBV, survivors of human trafficking and children experiencing abuse and violence;

iii. Lack of utility vehicles at Mpemba Reformatory Centre, Chilwa Reformatory Centre, Lilongwe Social Rehabilitation Centre and the Ministry's Headquarters continued to affect effective execution of the Ministry's programmes and interventions hence affecting its achievement of its mandate.

iv. Increased cases of violence against older persons and persons with albinism.

v. Over reliance on volunteers (particularly Child Protection Workers) which compromises the provision of quality services.

vi. Inadequate teaching and learning materials for Adult Literacy and Education.

vii. Lack of mechanisms for assessing the impact of forex brought into the country through the NGO Sector and implementation of projects by non-registered NGOs which makes it hard to hold such organizations accountable for the resources mobilized in the name of Malawians.

viii. updating of NGO distribution maps proves to be a challenge and expensive as every year these maps need to be reprinted hence making it hard to improve the equal distribution of NGO interventions.

15.4 Outlook for 2024/25 Financial Year

15.4.1 Gender Equality and Economic Empowerment

i. Government plans to ensure that all Government Ministries, Departments and Agencies (MDAs) mainstream gender issues in their policies, strategic plans and programmes;
ii. Enhance enforcement of Gender Related Laws [Gender Equality Act, the Prevention of Domestic Violence Act, the Deceased Estates (Wills, Inheritance and Protection) Act, and the Marriage, Divorce and Family Relations Act)];
iii. Increase women and youth representation and participation in decision making positions through deliberate policies;
iv. Review various instruments such as the National Strategy of the Political Empowerment of Women to ensure effective participation of women and young girls in the Tripartite Elections in 2025; and
v. Roll out implementation of the National Gender Policy in an effort to achieve gender equality and women empowerment.

15.4.2 Community Development

i. Re-design education curriculum for short courses at Magomero Community Development College to incorporate requisite skills needed for the fourth industrial revolution;
ii. Increase coverage of Village and Savings Loans Groups (VSLG) to intensify the culture of saving and business among the communities;
iii. Establish community banks where VSLG network members will get loans at a very low interest rate and diversify income sources for VSLG members through exploration of additional income-generating activities (IGAs), thereby reducing reliance solely on agriculture;
iv. Come up with a Registration and Monitoring Framework (RMF) for VSLGs targeting all groups;
v. Re-design curriculum for adults to primary standard 8 level to enable the youths and adults continue with their education and reintegrate back the school dropouts back to school in an equivalent to night primary school;

vi. Establish Community Based Skills Development Centres to create an opportunity for the neo literate and semi-literate out of school youths and adults acquire vocational skills;
vii. Roll out implementation of the Community Development Month (CDM) to all districts in the country as part of nurturing the self-help mindset among communities; National Strategy on Adult Literacy and Lifelong Learning; and National Community Development Policy; and
viii. Ensure commencement of the Construction of the modern Library at Magomero Community Development College.

15.4.3 Social Protection and Development

15.4.3.1 Social Welfare Services

i. Complete re-targeting processes under the Social Cash Transfer Programme (SCTP) in the remaining ten (10) districts by October, 2024 to ensure that number of beneficiaries increases to more than 323,900 beneficiary households to be cushioned from the recent devaluation and impact of cyclones;
ii. Finalize migration of the remaining nine (9) districts to e-payment as one way of reducing inefficiencies faced through cash payments to beneficiaries. This will also lead to more beneficiaries having access to phone handset thereby contributing to financial inclusion;
iii. Continue supporting households where necessary in districts affected by any disasters or shocks;
iv. Provide specialized mental health and psychosocial services;
v. Enhance a comprehensive strategy and continue screening, rehabilitating and reintegrating Street Connected Children (SCC) with their families;
vi. Provide the Street Connected Children with skills for those who cannot go back to school;
vii. Provide alternative care to vulnerable children; and
viii. Review the Strategy on Ending Child Marriages and continue nullifying child marriages and readmitting the children back to schools.

15.4.3.2 Disability and Elderly Affairs

i. Continue disbursing resources to individuals with disabilities and organization providing services to persons with disabilities through the Disability Trust Fund;
ii. Review various instruments such as the National Disability Mainstreaming Strategy and the National Action Plan on Persons with Albinism;

iii. Construct a Vocational and Rehabilitation Centre for persons with disabilities in Mzuzu and rehabilitate existing centres;
iv. Continue training of persons with blindness at Mulanje Vocational and Rehabilitation Centre for the Blind. The plan is to increase intake to 66 trainees, which is the full capacity of the Center;
v. Build the capacity of organizations of Persons with Disabilities (OPDs);
vi. Finalize the Older Persons Bill and submit it to Parliament for approval in the February/ March, 2024 sitting; and
vii. Ensure that conducive houses for Persons with albinism are constructed.

15.4.3.3 NGO Coordination

As a way of addressing the challenges faced within the NGO Sector, the Government plans to implement the following interventions in the 2024/25 financial year:

i. develop and implement a capacity building program, where local NGOs will be empowered on sustainability and compliance related issues;
ii. conduct a geo-mapping activity which would help to improve the spatial distribution of NGO interventions;
iii. encourage the signing of MoUs between NGOs and local councils which will insure project implementation by registered NGOs; and
iv. Promote the alignment of NGO work to national development agenda and strengthen partnership between NGOs and Government.

15.4.4 Child Protection and Development

i. Review and finalize various instruments such as the Early Childhood Development (ECD) Policies, Early Childhood Development Bill and the Strategy on Ending Child Marriages;
ii. Promoting inclusion of issues of children with disabilities in ECD programmes;
iii. Ensure ECD programmes are intensified through Upgrade and equip 250 CBCCs country wide;
iv. Ensure an increased number of Caregiver are paid honoraria's or given some incentives in terms;
v. Continue supporting all district councils to hold district children parliaments; and
vi. Strengthen feedback mechanisms and implementation of resolutions from children parliaments at all levels.

15.4.5 Management and Administration

To improve on service provision, the Ministry will facilitate the migration of payment of transfers form cash to e-payment and strengthen the capacity of district councils on the upgraded management information systems. The Ministry will also widely disseminate the reviewed polices and the new legislations to enable shareholders within the Gender Empowerment and Social Inclusion sector develop and implement strategies that have been prioritized by the government.

The Ministry will also ensure that Sector and Technical Working Groups are revamped at all levels so that joint planning, implementation and monitoring are done to promote sharing of best practices.

Chapter 16

SOCIAL SUPPORT AND POVERTY REDUCTION PROGRAMMES

16.1 Overview

This section gives a review of the social protection sector in the 2023/24 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 exposure to risk. 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 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 operationalised by the Malawi National Social Protection Strategy (MNSPS) which is also in the final gestation phase.

The policy consolidates Government efforts to improve the delivery of appropriate social welfare services in an integrated and coordinated manner, with the broader goal of enhancing quality of life for people suffering from poverty and hunger and improve resilience of those who are vulnerable to risks and shocks.

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 to increase school enrolment. Over 292,449 households are enrolled under this program nationwide 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 71 percent increase in average transfer amount per household from the current MK8,701 to MK14,919 per month and 100 percent increase in primary and secondary school bonuses from MK1,000 to MK2,000 and MK2,000 to MK4,000, respectively.

16.3.2 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 being ultra-poor households containing members with labour capacity. The program targets to cover 435,000 participants in all the 28 districts of the country. Currently 362,450 participants out of the 435,000 households have been enrolled, with 6568 sub-projects focusing on soil and water conservation being implemented in all the districts. Following the additional financing from the World Bank, coverage has been increased to reach 520,000 participants.

16.3.3 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 with the aim of helping 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.

16.3.4 Shock Sensitive Social Protection

Malawi faced climatic shocks in 2023, among others is 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 months 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.

16.3.5 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 to reduce drop- out rates. The program currently reaches out to over 2,661 schools, with a count of 2,771,588 learners directly benefitting from the programme.

16.4 Challenges

The Government of Malawi through the Poverty Reduction and Social Protection (PRSP) Division in the Ministry of Finance and Economic Affairs implemented the Social Support Systems Strengthening Programme (SSSSP) whose objective is to improve social protection and humanitarian programmes efficiency and effectiveness. It is envisaged this to be achieved through harmonization of targeting processes and the development of the Unified Beneficiary Registry (UBR), amongst others. The UBR will be most crucial in the targeting of the AIP as part of the Social Safety Nets Initiative.

But despite this preparedness, 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 resilience of the ultra-poor. Such shocks include COVID-19 and extreme weather phenomena such as cyclone Freddy.

Chapter 17

PUBLIC ENTERPRISES

17.1 Overview

This chapter highlights the performance of selected commercial State-Owned Enterprises (SOEs) during the 2022/23 financial year (FY), 2023/24 mid-year performance and projected likely out-turn as at 31st March, 2024. SOEs continue to play a significant role in the economy as they provide goods and services that cannot be efficiently and effectively provided by neither the main line civil service nor the private sector. In terms of the economy, in 2022/23 FY SOEs assets constituted 45 percent of GDP, while revenues and liabilities constituted 23 percent of GDP and 31 percent of GDP, respectively.

The performance of SOEs in the 2022/23 financial year was to a large extent affected by both economic and climate shocks that impacted the economy such as shortages of foreign exchange, inflation, and Cyclone Freddy.

In terms of financing, most trading SOEs continued to depend on borrowing. The upward adjustment of the policy rate in October 2023, led to a rise in the cost of borrowing as average lending rate in most commercial banks floated around 30 percent. These high interest rates continued to impact operations and planned investments for SOEs.

Overall, the financial performance of the SOEs for the period ending 31st March 2023 financial year reveals significant fiscal risks that may arise from SOEs requiring Government intervention. On aggregate, both the performance in 2022/23 financial year and performance at the mid-year of 2023/24 financial year, shows that the profitability position continued to worsen especially among the trading SOEs. Most trading SOEs continued to operate below cost recovery due to inability to generate adequate revenues to meet their operating expenditure largely due to non-cost reflective tariffs and the impact of the exchange rate re-alignment in November 2023.

Liquidity challenges continued to persist largely due to failure to collect sale revenues from both private and public debtors thereby tying up their much-needed cash for their operations including payment of statutory obligations and investments. This has resulted in erosion of working capital in some SOEs and heightened liquidity challenges. The affected SOEs alternatively resort to commercial borrowing to augment working capital requirements. This situation is particularly worse in the utility providers whereby non-payment of bills by public institutions heavily affects the SOEs liquidity position as the public institutions constitutes a majority of their customer base.

Prospects to the close of the financial year on 31st March, 2024 depicts significant losses and deficits among commercial SOEs. The next section highlights performance of selected individual SOEs in 2022/23FY, at mid-year 2023/24 as well as prospects to the end of the 2023/24 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, 2023.

TABLE 17.1: SELECTED PERFORMANCE STATISTICS FOR BWB

Indicators	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Mid-Year Actual	Outlook to March 2024
Profitability						
Profit/loss (MK'000)	(7,945,844)	(13,831,189)	(8,187,960)	(20,692,852)	(7,106,729)	(26,525,369)
Gross Profit Margin	36%	25%	30%	35%	100%	100%
Operating Profit Margin	-108%	-81%	-57%	-78%	-21%	-21%
Return on Assets	-9%	-17%	-11%	-24%	-8%	-28%
Return on Equity	-114%			-269%	-1197%	
Dividend Payout Ratio						
Asset Turnover	0.21	0.23	0.20	0.30	0.16	0.38
Cost Recovery	0.70	0.94	1.15	-0.26	0.83	0.82
Liquidity						
Current Ratio	0.30	0.16	0.18	0.46	0.51	0.23
Quick Ratio	0.12	0.08	0.08	0.36	0.45	0.16
Accounts Receivables Days	66.32	34.14	65.37	100.83	244.43	42.29
Accounts Payables Days	430.41	606.32	943.93	151.36		
Solvency						
Debt to Assets	0.92	1.06	1.17	0.91	0.99	1.20
Debt to Equity	11.34	-17.94	-7.04	10.26	151.86	-6.12
Interest Coverage	(15.57)	(506.25)	(297.06)	(17.18)	(3.83)	(2.46)
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: BWB Audited Accounts and 2023/2024 Performance Management Plans and Budget

Financial performance of Blantyre Water Board continues to worsen since 2020. A loss of K20.7 billion was recorded in 2022/2023 from K8.2 billion registered in 2021/2022 financial year. The Board's worsening financial position in the year 2022/2023 was largely on account of non-implementation of its budgeted 40% tariff adjustment. This resulted in foregone revenue of about MK9 billion, and increased cashflow challenges.

In terms of liquidity, the position slightly improved with current ratio of 0.46:1 registered in 2022/2023 financial year and 0.51:1 recorded as at 30th September, 2023 compared to a current ratio of 0.18:1 registered in 2021/2022 financial year. The slight improvement in liquidity was due to capitalization of ESCOM arrears amounting to MK34.2 billion. The Board, however, projects a worsening liquidity with a current ratio projected at 0.23:1 by end of March, 2024. The weak liquidity position is largely due to projected growth in total liabilities projected from MK79.0 billion to MK115.2 billion. Current liabilities are projected to grow from MK21.1 billion to MK30.3 billion. Total assets are projected to increase from MK86.7 billion to MK96.4 billion. This will result into a net asset position of negative MK18.8 billion at the end of the year. In terms of collections, the Board is planning to collect MK39.1 billion from water sales, receive MK16.1 billion from World Bank and sale of capital assets. However, despite these anticipated revenues, the Board will still not able to meet its short-term obligations as they fall due.

As at 30th September, 2023, the Board recorded a net loss of MK7.1 billion compared to a budgeted net loss of MK0.04 billion due to delayed implementation of budgeted tariff of 90 percent, increase in prices of goods and services as well as increase in interest rates. Based on the performance during the first half of the year, the Board revised its budgeted income and expenditure resulting in a projected loss of MK26.5 billion by 31st March, 2024.

In order to improve operational efficiency, the Board has embarked on a number of projects including the Board construction of Independent Power Generation Plant, construction of New Water Source on Shire River and Associated Infrastructure, Rehabilitation of Sanjika Palace Water Supply Distribution System and Malawi Water and Sanitation Project 1.

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, 2023.

TABLE 17.2: SELECTED PERFORMANCE STATISTICS FOR CRWB

Indicators	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Mid-Year Actual	Outlook to March 2024
Profitability						
Profit/loss (MK'000)	(1,449,275)	(1,421,825)	(390,790)	1,952,547	978,065	832,732
Gross Profit Margin	-26%	55%	42%	49%	98%	86%
Operating Profit Margin	-152%	-68%	-66%	-41%	38%	12%
Return on Assets	-8%	-8%	-2%	9%	3%	2%
Return on Equity	-	-	-	-46%	-35%	-27%
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.29	0.33	0.24	0.36	0.15	0.29
Cost Recovery	0.79	0.81	0.92	1.11	1.66	1.36
Liquidity						
Current Ratio	0.48	0.39	0.47	0.50	1.56	1.02
Quick Ratio	0.38	0.36	0.44	0.45	1.52	0.97
Accounts Receivables Days	237.04	133.86	285.13	145.71	511.53	212.33
Accounts Payables Days	193.83	392.46	496.90	158.68	6472.69	232.88
Solvency						

Debt to Assets	1.24	1.31	1.31	1.19	1.07	1.08
Debt to Equity	-5.12	-4.21	-4.23	-6.34	-14.59	-13.63
Interest Coverage	(146.46)	(4.28)	(6.20)	(5.80)	-	-
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: CRWB Audited accounts and 2023/2024Performance Management Plans and Budgets

Financial performance of Central Region Water Board significantly improved in 2023 with a profit after tax of MK1.95 billion recorded as at 31st March, 2023 compared to a loss of MK390.8 million recorded in prior financial year. The improvement in financial performance was attributed to increased sales revenue as a result of 1965 new customers connected, reduced Non-Revenue Water from 27 percent to 24 percent and introduction of account debits for reconnection fees to enhance recoverability of the charges as well as the act of deterrence for bill delinquency. As at a September 2023, 3.58 million cubic meters of water was billed against a budget of 3.71 million cubic meters, representing a negative variance of 3.7 percent from the budgeted sales volume. This resulted to a profit of MK832.7 million as at September 2023. The Board, however, managed to install additional 574 new water connections out of a target of 1166, during the first half of the year. The non-revenue water of the Board amounted to 28.6 percent due to the Boards cash flow challenges as it failed to procure meters to replace aged and stuck meters.

Looking forward to March 2024, the Board projects a decline in revenue from MK12.20 billion to MK11.28 billion representing a 7.63 percent downward revision, largely on account of the delay in the approval and implementation of tariff adjustment and reduction in sales volume by 2 percent. Nevertheless, the Board plans to extend the distribution network by 30.4 km on Mchinji, Kamwendo. Kasungu, Dwangwa, Chipoka, Madisi and Ntchisi. In addition, the Board intends to reduce Non-Revenue water from 29.5 percent to 27 percent by replacing of 1000 aged and stuck pipes, repairing of 3 leaking tanks in Ntcheu, Nkhotakota and Salima schemes and replacement of 6Km aged PVC pipelines in Kasungu and Chipoka scheme.

Despite this slight improvement from the previous years, the liquidity position for the Board remains concern with the current ratio projected to close at 1.02:1 by 31st March 2024 from 1.56:1 recorded at 30th September, 2023. Trade receivables remain the main source of the Boards cash flow challenges. As at 30th September 2023, accounts receivables stood at MK6.14 billion comprising MK4.61 as Government debtors and MK1.54 as private debtors with debtor days averaging 512 days as at 30th September, 2023. By 31st March 2024, the Board projects to close with trade receivables amounting to MK5.95 billion of which MK4.82 billion constitutes Government MDAs and MK1.31 billion are private debtors.

Going forward, the Board has put in place revenue collection strategies to improve collection from trade debtors through use of prepaid meters for institutional and commercial customers, enforcement of the Board's bye-laws in respect of non-payment of water bills through disconnections of overdue accounts.

17.2.3 Lilongwe Water Board (LWB)

Table 17.3 shows the financial performance of the Lilongwe Water Board (LWB) as at 31st March, 2023.

TABLE 17.3: SELECTED PERFORMANCE STATISTICS FOR LWB

Indicators	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Mid-Year Actual	Outlook to March 2024
Profitability						
Profit/loss (MK'000)	2,502,725	1,162,969	594,077	1,102,571	315,712	103,017
Gross Profit Margin	44%	36%	36%	39%	76%	71%
Operating Profit Margin	-13%	-29%	-67%	-23%	47%	37%
Return on Assets	2%	1%	0%	1%	0%	0%
Return on Equity	7%	3%	2%	3%	0%	0%
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.20	0.18	0.13	0.15	0.19	0.46
Cost Recovery	1.77	1.55	0.97	1.63	-2.52	0.69
Liquidity						
Current Ratio	3.25	6.41	5.83	2.94	2.59	1.61
Quick Ratio	2.77	5.06	4.74	2.13	2.02	0.80
Accounts Receivables Days	216.52	115.92	154.45	-	188.81	88.85
Accounts Payables Days	157.03	59.53	94.89	336.05	1562.01	391.88
Solvency						
Debt to Assets	0.67	0.70	0.74	0.81	0.31	0.00
Debt to Equity	2.07	2.32	2.78	4.23	0.15	0.00
Interest Coverage	(2.24)	(2.64)	(5.20)	(1.89)	3.30	4.51
Other						
Government Transfers to Total Revenue	-	-	-	-	1.73	0.77

Source: LWB Audited accounts and 2023/2024 Performance Management Plans and Budget

Lilongwe Water Board has consistently registered and maintained a positive trend in its profit after tax overtime. Despite projecting a profit after tax of MK426 million for the first half of September 2023, the Board registered a profit of MK315 million as at 30th September, 2023 representing 80 percent of the financial target.

The anticipated total production capacity for the fiscal year 2023-24 was 40,260,000m^3, with a daily average production of 110,000m^3. As at 30th September, 2023 production stood at 20,223,599m^3, surpassing the budget by 101 percent.

In terms of sales, the expected total volume for the 2023-24 fiscal year was 25,894,812m^3, taking into account a projected twelve-month Non-Revenue Water (NRW) rolling average of 35.5 percent. The projected sales volume up to September 30, 2023, was 12,883,200m^3, while the actual sales volume for the same period stood at 11,088,387m^3, reflecting 92 percent achievement against the targeted sales volume.

The water sales revenue for the fiscal year 2023-24 was projected at MK42 billion, with MK18.2 billion generated by the end of September 2023. The actual sales revenue for the year up to September 2023 amounted to MK17 billion, representing 94 percent of the approved sales budget for the period under review.

Although Lilongwe Water Board experienced a decline in liquidity, with the current ratio dropping from 2.94:1 in the 2022/23 financial year to 2.59:1 as of September 30, 2023, from 2.94:1 recorded in 2022/23 financial year, the Board still met its short-term obligations. Projections for the close of the 2023/24 financial year indicate a further and significant decline in liquidity, with an anticipated current ratio of 1.61:1.

Looking forward to 31st March 2024, the Board will continue enforce Non-Revenue Water reduction strategies including the digital customer bill payment platforms with an innovation of Point of Sale (POS) bill payment solution stationed in the Zones and Head Office.

17.2.4 Northern Region Water Board (NRWB)

Table 17.4 shows the financial performance of NRWB as at 31st March, 2023.

TABLE 17.1.4: SELECTED PERFORMANCE STATISTICS FOR NRWB

Indicators	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Mid-Year Actual	Outlook to March 2024
Profitability						
Profit/loss (MK'000)	(3,778,190)	640,920	(5,409,291)	(7,413,864)	(1,670,137)	(6,914,006)
Gross Profit Margin	47%	34%	35%	100%	100%	100%
Operating Profit Margin	-6%	3%	-137%	-26%	15%	3%
Return on Assets	-7%	1%	-6%	-7%	-2%	-6%
Return on Equity	-197%	25%	-	-90%	-25%	-556%
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.17	0.11	0.08	0.08	0.05	0.12
Cost Recovery	1.85	3.14	0.56	0.77	1.16	1.00
Liquidity						
Current Ratio	0.46	0.71	0.54	0.92	0.66	0.67
Quick Ratio	0.36	0.46	0.35	0.70	0.58	0.60

Accounts Receivables Days	150.16	112.80	219.93	70.59	138.89	58.69
Accounts Payables Days	697.76	500.18	762.96	-	-	-
Solvency						
Debt to Assets	0.96	0.97	1.03	0.93	0.94	0.99
Debt to Equity	27.06	30.74	-32.81	12.38	15.15	87.93
Interest Coverage	(1.02)	0.42	(7.32)	0.60	-	-
Other						
Government Transfers to Total Revenue	0.03	0.03	0.04	0.03	0.02	0.03

Source: NRWB Audited accounts and 2023/2024 Performance Management Plans and Budgets

The Northern Region Water Board has consistently faced financial challenges, recording deficits over the years, except for the 2020/2021 financial year. As of September 30, 2023, the Board incurred a loss of MK1.7 billion, deviating from the planned net profit of MK373 million, however a significant improvement from the MK7.4 billion loss registered in 2022/2023 financial year. This shortfall was primarily attributed by the delayed implementation of the 55% water tariff adjustment, originally scheduled for April 1, 2023, but eventually put into effect at the end of the quarter in June 2023.

Despite total revenues of MK5.8 billion being 37 percent below the budget, the revenues were 32 percent higher than the corresponding period in the 2022/23 financial year. The scarcity of foreign exchange which resulted in delayed supply of goods including pre-paid meters, and overall prices of goods and services, further impacted the Board's financial performance as it eroded the gains from the June 2023 water tariff adjustment.

The current liquidity position of NRWB, reflected in a closing current ratio of 0.66:1 against the budgeted 1.20:1, was influenced by lower-than-expected revenues. The defensive interval ratio, measuring NRWB's ability to cover expenses from existing liquid assets without additional cash inflow, stood at 174 days, surpassing the budgeted 171 days. The lower-than-budgeted ratio was due to a less-than-anticipated level of debtors.

Current liabilities, amounting to MK6.1 billion, mainly consisted of creditors at MK1.5 billion, pension obligations exceeding MK1.2 billion, and taxes totalling MK3.4 billion. The average daily cash collection of MK23 million slightly lagged behind the average daily cash expenditure of MK25 million.

Going forward, the anticipated reversal of this situation is expected with the implementation of the 55 percent water tariff increase at the end of 2023/24 financial year.

17.2.5 Malawi Housing Corporation (MHC)

Table 17.5 shows the financial performance of the Corporation as at 31st March, 2023.

TABLE 17.5. SELECTED PERFORMANCE STATISTICS FOR MHC

Indicators	**2020 Audited**	**2021 Audited**	**2022 Audited**	**2023 Audited**	**2024 Mid-Year Actual**	**Outlook to March 2024**
Profitability						
Profit/loss (MK'000)	9,964,652	4,495,218	1,664,265	(268,115)	(154,930)	77,146
Gross Profit Margin	-5%	-6%	23%	100%	100%	100%
Operating Profit Margin	-111%	-113%	-54%	1%	-2%	4%
Return on Assets	8%	3%	1%	0%	0%	0%
Return on Equity	8%	4%	1%	0%	0%	0%
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.04	0.04	0.05	0.05	0.02	0.05
Cost Recovery	0.95	0.94	1.30	1.02	0.98	1.05
Liquidity						
Current Ratio	0.70	0.49	0.41	0.33	0.34	0.44
Quick Ratio	0.43	0.21	0.15	0.08	0.02	0.04
Accounts Receivables Days	111.13	57.35	91.59	37.53	0.00	0.00
Accounts Payables Days	127.15	145.93	182.68	-	-	-
Solvency						
Debt to Assets	0.08	0.09	0.11	0.12	0.07	0.07
Debt to Equity	0.09	0.10	0.12	0.14	0.08	0.08
Interest Coverage	(701.36)	(476.54)	(29,751.64)	0.12	-	-
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: MHC Audited accounts and 2023/2024 Performance Management Plans and Budgets

The Malawi Housing Corporation (MHC) has experienced a consistent decline in profitability since 2019/2020 inclusive of revaluation surplus on properties. The Corporation registered a loss of MK268 million in the 2022/2023 financial year compared to the prior year when the Corporation posted a profit after tax of MK1.7 billion. At midyear, the Corporation reported a loss of MK154 million. This downturn was primarily caused by delays in completing 254 house construction projects and low-income generation from plot sales due to delays in plot development and slow regularization of encroached areas during the period under review. Nevertheless, the Corporation anticipates a slight increase in profitability, projecting a profit after tax of MK77 million by the close of the 2023/24 financial year.

The challenge of liquidity still persists, with current assets totalling MK2.75 billion against liabilities of MK8.15 billion, resulting in a current ratio of 0.34:1. Trade receivables include unpaid private rentals of MK386 million, Government rental arrears of MK525 million (which were settled in October 2023), and ground rent arrears of K1.3 billion, consequently improving the corporation's receivable days as of September 30, 2023.

Current liabilities encompass arrears on statutory obligations such as Taxes (PAYE, Withholding Tax, and VAT) amounting to K1.3 billion, Group life cover of MK135 million, deposits for plots and house rent totalling MK2.2 billion, and amounts owed to creditors and other service providers.

Looking forward to March, 2024, the Corporation foresees a 2 percent decline in revenue from MK7.7 billion to MK7.5 billion. This decline is mainly attributed to lost income due to a failure to increase ground rent and fees for other services, alongside low income from plot sales and regularization of encroached areas during the first half of the year. Ground rentals have fallen by 17 percent from MK958 million to MK798 million.

To improve its financial position, the company plans to construct new houses under Project 250 as part of its turnaround strategy, along with the regularization of encroached areas.

17.2.6 National Construction Industry Council (NCIC)

Table 17.6 shows the financial performance of the Council as at 31st March, 2023.

TABLE 17.6: SELECTED PERFORMANCE STATISTICS FOR NCIC

Indicators	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Mid-Year Actual	Outlook to March 2024
Profitability						
Profit/loss (MK'000)	55,386	81,218	468,549	1,011,194	687,789	1,058,727
Gross Profit Margin	100%	100%	16%	100%	74%	66%
Operating Profit Margin	2%	3%	-68%	22%	49%	32%
Return on Assets	3%	4%	22%	34%	19%	29%
Return on Equity	4%	5%	24%	36%	20%	31%
Dividend Payout Ratio	94.7	-	13.2	18.0	7.3	57.2
Asset Turnover	1.58	1.52	1.18	1.51	0.67	1.51
Cost Recovery	1.02	1.03	1.19	1.29	3.90	2.96
Liquidity						
Current Ratio	1.20	1.42	4.58	8.62	-	-
Quick Ratio	1.16	0.63	4.38	1.28	-	-
Accounts Receivables Days	19.01	14.66	14.04	20.63	25.18	23.42
Accounts Payables Days	-	-	0.00	-	6.10	17.38
Solvency						
Debt to Assets	0.15	0.15	0.08	0.06	0.03	0.08
Debt to Equity	0.18	0.18	0.09	0.07	0.03	0.08
Interest Coverage	5.36	20.75	-	-	-	-
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: NCIC Audited accounts and 2023/2024 Performance Management Plans and Budgets

The National Construction Industry Council (NCIC) has consistently demonstrated good financial performance over time and it recorded a MK1.01 billion surplus in the 2022/23 financial year. As of September 30, 2023, the Council realised a surplus of MK687 million, surpassing the budget of MK579 million. The Council foresees a reduction in seasonal revenue, particularly from construction firms' subscription fees, along with an anticipated increase in expenditure due to the execution of committed strategic activities such as technical audits, cost indices development, and project monitoring. Despite these factors, the surplus is projected to remain substantial at MK1,150 million by 31st March, 2024.

The Council's total assets saw an impressive 18 percent growth as of September 30, 2023, driven by an increase in cash and cash equivalents. This growth was facilitated by the Council's focused efforts in collecting construction levy, construction firms' fees, and training income, coupled with prudent financial management practices. The debt/equity ratio remained notably low during the period under review, indicating that the Council finances its operations primarily through internally generated resources.

Looking ahead, the Council is committed to maintaining an aggressive approach to revenue collection while exercising prudence in expenditure. This strategy aims to ensure the generation of sufficient resources for the effective implementation of its mandate, which involves developing, promoting, and regulating the construction industry. Additionally, the Council aims to contribute adequately to the government's fiscal goals by paying its surplus.

17.2.7 Electricity Supply Corporation of Malawi Limited (ESCOM)

Table 17.7 shows the financial performance of the ESCOM as at 31st March, 2023.

TABLE 17.7: SELECTED PERFORMANCE STATISTICS FOR ESCOM

Indicators	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Mid-Year Actual	Outlook to March 2024
Profitability						
Profit/loss (MK'000)	(28,452,500)	(14,672,335)	6,798,367	25,972,037	12,821,489	(49,636,303)
Gross Profit Margin	35%	46%	51%	66%	54%	42%
Operating Profit Margin	-84%	-63%	-45%	17%	17%	1%
Return on Assets	-10%	-4%	2%	7%	3%	-12%
Return on Equity	-	-	-736%	75%	46%	-
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.54	0.50	0.42	0.62	0.24	0.63
Cost Recovery	0.84	0.92	1.05	2.03	2.75	2.39
Liquidity						
Current Ratio	0.60	0.54	0.55	5.05	0.77	2.45
Quick Ratio	0.45	0.43	0.48	0.42	0.58	2.00
Accounts Receivables Days	65.94	74.49	114.60	2.55	53.26	94.42

Accounts Payables Days	246.50	388.22	494.44	130.14	95.18	42.98
Solvency						
Debt to Assets	0.97	1.02	1.00	0.91	0.94	1.03
Debt to Equity	-38.63	-44.10	-373.05	10.30	15.06	-33.84
Interest Coverage	27.05	22.98	30.64	15.52	14.51	0.26
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: ESCOM Audited Accounts and 2023/2024 Performance Management Plans and Budgets

Electricity Supply Corporation of Malawi Limited (ESCOM) registered a significant improvement in profitability in 2023 building on the 2022 position. This was largely due to write off of payables to EGENCO. As of September 30, 2023, the company realized a profit of MK12.8 billion. This was achieved through the Meter Migration Project and the installation of prepaid meters to new customers that improved revenue collection efficiency. However, ESCOM there is an expectation of a loss after tax of MK49.6 billion at the end of the financial year, March 2024 largely on account of exchange losses which have affected the OFC loan repayments.

Despite the Meter Migration Project, ESCOM still faces challenges in collection of its revenue from Government and quasi–Government Departments, including Water Boards. As of 30th September 2023, MDAs and SOEs owed ESCOM MK6.5 billion, while Water Boards owed ESCOM MK20.0 billion. Government has started settling Blantyre Water Board bills through promissory notes and it is anticipated that if this continues, the bill accumulation will improve. Nevertheless, the bills that are being settled are current bills and the arrears remain outstanding. As at 30 September, ESCOM recorded 53 receivable days which are expected to increase to 94 receivable days by the end of the financial year.

ESCOM's payable days are falling at 95 days as at 30th September 2023 which have decreased from the 130 days recorded in 2022/23 financial and are projected to further decrease to 43 payable days as at the end of the financial year 31 March 2024. This is as a result of EGENCO Limited bill reversal of MK65.9 billion. Towards the end of last financial year, Government made a determination to write off capacity charges amounting to MK65.9 billion which were included on the cost of energy but was not the actual energy delivered hence the significant reduction in the payable balance from 86.3 billion.

ESCOM expects to navigate ongoing economic challenges that include forex scarcity. Due to larger volume of imported input requirements, ESCOM is facing challenges in meeting terms and conditions of payments due to forex scarcity, where on a number of occasions, foreign suppliers are charging penalties against outstanding amounts. Going forward, ESCOM engaged monetary authorities to prioritize forex allocation to the needs of electricity sector as a way to mitigate these challenges.

Vandalism and theft of ESCOM's equipment by the public also continues to strain the corporation's capacity. The corporation will therefore continue to work with the Police, the judiciary, the local communities and other local institutions, to minimize the vice.

The corporation also plans to migrate the remaining 13 percent of the domestic and general tariff customers who were not reached during the first phase of the Meter Migration project to continuously grow revenue collection. The revised PMPB of 2023/24 has assumed an average end user tariff of MK153.20/ kWh that has taken effect as of 1st September, 2023. A further ATAF 40.92 percent has been applied to all customers except domestic customers.

17.2.8 Energy Generation Company of Malawi (EGENCO)

Table 17.8 shows the financial performance of EGENCO as at 31st March, 2023.

TABLE 17.8: SELECTED PERFORMANCE STATISTICS FOR EGENCO

Indicators	2020 Audited	2021 Unaudited	2022 Unaudited	2023 Unaudited	2024 Mid-Year Actual	Outlook to March 2024
Profitability						
Profit/loss (MK'000)	(5,082,104)	4,559,509	5,116,734	(2,132,433)	7,244,316	4,608,788
Gross Profit Margin	48%	49%	42%	100%	100%	100%
Operating Profit Margin	-60%	-44%	-48%	-3%	29%	6%
Return on Assets	-2%	2%	2%	-1%	2%	1%
Return on Equity	-4%	3%	3%	-1%	5%	2%
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.27	0.25	0.18	0.21	0.12	0.20
Cost Recovery	0.93	1.07	1.11	0.97	1.40	1.06
Liquidity						
Current Ratio	4.36	3.98	4.83	3.75	4.76	3.46
Quick Ratio	3.54	3.21	4.03	2.86	3.58	2.31
Accounts Receivables Days	210.06	214.33	345.89	251.89	3938.08	205.56
Accounts Payables Days	45.33	35.95	56.38	-	-	-
Solvency						
Debt to Assets	0.41	0.49	0.49	0.51	0.48	0.42
Debt to Equity	0.70	0.98	0.96	0.77	0.94	0.71
Interest Coverage	(35.00)	(39.98)	(389.75)	(6.26)	3.42	1.90
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: EGENCO Audited Accounts and 2023/2024 Performance Management Plans and Budgets

EGENCO registered decline in profitability in 2022/23 financial year with a projected loss after tax of MK2.1 billion compared to a profit of K5.1 billion recorded in 2021/22 financial year.

Decline in profitability was on account of the damage to Kapichira Power Station dam in January 2022 which resulted in loss of a third of the hydro power installed capacity and hence revenue. As at 30th September, 2023, the Company posted a net profit of MK7.2 billion which was 221 percent higher than the approved budget for September 2023. Electricity revenue recorded at MK34 billion was 4 percent above budget to 30th September 2023. This was due to high availability of hydro plants. Expenditure incurred of MK26.4 billion was 19 percent below budget up to September 2023. Savings were made on Payroll of 16 percent, Operations of 73 percent and Maintenance of 12 percent, Services, Supplies and Sundries 30 percent above budget.

The debt collection period at 339 days was well above the target in the 2023/24 approved budget of 200 days. Trade Receivables was MK70.3 billion and MK34.3 billion net and gross; respectively. Total energy units generated for the 6 months to September 2023 of 1,073.322 GWh was 9 percent higher than the target in the approved budget for 2023/24. This was due to increase in the water flow in the Shire River. Revenue to 31 March 2024 projected at MK69billion is 4 percent and 30 percent higher than the 2023/24 approved budget and year on year respectively. Increase in revenue is due to the 40.92 percent Automatic tariff Adjustment effected by MERA.

17.2.9 Malawi Energy Regulatory Authority (MERA)

Table 17.9. shows the financial performance of MERA's as 31st March, 2023.

TABLE 17.9: SELECTED PERFORMANCE STATISTICS FOR MERA

Indicators	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Mid-Year Actual	Outlook to March 2024
Profitability						
Profit/loss (MK'000)	1,964,887	4,429,335	1,350,725	3,056,917	1,679,059	1,629,375
Gross Profit Margin	100%	100%	100%	100%	100%	100%
Operating Profit Margin	51%	72%	38%	36%	71%	70%
Return on Assets	5%	9%	2%	2%	1%	4%
Return on Equity	19%	33%	9%	17%	6%	6%
Dividend Payout Ratio	123.1	27.2	-	-	-	-
Asset Turnover	0.18	0.23	0.12	0.09	0.04	0.33
Cost Recovery	2.05	3.60	1.61	1.57	3.42	3.30
Liquidity						
Current Ratio	2.03	1.35	1.15	1.10	1.07	1.47
Quick Ratio	2.02	1.35	1.15	1.10	0.12	0.57
Accounts Receivables Days	676.59	836.54	2011.86	3039.70	-	-
Accounts Payables Days	-	-	-	-	-	-
Solvency						
Debt to Assets	0.76	0.72	0.78	0.86	0.85	0.30
Debt to Equity	3.12	2.52	3.57	6.25	5.48	0.44
Interest Coverage	-	-	-	-	-	-
Other						

Government Transfers to Total Revenue	-	-	-	-	-	-

Source: MERA Audited accounts and 2023/2024 Performance Management Plans and Budgets

MERA registered a surplus of MK1.6 billion as at 30 September 2023. Compared to the MK3 billion surplus recorded 2022/23 financial year. The projected surplus for the year ending 31st March 2024 is MK1.6 billion which has been revised down from MK2.8 billion from the original budget.

The total revised income for the year is projected at MK13.1 billion which is 6 percent below the original budget of MK13.453 billion. The revised expenses for the year are expected to increase by almost 3.5 percent from MK11.092 billion to MK11.483 billion. There has been increases in the provisions for both administrative and operational expenses due to the observed increase in the costs of goods and services.

In terms of liquidity, MERA recorded a current ratio of 1.10:1 in financial year ending 31st March 2023. The current ratio slightly declined to 1.07:1 as at 30th September 2023 with a projected higher current ratio of 1.47:1 at the end of 2023/24 financial year.

Going forward, MERA will implement the new four-year base tariff as approved by the Authority with the tariff increasing by 18% during the first year of the tariff period. The Automatic Tariff Adjustment Formula (ATAF) for electricity will be applied throughout the budget period.

17.2.10 National Oil Company of Malawi (NOCMA)

Table 17.10 shows the financial performance of NOCMA's as 31st March, 2023.

TABLE 17.10: SELECTED PERFORMANCE STATISTICS FOR NOCMA

Indicators	**2020 Audited**	**2021 Unaudited**	**2022 Unaudited**	**2023 Unaudited**	**2024 Mid-Year Actual unaudited**	**Outlook to March 2024**
Profitability						
Profit/loss (MK'000)	(11,719)	(929,981)	(415,911)	3,213,911	817,744	1,303,704
Gross Profit Margin	2%	0%	3%	3%	2%	2%
Operating Profit Margin	-1%	-2%	1%	2%	1%	1%
Return on Assets	0%	-1%	0%	1%	0%	0%
Return on Equity	0%	-6%	-3%	15%	3%	6%
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	1.58	1.13	0.90	1.47	0.69	1.68
Cost Recovery	37.65	45.81	55.65	85.92	68.12	65.65
Liquidity						
Current Ratio	1.00	1.01	1.07	1.01	1.02	1.01
Quick Ratio	0.83	0.86	0.98	0.96	0.99	0.96
Accounts Receivables Days	122.75	164.30	194.33	97.45	323.69	84.29

Accounts Payables Days	178.05	259.18	340.33	225.98	484.27	195.27
Solvency						
Debt to Assets	0.91	0.92	0.92	0.93	0.94	0.93
Debt to Equity	10.59	10.98	11.19	14.31	15.70	14.31
Interest Coverage	-	-	-	-	-	-
Other						
Government Transfers to Total Revenue	-	-	-	0.4%	-	-

Source: NOCMA Audited accounts and 2023/2024 Performance Management Plans and Budgets

Performance of National Oil Company of Malawi (NOCMA) prior to the financial year 2022/23 has not been profitable. In financial year 2022/23, it registered a profit of MK3.2 billion. The profit declined by 75 percent, to MK817 million at 30th September 2023 with prospects of improving by 59 percent to MK1.3 billion at the end of 31st March, 2024.

In 2022/23, to mitigate the impact of the loss-making performance, Management aggressively invested cash in fixed deposits. However, this is unsustainable to the Company as the major sources of income are derived from sources other than trading activities. NOCMA should derive its major incomes from its core business which importation, hospitality and activities surrounding the exploration of oil and gas in the Country. It should also consider going downstream to access the more sustainable wholesale and retail margins.

NOCMA's liquidity position has been constant over the years with a current ratio of 1.01:1 in 2022/2023 to 1.02:1 registered as at 30th September, 2023 and projected to close at 1.01:1 at the end of 2023/24 financial year. The current ratio is not a cause of concern due to the nature of the company's inventory.

17.2.11 Malawi Communications Regulatory Authority (MACRA)

Table 17.11 shows the financial performance of MACRA as at 31st March, 2023.

TABLE 17.11: SELECTED PERFORMANCE STATISTICS FOR MACRA

Indicators	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Mid-Year Actual	Outlook to March 2024
Profitability						
Profit/loss (MK'000)	5,436,447	9,300,731	6,806,595	8,835,817	7,960,024	8,624,569
Gross Profit Margin	100%	100%	100%	100%	100%	100%
Operating Profit Margin	28%	43%	40%	43%	53%	26%
Return on Assets	25%	41%	26%	28%	75%	25%
Return on Equity	53%	80%	58%	73%	46%	70%
Dividend Payout Ratio	82.9	26.9	101.9	56.6	52.8	65.5
Asset Turnover	0.89	0.90	0.62	0.72	1.42	0.96
Cost Recovery	1.39	1.76	1.66	1.74	2.11	1.35
Liquidity						
Current Ratio	1.27	1.50	1.31	1.20	1.47	0.78

Quick Ratio	1.05	1.21	1.12	1.03	1.15	0.67
Accounts Receivables Days	97.62	99.98	187.55	128.04	287.28	65.26
Accounts Payables Days	-	-	-	-	-	-
Solvency						
Debt to Assets	0.53	0.48	0.55	0.61	1.38	0.30
Debt to Equity	1.14	0.94	1.21	1.55	0.84	0.85
Interest Coverage	-	-	-	-	-	-
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: MACRA Audited Accounts and 2023/2024 Performance Management Plans and Budgets

Malawi Communications Regulatory Authority (MACRA) performance has continued to improve over the years with a surplus of MK8.84 billion registered at the end of the 2022/23 financial year. This was largely due to the increase in local levy revenue which amounted to MK11.5 billion which was a 21.8 percent increase from 2022. As at mid-year, the Authority recorded a surplus of MK7.96 billion and projects a surplus of MK8.62 billion by 31st March 2024. The major factor remains the good performance by telecommunication operators which has resulted in the increase in levy being declared and operator's demand for spectrum usage.

MACRA also expects to the implement the Revenue Assurance System which will provide a better platform to verify the revenues of operators and therefore ably issue the applicable levies. Going forward, the Authority anticipates to review of the spectrum calculator under the Administrative Incentive Pricing (AIP) as well as the Converged Licensing Framework (CLF) which will be finalized before March 2024. 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.

On the other hand, MACRA has still been able to meet its obligations in the short term as they fall due with a current ratio of 1.47:1 as at September 2023. However, the liquidity of the Authority shows a decline in its trend with a current ratio of 0.78:1 projected at March 2024.

17.2.12 Malawi Broadcasting Corporation (MBC)

Table 17.12 shows the financial performance for MBC as at 31st March, 2023.

TABLE 17.12: SELECTED PERFORMANCE STATISTICS FOR MBC

Indicators	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Mid-Year Actual	Outlook to March 2024
Profitability						
Profit/loss (MK'000)	60,634	(421,072)	(356,262)	(1,123,754)	(493,673)	3,611
Gross Profit Margin	100%	100%	100%	100%	100%	100%
Operating Profit Margin	1%	-9%	21%	-20%	-16%	0%
Return on Assets	1%	-6%	-4%	-12%	-5%	0%
Return on Equity	-2%	-	-27%	-4692%	-	0%
Dividend Payout Ratio	-	-	-	-	-	-

Asset Turnover	1.32	0.74	0.45	0.58	0.31	0.91
Cost Recovery	0.37	0.34	1.27	0.41	0.42	0.57
Liquidity						
Current Ratio	0.44	1.61	1.53	0.48	0.49	0.53
Quick Ratio	0.31	1.14	1.06	0.31	0.29	0.37
Accounts Receivables Days	129.39	146.38	181.72	293.60	547.27	158.51
Accounts Payables Days	-	-	-	-	-	-
Solvency						
Debt to Assets	1.67	1.17	0.86	1.00	1.03	0.81
Debt to Equity	-2.48	-6.46	6.12	395.77	-37.35	4.29
Interest Coverage	17.08	(148.68)	569.14	(9,136.21)	(57.98)	1.50
Other						
Government Transfers to Total Revenue	0.64	0.63	-	0.50	0.51	0.43

Source: MBC Audited Accounts and 2023/2024 Performance Management Plans and Budgets

As of September 30, 2023, the Corporation recorded a loss of MK493 million but with a projected profit of MK3.6 million by 31st March 2024. 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 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 half-year budgeted total revenue of MK4.95 billion fell short at MK3 billion. Advertising revenue from both TV and radio adverts amounted to MK0.81 billion, a 63 percent decrease from the budgeted MK2.10 billion. Co-sitting revenue exhibited an 85 percent increase, while other income decreased by 90 percent. Despite expenditures of MK3.50 billion for the half-year ending on 30th September 2023, against a budget of MK4.50 billion, there were cost overruns in certain areas.

Persisting cash flow challenges resulted in a current ratio of 0.49:1 as of 30th September, 2023. 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 amount to MK9.6 billion, along with pension arrears of MK3 billion. Negotiations for payment plans with suppliers are ongoing to address these financial obligations.

The Corporation is owed approximately MK1.2 billion from various organizations and companies. To address these challenges, the management plans to intensify debt collection efforts. Additionally, the Corporation is implementing measures to enhance market share and revenue generation, ensuring sustainability in its operations and activities.

17.2.13 Tobacco Commission (TC)

Table 17.13 shows the financial performance of TC as at 31st March, 2023.

TABLE 17.13: SELECTED PERFORMANCE STATISTICS FOR TC

Indicators	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Mid-Year Actual	Outlook to March 2024
Profitability						
Profit/loss (MK'000)	(81,359)	324,460	(1,289,946)	(110,289)	2,562,912	346,732
Gross Profit Margin	100%	100%	100%	100%	87%	76%
Operating Profit Margin	73%	79%	56%	-3%	75%	51%
Return on Assets	-2%	6%	-27%	-2%	30%	6%
Return on Equity	-2%	8%	-49%	-4%	51%	11%
Dividend Payout Ratio	-	20.0	-	-	-	-
Asset Turnover	0.79	0.72	0.33	0.66	0.56	0.80
Cost Recovery	3.69	4.82	2.26	0.97	7.90	4.09
Liquidity						
Current Ratio	0.91	1.00	0.33	0.48	1.27	0.32
Quick Ratio	0.86	0.95	0.25	0.43	1.26	0.13
Accounts Receivables Days	45.57	54.65	35.63	8.95	9.39	10.27
Accounts Payables Days	-	-	-	-	1.50	58.66
Solvency						
Debt to Assets	0.28	0.24	0.46	0.55	0.40	0.48
Debt to Equity	0.38	0.31	0.86	1.24	0.68	0.94
Interest Coverage	1,959.87	2,679.55	3,194.35	(1,645.10)	104.75	-
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: TC Audited Accounts and 2023/2024 Performance Management Plans and Budgets

Profitability for Tobacco Commission has not been stable over the past five years. As at 30th September, 2023, the Commission recorded a surplus of MK2.6 billion from a deficit of MK110 million recorded in 2022/23 financial year. The Commission projects a lower surplus of MK347 million at the end of March, 2024.

The Commission liquidity levels improved from a current ratio of 0.48:1 at the end of 2022/23 financial year to 1.27:1 as at 30th September 2023. Looking forward to 31st March, 2024, the Commission's liquidity position is expected to worsen with prospects to close with a current ratio of 0.32:1 in March 2024. This portrays the seasonal nature of the revenue and its recognition.

On the other hand, the financial leverage position as measured by debt-to-equity ratio depicts the Commission's capacity to finance its operations using own resources. However, the ratio is worsening with the prospects to close with debt -to- equity ratio of 0.98 in March 2024. This is due to the increase in current liabilities (deferred income for registration fees) not necessarily borrowing and will be recognized in the next reporting period.

17.2.14 Central Medical Stores Trust (CMST)

Table 17.14 shows the financial performance of the CMST as at 31st March, 2023.

TABLE 17.14: SELECTED PERFORMANCE STATISTICS FOR CMST

Indicators	2020 Audited	2021 Audited	2022 Audited	2023 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)	(1,299,310)	(2,591,366)
Gross Profit Margin	23%	21%	21%	20%	22%	27%
Operating Profit Margin	-33%	-11%	-19%	-19%	1%	1%
Return on Assets	-23%	-13%	-13%	-26%	-3%	-6%
Return on Equity	-42%	-29%	-24%	-50%	-7%	-9%
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.71	0.61	0.50	0.79	0.41	0.87
Cost Recovery	1.81	3.15	2.52	2.55	4.92	3.87
Liquidity						
Current Ratio	1.63	1.19	1.57	1.41	1.28	1.86
Quick Ratio	0.33	0.17	0.83	0.59	0.88	1.20
Accounts Receivables Days	60.43	43.35	114.58	81.83	387.50	183.89
Accounts Payables Days	212.32	383.84	352.35	249.47	359.02	139.24
Solvency						
Debt to Assets	0.44	0.54	0.44	0.48	0.00	0.00
Debt to Equity	0.78	1.18	0.79	0.91	0.00	0.00
Interest Coverage	-	-	-	-	-	-
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: CMST Audited Accounts and 2023/2024 Performance Management Plans and Budgets

Central Medical Stores Trust (CMST) has been registering losses for the past years with a deficit of MK10.50 billion in 2022/23 financial year, with a slight improvement of MK1.30 billion as at 30th September, 2023. The outlook to March 2024, projects a further deficit of MK2.60 billion. The deteriorating financial performance of the Trust is attributed by 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 keys stakeholders especially the Pharmacy and Medicines Regulatory Authority (PMRA) and the Ministry of Health to ensure enforcement of the national donations' guidelines.

The Trust's liquidity levels declined from a current ratio of 1.14:1 recorded in 2022/23 financial year to 1.28:1 as at 30th September 2023. Looking forward to, the Trust's liquidity position is expected to improve with prospects to close with a current ratio of 1.86:1 in March 2024. The improved liquidity is attributed to continued Government support to the Trust.

17.2.15 Pharmacy and Medicines Regulatory Authority (PMRA)

Table 17.15 shows the financial performance of the Board as at 31st March, 2023.

TABLE 17.15: SELECTED PERFORMANCE STATISTICS FOR PMRA

Indicators	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Mid-Year Actual	Outlook to March 2024
Profitability						
Profit/loss (MK'000)	53,624	261,852	403,045	525,783	(132,534)	122,959
Gross Profit Margin	100%	100%	100%	100%	100%	100%
Operating Profit Margin	4%	14%	24%	18%	-11%	4%
Return on Assets	2%	9%	14%	10%	-2%	2%
Return on Equity	3%	12%	16%	12%	-3%	3%
Dividend Payout Ratio	-	-	-	17.5	-	52.7
Asset Turnover	0.51	0.63	0.56	0.53	0.22	0.53
Cost Recovery	1.04	1.17	1.32	1.22	0.90	1.04
Liquidity						
Current Ratio	0.68	1.26	2.35	1.72	1.41	0.97
Quick Ratio	0.66	1.25	2.33	1.71	1.40	0.95
Accounts Receivables Days	10.85	43.12	56.06	46.30	92.87	42.83
Accounts Payables Days	-	-	-	-	-	-
Solvency						
Debt to Assets	0.28	0.25	0.12	0.23	0.27	0.30
Debt to Equity	0.39	0.33	0.13	0.29	0.37	0.42
Interest Coverage	-	-	-	61.75	(61.42)	40.23
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: PMRA Audited Accounts and 2023/2024 Performance Management Plans and Budgets

The Pharmacy and Medicines Regulatory Authority (PMRA) registered a surplus of MK526 million in 2022/23 financial year which declined to MK133 million deficit registered as at 30th September, 2023. The underperformance is still attributed to policy and operational challenges such as below cost regulatory fees which were last gazetted in 2014 and under-collection of regulatory fees. Going forward, the regulatory fees were revised but implementation has not commenced as the fees were yet still to be gazetted. However, the outlook to March 2024 projects a surplus of MK123 million. The improvement of the Authority's financial performance from deficit to surplus is attributed to 70% of the Authority's revenue from product registration and annual product retention fees which are paid in foreign currency by market authorization holders (MAHs).

Poor Financial performance continue to affect the Authority's liquidity position as depicted by a current ratio declining from 1.72:1 in 2022/2023 to 1.41:1 as recorded at 30th September, 2023 with prospects to close with a current ratio of 0.97:1 in March, 2024. To address this challenge, the Authority will continue to engage the Ministry of Health to gazette the proposed revised regulatory fees.

17.2.16 Technical, Entrepreneurial and Vocational Education and Training Authority (TEVETA)

Table 17.16 shows the financial performance of TEVETA as at 31st March, 2023.

TABLE 17.16: SELECTED PERFORMANCE STATISTICS FOR TEVETA

Indicators	**2020 Audited**	**2021 Audited**	**2022 Audited**	**2023 Audited**	**2024 Mid-Year Actual**	**Outlook to March 2024**
Profitability						-
Profit/loss (MK'000)	634,445	1,695,639	2,194,787	1,401,207	1,449,145	361,015
Gross Profit Margin	100%	100%	100%	100%	100%	100%
Operating Profit Margin	5%	10%	11%	7%	21%	3%
Return on Assets	7%	15%	16%	8%	9%	2%
Return on Equity	11%	20%	21%	11%	11%	2%
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	1.38	1.47	1.40	1.16	0.43	0.62
Cost Recovery	1.05	1.11	1.13	1.08	1.26	1.03
Liquidity						
Current Ratio	2.42	2.87	3.74	3.06	3.30	3.19
Quick Ratio	2.42	2.86	3.73	3.06	3.28	3.18
Accounts Receivables Days	188.53	149.71	132.10	180.20	358.76	346.76
Accounts Payables Days	-	-	-	-	-	-
Solvency						
Debt to Assets	0.38	0.27	0.22	0.26	0.21	0.23
Debt to Equity	0.61	0.38	0.29	0.34	0.26	0.29
Interest Coverage	4.31	18.13	104.02	-	-	-
Other						

Government Transfers to Total Revenue	-	-	-	-	-	-

Source: TEVETA Audited Accounts and 2023/2024 Performance Management Plans and Budgets

In the 2022/23 financial year, TEVETA recorded a surplus of MK1.4 billion which remained constant at mid-year, September 2023. Looking forward to March 2024, the Authority anticipates a substantial decline in surplus to MK361 million, representing 75 percent decrease in surplus. The worsening of the Authority's performance is attributed to the increase in members of apprentices' recruitment for 2024 financial year which has increased by 133 percent, from 3000 to 7000 members. This has directly impacted on the cost of apprentices training. The training will take about MK3.5 billion of the total revenue, which is about 18 percent of the total revenue.

The implementation of function review recently approved by Government has also impacted on the authority's budget. Some of the items from recently approved 2023-2030 Strategic Plan were also introduced to lay a foundation for substantial activities that are embedded in the Strategic Plan.

The Authority's liquidity position has been quite satisfactory over the years, with a current ratio growing from 3.06:1 in 2022/23 to 3.30:1 as recorded in September, 2023 with prospect of a slight decline in the company's liquidity as depicted by a current ratio of 3.19:1 by the end of March, 2024. However, the decline in the current ratio doesn't pose any threat to the company's liquidity as is still very healthy.

Overall, the Authority continues to finance its operations using own generated resources as opposed to borrowing as portrayed by healthy debt to equity and debt to asset ratios. The Authority continues to enhance its regulatory mandate and compliance issues. Under this program, TEVETA continues to undertake various Regulatory and compliance activities at the cost of MK786.6 in 2023/24 financial year.

Going forward, in terms of Entrepreneurship Development, the Authority shall continue to promote practical entrepreneurship skills to enable TEVET beneficiaries become self-reliant through creation of viable small and medium enterprises (SMEs). In the revised 2023/24 Revied budget, the Authority has therefore provided a sum of MK49.8 million from MK60.2 million to support the finalization of the review of the Entrepreneurship Development Strategy.

17.2.17 Malawi Bureau of Standards (MBS)

TABLE 17.17: SELECTED PERFORMANCE STATISTICS FOR MBS

Indicators	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Mid-Year Actual	Outlook to March 2024
Profitability						
Profit/loss (MK'000)	1,893,741	1,207,592	(648,858)	747,464	48,847	445,151
Gross Profit Margin	27%	69%	39%	100%	100%	100%
Operating Profit Margin	-46%	38%	-22%	53%	9%	6%
Return on Assets	10%	5%	-3%	3%	0%	0%
Return on Equity	11%	6%	-3%	3%	0%	0%
Dividend Payout Ratio	29.4	90.0		87.5	307.1	836.2
Asset Turnover	0.37	0.33	0.29	0.45	0.22	0.51
Cost Recovery	1.37	3.22	1.64	2.14	1.09	1.06
Liquidity						
Current Ratio	2.83	1.27	2.00	2.46	2.80	1.63
Quick Ratio	2.81	1.26	1.99	2.44	2.01	1.01
Accounts Receivables Days	92.38	106.98	97.96	54.23	191.09	56.92
Accounts Payables Days	145.27	537.33	166.50	-	-	-
Solvency						
Debt to Assets	0.11	0.15	0.08	0.07	0.07	0.11
Debt to Equity	0.12	0.18	0.09	0.07	0.08	0.12
Interest Coverage	-	-	-	-	-	-
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: MBS Audited Accounts and 2023/2024 Performance Management Plans and Budgets

Malawi Bureau of Standards (MBS) recorded a surplus of MK747 million in the previous financial year ending March 2023. In the half year ending 30th September, 2023, MBS has recorded a surplus of MK49 million. However, there are optimistic expectations for a significant upturn, with a projected surplus of MK445,151 million anticipated by March 2024, representing a 26 percent decrease compared to the previous financial year. The decline was primarily influenced by rising inflation levels and increased bank rates which has caused both the revenue and expenditure to increase respectively.

MBS saw an improvement in its current ratio from 2.46:1 in the 2022/23 period to 2.80:1 as of September 30, 2023. However, projections indicate a potential decrease to 1.63:1 by the end of the 2023/24 financial year. This slight decline in the current ratio is attributed mainly to a surge in receivables, reaching MK4.7 billion by 30th September, 2023, of which MK3.2 billion accounts for bad debts.

Going Forward, the Bureau is focused on bolstering its financial sustainability. It aims to achieve this by boosting annual revenue by 27 percent, elevating it from MK12.09 billion to K15.38 billion. Additionally, the MBS plans to intensify its efforts in promoting awareness of standardization across all sectors of the economy by March 31, 2024, aiming to foster a culture of quality.

17.2.18 Copyright Society of Malawi (COSOMA)

Table 17.18 shows the financial performance of the COSOMA as at 31st March, 2023.

TABLE 17.18: SELECTED PERFORMANCE STATISTICS FOR COSOMA

Indicators	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Mid-Year Actual	Outlook to March 2024
Profitability						
Profit/loss (MK'000)	155,999	54,280	(150,658)	192,394	(77,923)	1,358
Gross Profit Margin	100%	100%	100%	31%	36%	33%
Operating Profit Margin	28%	9%	-27%	24%	28%	26%
Return on Assets	7%	2%	-5%	7%	-3%	0%
Return on Equity	58%	11%	-33%	31%	-32%	0%
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.27	0.23	0.18	1.10	0.52	0.93
Cost Recovery	1.40	1.10	0.79	15.44	12.64	15.96
Liquidity						
Current Ratio	1.08	1.12	1.08	1.10	0.95	0.98
Quick Ratio	1.06	1.10	1.05	1.09	0.95	0.98
Accounts Receivables Days	994.14	647.15	552.63	59.00	136.77	44.03
Accounts Payables Days	-	-	-	-	-	-
Solvency						
Debt to Assets	1.00	1.00	1.00	0.78	0.92	0.92
Debt to Equity	7.87	5.80	6.64	3.63	11.08	10.88
Interest Coverage	-	-	-	-	-	-
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: COSOMA Audited Accounts and 2023/2024 Performance Management Plans and Budgets

Copyright Society of Malawi (COSOMA) recorded a surplus of MK192 million in the financial year 2022/23 which turned into a deficit of MK78 million as at mid-year, 30th September, 2023 with prospects to breakeven to MK1.4 million by March, 2024. The Society's poor financial performance is 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 1.10:1 in 2022/23 financial year to 0.95:1 registered as at 30th September, 2023 and projected to close at 0.98:1 at the end of 2023/2024 financial year. The worsening of the current ratio is largely due to major users of copyright protected materials like public broadcasters who are major defaulters when it comes to paying copyright license fees. This contributes to cash flow challenges for the Society.

Going forward, the Society hopes that the situation will improve following new mechanisms that have been put in place including the use of local councils, Ministry of Education, the involvement of crack squad, police secondment and that the licensing team has acquired debt collection skills and experience.

17.2.19 Umodzi Holdings Limited (UHL)

Table 17.19 shows the financial performance of the UHL as at 31st March, 2023.

TABLE 17.19: SELECTED PERFORMANCE STATISTICS FOR UHL

Indicators	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2023 Mid - Year Actual	Outlook to March 2024
Profitability						
Profit/loss (MK'000)	(730,584)	(730,919)	413,688	1,388,442	789,864	1,432,397
Gross Profit Margin	100%	100%	100%	65%	63%	60%
Operating Profit Margin	93%	94%	95%	-17%	60%	57%
Return on Assets	-5%	-5%	3%	4%	2%	8%
Return on Equity	-7%	-8%	4%	7%	4%	12%
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.25	0.19	0.25	0.28	0.17	0.59
Cost Recovery	15.09	16.37	19.52	1.22	40.50	30.88
Liquidity						
Current Ratio	0.44	0.38	0.52	0.61	0.70	0.59
Quick Ratio	0.26	0.18	0.29	0.54	0.61	0.51
Accounts Receivables Days	104.18	97.14	125.81	58.96	140.82	101.42
Accounts Payables Days	-	-	-	301.14	587.33	303.66
Solvency						
Debt to Assets	0.38	0.41	0.42	0.42	0.40	0.33
Debt to Equity	0.62	0.68	0.72	0.72	0.68	0.50
Interest Coverage	6.57	4.93	6.24	(3.56)	-	-
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: UHL Audited Accounts and 2023/2024 Performance Management Plans and Budgets

The performance of Umodzi Holding Limited (UHL) has continuously improved over the years with a surplus of MK1.39 billion recorded at the end of the March 2023 compared to MK414 million registered in prior financial year. As at 30th September 2023, the Company registered profit of MK789.9 million. This was highly attributed by rooms revenue which performed better than budgeted with occupancy level for the Presidents Hotel averaging 64%. This commendable performance from rooms had been sustained by international meetings and long staying guest from international corporate organizations. The hotel food and beverage revenue also grew 10 percent higher than the budget to MK1.20 billion from MK1.10 budgeted revenue. In addition, there was also a growth in the Presidential Villas revenue to MK320 million as at 30th September 2023 with occupancy rate of 86 percent based on standing lease agreements with tenants. Going forward, the company projects a further increase in its revenues to a total income of MK10.48 billion which will result in a profit of MK1.43 billion as at 31st March 2024.

The liquidity of UHL has been below the recommended average benchmark with a current ratio of 0.70:1 as at September 2023, and 0.59:1 projected at as 31st March 2024. This implies the company is barely able to meet its short-term obligations as most of the Companies cash is being held by its customers with its trade and other receivables amounting to MK2.91 billion by 31st March 2024.

17.2.20 Lilongwe Handling Company Limited (LIHACO)

Table 17.20 shows the financial performance of the LIHACO as at 31st March, 2023.

TABLE 17.20: SELECTED PERFORMANCE STATISTICS FOR LIHACO

Indicators	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Mid-Year Actual	Outlook to March 2024
Profitability						
Profit/loss (MK'000)	(593,191)	(1,178,376)	(345,695)	2,738,999	175,291	350,100
Gross Profit Margin	35%	20%	42%	75%	62%	55%
Operating Profit Margin	-88%	-57%	-16%	36%	11%	7%
Return on Assets	-22%	-36%	-11%	61%	4%	7%
Return on Equity	-252%	-	-	119%	7%	14%
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.97	0.40	0.74	1.66	0.50	0.99
Cost Recovery	0.81	1.29	1.72	2.56	1.95	2.05
Liquidity						
Current Ratio	0.49	0.23	0.26	1.36	1.38	0.92
Quick Ratio	0.22	0.09	0.14	1.22	1.35	0.85
Accounts Receivables Days	58.67	61.05	72.31	62.76	165.34	45.18
Accounts Payables Days	195.45	310.11	279.74	50.47	545.31	79.88
Solvency						
Debt to Assets	0.91	1.03	1.15	0.49	1.00	1.00
Debt to Equity	10.37	-37.58	-8.19	0.95	1.80	1.93
Interest Coverage	(29.49)	(12.96)	(1.70)	33.08	-	-
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: LIHACO Audited Accounts and 2023/2024 Performance Management Plans and Budgets

Lilongwe Handling Company (LIHACO) registered a profit of MK2.74 billion in 2023 which due to the Government grant of MK2.80 billion which was provided by Government for the construction of its offices. However, in terms of its financial performance LIHACO made a loss of MK61.0 million in March 2023. As at 30th September 2023, the company recorded a profit of K175.29 million and projects a profit of MK350.1 million by 31st March 2024. This is an improvement from its previous loss making position, which largely on account of an increase of Ground Handling Revenues. As at mid-year, the company handled 2921 flights which was a 17 percent increase from the budgeted levels and projects 5091 to be handled by 31st March 2024. The flight numbers are moving towards the pre- Covid- 19 levels which is a positive thing for the company.

Forward looking to the end of the 2023/24 financial year, the company expects to perform well and meet the projected targets. Currently business is picking up from the lowest levels due to the covid-19 pandemic and the impact of Ukraine war.

17.2.21 Airport Development Limited (ADL)

Table 17.21 shows the financial performance of the ADL as at 31st March, 2023.

TABLE 17.21: SELECTED PERFORMANCE STATISTICS FOR ADL

Indicators	**2020 Audited**	**2021 Audited**	**2022 Audited**	**2023 Audited**	**2024 Mid-Year Actual**	**Outlook to March 2024**
Profitability						
Profit/loss (MK'000)	7,779,858	4,571,190	7,721,360	12,431,370	4,223,297	4,020,134
Gross Profit Margin	98%	97%	97%	96%	82%	81%
Operating Profit Margin	73%	55%	80%	76%	11%	0%
Return on Assets	15%	8%	14%	16%	5%	5%
Return on Equity	16%	9%	15%	17%	6%	5%
Dividend Payout Ratio	-	-	-	-	-	2.5
Asset Turnover	0.20	0.14	0.17	0.19	0.03	0.05
Cost Recovery	4.08	2.35	5.99	5.06	1.40	1.24
Liquidity						
Current Ratio	1.12	1.13	0.86	0.79	0.89	0.82
Quick Ratio	1.04	1.06	0.72	0.71	0.84	0.76
Accounts Receivables Days	177.85	220.49	332.64	135.30	360.06	96.40
Accounts Payables Days	1687.85	1753.00	1595.33	948.40	1473.20	339.74
Solvency						
Debt to Assets	0.03	0.04	0.05	0.04	0.04	0.10
Debt to Equity	0.03	0.04	0.06	0.04	0.05	0.12

Interest Coverage	352.86	136.99	73.94	54.45	2.06	0.11
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: ADL Audited Accounts and 2023/2024 Performance Management Plans and Budget

ADL has remained profitable over the years, despite facing a decline in its profitability's during the COVID pandemic. As at 30th September 2023, ADL has registered a profit of MK4.22 billion of which MK4.0 billion accounts to the increase in value of properties, however, its profit after tax stood at MK223.3 million. This decline in performance has been attributed from unoccupied office spaces of some of the leasing buildings, under collection of toll gate fees at KIA and then unclear balances of customers plots. Going forward, ADL projects to end March 2024 with an earning before revaluation of MK20.1 million.

The liquidity of the company shows a slight improvement from the previous year from 0.79:1 registered in 2022/23 financial year to a projected current ratio of 0.82:1 as at 31st March, 2024, which has made ADL to continue failing to meet its short-term obligations as they fall due. ADL's trade receivables are one of the causes of the company facing cash flow challenges of which the highest debtors being Ministry of Housing and urban development of which as at 30th September 2023, its average repayable days was approximated 360 days.

Furthermore, despite the company facing some challenges in its liquidity, its debt to equity is projected at 12 percent at the end of March 2024, implying that the company will be able to finance its operations using its own resources other than external borrowing. The company has also continued in the clearing of backlog of maintenance on infrastructure and revival of projects that will enable ADL increase its revenue base.

17.2.22 Malawi Accountants Board (MAB)

Table 17.22 shows the financial performance of the MAB as at 31st March, 2023.

TABLE 17.22: SELECTED PERFORMANCE STATISTICS FOR MAB

Indicators	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Mid-Year Actual	Outlook to March 2024
Profitability						
Profit/loss (MK'000)	18,356	47,126	79,029	45,816	106,500	94,819
Gross Profit Margin	91%	89%	88%	86%	28%	16%
Operating Profit Margin	6%	9%	25%	8%	-43%	-68%
Return on Assets	5%	11%	16%	8%	13%	9%
Return on Equity	5%	12%	16%	9%	17%	17%
Dividend Payout Ratio	12.0	-	2.8	7.6	12.2	90.0
Asset Turnover	0.78	0.74	0.63	0.93	0.45	0.65
Cost Recovery	1.18	1.25	1.58	1.29	1.40	1.19
Liquidity						
Current Ratio	12.02	33.47	19.49	5.60	2.76	1.13
Quick Ratio	12.02	33.47	19.49	5.60	2.64	0.34
Accounts Receivables Days	246.91	239.07	314.11	166.96	382.01	25.85
Accounts Payables Days	336.05	105.76	191.35	374.18	6.24	221.60
Solvency						
Debt to Assets	0.07	0.02	0.04	0.14	0.26	0.50
Debt to Equity	0.07	0.03	0.04	0.16	0.36	0.99
Interest Coverage	-	-	-	-	-	-
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: MAB Audited Accounts and 2022/2023 Performance Management Plans and Budgets

The Malawi Accountants Board (MAB) maintained a favourable performance, recording a surplus of K106 million as at 30th September, 2023, with a projected surplus of MK94 million by March 2024. This performance, however, reflects a decrease from the approved budget of MK100 million in the 2023/24 financial year. The decline is attributed to the recent adjustments in Board of Directors' annual remunerations, increased insurance and Fringe Benefit Tax (FBT) costs resulting from the acquisition of management vehicles, and the impact of a recent 44% devaluation.

While MAB's liquidity position was generally robust in previous years, with a current ratio of 5.60:1 recorded in the 2022/2023 financial year, it experienced a deterioration in the first half of 2023/2024, registering a current ratio of 2.76:1. There are expectations for a further decline to 1.13:1 by March 2024. The erosion of liquidity is linked to the slow progress in stakeholders revising and implementing the Public Accountants and Auditors Act, 2023. This situation has hampered MAB's functions, particularly in revenue generation and sanctions. Financial losses from annual rentals on leased premises also played a role in the liquidity ratio. The absence of in-house ICT personnel also impeded the progress of the digitization project, with the Board heavily relying on outsourced ICT personnel.

With a persistent shortage of foreign currency in the country, MAB anticipates a slowdown in economic activities, adversely affecting revenue-generating efforts. Going forward, to address these challenges, MAB is actively involved in the revision of the Public Accountants and Auditors Act to empower them to impose fines on non-compliant stakeholders. The Ministry of Justice is presently drafting the revised Act. Additionally, MAB is undertaking the construction of its own offices to mitigate financial losses and is in the process of hiring a full-time ICT officer to spearhead the digitization initiative.

17.2.23 National Economic Empowerment Fund Limited (NEEF)

Table 17.23 shows the financial performance of the NEEF as at 31st March, 2023.

TABLE 17.23: SELECTED PERFORMANCE STATISTICS FOR NEEF

Indicators	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Mid-Year Actual	Outlook to March 2024
Profitability						
Profit/loss (MK'000)	(2,678,104)	(7,572,619)	(13,595,062)	(4,944,694)	1,130,544	830,466
Gross Profit Margin	19%	22%	70%	100%	100%	100%
Operating Profit Margin	-63%	-56%	39%	100%	41%	42%
Return on Assets	-27%	-79%	-122%	-22%	4%	2%
Return on Equity	-1999%	-	-	-	5%	8%
Dividend Payout Ratio	-	--		-		-
Asset Turnover	0.27	0.35	0.41	0.32	0.23	0.31
Cost Recovery	0.77	-0.45	-6.78	-	1.69	-1.43
Liquidity						
Current Ratio	1.85	2.28	0.91	1.41	66.68	19.66
Quick Ratio	0.32	0.44	0.91	1.35	47.17	24.81
Accounts Receivables Days	40.51	21.72	734.64	1198.73	1304.02	943.69
Accounts Payables Days	27.38	19.25	69.61	-	-	-
Solvency						
Debt to Assets	0.99	1.36	1.27	1.04	0.67	0.43
Debt to Equity	71.81	-3.79	-4.67	-24.41	0.85	1.83
Interest Coverage	(1.49)	(1.08)	1.43	4.05	-	
Other						
Government Transfers to Total Revenue	0.38	0.18	-	-	-	-

Source: NEEF Audited Accounts and 2023/2024 Performance Management Plans and Budgets

The National Economic Empowerment Fund (NEEF) registered a profit after tax of MK1.13 billion as at 30th September, 2023 compared to a loss of MK4.9 billion registered in 2022/23 financial year with a projection of a profit after tax of MK 830 million in March 2024. The Targeted Enhanced Loan Recoveries Program which was rolled out by the Fund in 2022/23 that involves field recovery storms where spot cash collection is prioritized in the recovery of overdue repayments especially loans with arrears over 90 days has realized over MK6.4 billion from 1st April 2023 to 30th September 2023.This has increased the loan collection rate from 58 percent in 2022/23 to 69 percent as at 30th September 2023.

Gross loan portfolio registered a growth by 13% from MK53.6 billion in March 2023 to MK60.6 billion in September 2023, a net growth of MK7 billion owing to the disbursements of MK15.4 billion and loan repayments of MK8.4 billion in the period which represent an average collection rate of 69 percent which is an improvement from the previous year but still below the Regulator's benchmark of 80 percent. Net loan portfolio registered a growth of 34 percent from MK19.5 billion recorded in March 2023 to MK26.1 billion in September 2023.

There was a remarkable improvement in the liquidity of the Fund in September 2023 with a current ratio of 66.7:1 reported and a projection of 19.7:1 in March 2024. This significant and recommendable liquidity position of the Fund was highly attributed by the equity injection by Government which was invested in the loan portfolio for disbursement to customers.

Chapter 18

BANKING AND FINANCE

18.1 Monetary Developments

Broad Money (M2) registered a growth rate of 32.2 percent in 2023 to MK3.7 trillion in December 2023, lower than 38.8 percent registered in 2022. The growth in M2 largely reflected an increase in the banking sector's credit to Government.

18.2 Broad Money and its Components

On the liabilities side, the annual growth in M2 was driven by all its components. In particular, foreign currency-denominated deposits, demand deposits, term (time and savings) deposits and currency outside banks increased by MK300.4 billion, MK262.1 billion, MK260.0 billion, and MK72.1 billion, respectively. The increases in commercial banks deposits and currency outside banks partly reflected the improved economic performance in 2023 compared to 2022. This was enhanced by revaluation gains for the foreign currency denominated deposits following the 44.0 percent devaluation of kwacha in November 2023.

18.3 Counterparts to Broad Money

On the asset side, the annual growth in M2 continued to be entirely driven by the Net Domestic Assets (NDA) of the banking system which expanded by MK1.6 trillion to MK5.1 trillion in December 2023, compared to an annual increase of MK1.0 trillion in 2022. The expansion in NDA is mainly attributed to an increase in net domestic claims of the banking system in the review period. In contrast, Net Foreign Assets (NFA) declined by MK708.1 billion (US$417.1 million) to minus MK1.4 trillion (minus US$819.6 million) at the end of the year. This is compared to an annual decline of MK262.4 billion (US$253.6 million) in 2022. The decrease in NFA of the banking system reflected continued net outflow of foreign exchange, couples with an increase in foreign liabilities on account of revaluation of the liabilities following the 44 percent exchange rate alignment in the year.

18.3.1 Net Domestic Credit

The banking system's net domestic claims increased by MK731.1 trillion (19.3 percent) to MK4.5 trillion at the end of the year against an annual increase of MK1.1 trillion (39.7 percent) in 2022. This was supported by increases in net credit to the central government of MK371.4 billion, credit to private sector of MK182.4 billion, claims on state-owned enterprises of MK168.0 billion and claims on other financial corporations of K9.2 billion 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 increased by MK539.4 billion in 2023, lower than an annual increase of MK878.6 billion at the end of 2022. Net claims on the central government by the monetary authorities increased by MK239.5 billion to K1.3 trillion in December 2023. The growth in monetary authorities' net claims on central government was supported by increases of MK350.1 billion in the central bank's portfolios of government securities and K23.4 billion in Ways and Means advances to government. This was partly offset by the accumulation of government deposits at the central bank amounting to MK113.9 billion in the year.

Similarly, commercial banks' claims on the central government (net) and statutory bodies rose by K131.9 billion to K1.4 trillion in the year. The expansion in commercial banks' net claims on government was on account of the net uptake of government securities by the commercial banks and direct loans to government ministries, departments, and agencies (MDAs) totaling MK153.3 billion and MK34.7 billion, respectively. This was however, partially counteracted by the MK56.0 billion accumulation of government deposits at the commercial banks over the review period.

Meanwhile, the banking system claims in statutory bodies increased by K168.0 billion to K486.7 billion in December 2023.

18.3.3 Private Sector Credit

Private sector credit grew by MK182.4 billion (17.9 percent) to a stock position of MK1.2 trillion in 2023. This upturn was driven by commercial and industrial loans, individual household loans, foreign currency denominated loans and mortgages which increased by MK64.2 billion, MK58.6 billion, MK48.4 billion and MK15.9 billion to MK504.1 billion, MK463.9 billion, MK169.9 billion and MK76.2 billion, respectively.

In terms of economic sectors, private sector credit increased in the following sectors: Community, Social, and Personal Services (MK70.8 billion); Agriculture, Forestry, and Fishing (MK69.6 billion); Manufacturing (MK13.2 billion); Restaurants and Hotels (MK8.0 billion); Financial Services (MK7.6 billion); Wholesale and Retail Trade (MK6.7 billion); Construction (MK4.6 billion); Electricity, Gas, Water and Energy (MK3.7 billion); and Mining and Quarrying (MK0.4 million). In contrast, the Transport, Storage and Communications sector recorded a net repayment of MK1.1 million over the review period.

Consequently, the Community, Social and Personal Services sector continued to hold the largest share of outstanding private sector credit at 37.2 percent. This was followed by the Agriculture, Forestry, Fishing, and Hunting at 19.1 percent; Wholesale and Retail Trade at 16.2 percent; and Manufacturing at 12.8 percent.

TABLE 18.1: MONETARY SURVEY (MK' MILLION)

	End Period Balances			Annual Changes During Period		
	2021	**2022**	**2023**	**2021**	**2022**	**2023**
A. Net Domestic Credit						
1. Credit to Government (i+ii)	1,623,212.5	2,389,741.5	2,761,173.6	646,313.0	766,529.0	371,432.1
i. Monetary Authorities	555,413.7	1,080,034.6	1,319,525.4	146,375.5	524,620.9	239,490.8
ii. Commercial Banks	1,067,798.8	1,309,706.9	1,441,648.2	499,937.5	241,908.1	131,941.3
2. Credit to statutory bodies	206,688.3	318,757.6	486,744.4	-6,740.1	112,069.4	167,9186.8
3. Credit to private sector (gross)	821,943.0	1,019,976.8	1,202,400.5	129,183.4	198,033.7	182,423.7
B. Money Supply (M2)	2,004,396.6	2,782,089.9	3,679,217.7	463,045.5	777,693.4	897,127.7
4. Currency outside banks	299,774.3	397,656.0	469,732.5	62,807.9	97,881.7	72,076.6
5.Demand deposits	635,486.9	1,063,184.8	1,325,317.0	116,500.4	427,697.9	262,132.2
6.Time and savings deposits	738,126.6	961,370.7	1,234,839.7	173,052.9	223,244.1	259,9129.4
7.Foreign currency denominated deposits	330,165.8	359,187.6	629,643.3	109,841.3	29,021.7	300,419.4
E. Net Foreign Assets	-421,088.7	-683,439.3	-1,391,584.9	-74,945.6	-262,350.6	-708,145.7
6.Monetary Authorities	-584,195.8	-955,297.8	-1,726,738.2	-118,164.5	-371,101.9	-771,440.4
7.Commercial banks…	163,107.2	271,858.5	335,153.2	43,218.9	108,751.4	63,294.7

Source: Reserve Bank of Malawi

18.4 Activities of Commercial Banks

Commercial banks' resources expanded by MK1.2 trillion to MK4.9 trillion in 2023, compared to an annual increase of MK705.6 billion in 2022. The growth in 2023 was supported by private sector deposits, uncategorized liabilities, capital accounts, official sector deposits and liabilities to non-residents which increased by MK762.9 billion, MK195.7 billion, MK164.7 billion, MK115.4 billion and MK26.8 billion respectively. Meanwhile, commercial banks' borrowing from the Reserve Bank of Malawi contracted by MK47.9 billion during the same period, partially offsetting the preceding expansionary effect.

In terms of uses of funds, commercial banks increased lending to the domestic economy by MK340.2 billion in 2023, which was lower compared to an annual increase of MK447.3 billion in 2022. Specifically, claims on the central government, private sector and other financial corporations rose by MK188.0 billion, MK174.1 billion and MK9.2 billion, respectively. Meanwhile, claims on state-owned enterprises contracted by MK31.0 billion during the period. This expansionary effect was further reinforced by increases in miscellaneous asset items, deposits with the Reserve Bank of Malawi plus vault cash, and claims on the foreign sector of MK615.7 billion, MK171.6 billion and MK90.1 billion, respectively.

TABLE 18.2: COMMERCIAL BANKS: SOURCES AND USES OF FUNDS (MK'MILLION)

	End Period Balances			Changes During Period		
	2021	2022	2023	2021	2022	2023
A. Sources of Funds						
1. Private sector	1,623,300.7	2,211,959.2	2,974,877.8	374,061.6	588,658.6	762,919
2. Official Sector Deposits[1]	175,709.7	263,869.6	379,240.3	16,425.8	88,160.0	115,371
3. Borrowing from the RBM	274,633.8	68,892.7	21,034.4	209,741.9	- 205,741.1	(47,858)
4. Liabilities to non-residents	83,959.3	102,012.2	128,789.0	12,403.9	18,052.9	26,777
5. Capital Accounts	414,254.1	522,078.0	686,768.1	64,695.2	107,823.9	164,690
6. All other liabilities	372,383.0	480,996.8	676,706.0	13,873.1	108,613.7	195,709
7. Total (1+2+3+4+5+6)	**2,944,240.6**	**3,649,808.5**	**4,867,415.6**	**691,201.5**	**705,567.9**	**1,217,607**
B. Uses of Funds						
I. Domestic credit to:						
8. Private sector (gross)	796,673.4	988,873.5	1,162,937.9	124,273.0	192,200.1	174,064
9. Statutory bodies (gross)	69,793.5	83,283.1	1,589,751.6	-602,839.6	13,489.6	187,959
10. Central Government (gross)	1,163,029.8	1,401,792.6	52,304.2	1,112,390.7	238,762.9	(30,979)
11. Other financial corporations	21,500.8	24,387.6	33,591.3	-99,150.8	2,886.8	9,204
12. Sub-total (8+9+10+11)	2,050,997.5	2,498,336.8	2,838,585.0	534,673.4	447,339.4	340,248
II. Deposits with Reserve Bank plus currency in banks	156,273.4	188,646.4	360,274.6	43,797.2	32,373.0	171,628
III. Foreign assets	247,066.5	373,870.7	463,942.2	55,622.9	126,804.2	90,071
IV. All other assets	489,903.3	588,954.6	1,204,613.8	57,108.1	99,051.3	615,659
V. Total (I+II+III+IV)	**2,944,240.6**	**3,649,808.5**	**4,867,415.6**	**691,201.5**	**705,567.9**	**1,217,607**

Source: Reserve Bank of Malawi

[1]Consists of Central Government and Statutory bodies

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 MK880.6 billion in 2023 to MK3.6 trillion as at end of the year, compared to an increase of MK542.6 billion in 2022. This development was explained by increases in liabilities to the foreign sector, official sector deposits, deposits of commercial banks and repurchase agreements amounting to MK886.2 billion, MK205.0 billion, MK167.3 billion and MK144.9 billion, respectively. The increase in deposits of the official sector was mainly supported by funds disbursements by the country's Developmental Partners for different donor-supported projects and budgets support. Meanwhile, the increase in liabilities to the foreign sector was on account of foreign exchange disbursements by the International Monetary Fund (IMF) under the Extended Credit Facility arrangement, coupled with revaluation gains as a result of the exchange rate alignment during the year. In contrast, uncategorized liabilities declined by MK613.2 billion during the review period.

TABLE 18.3: RESERVE BANK OF MALAWI: SOURCES AND USES OF FUNDS (MK'MILLION)

	End Period Balances			Changes During Period		
	2021	2022	2023	2021	2022	2023
A. Sources of Funds						
i. Private sector:						
1. Currency outside banks	359,269.7	469,581.3	559,939.4	75,014.4	110,311.6	90,358.2
ii. Commercial banks						
2. Deposits plus till money	148,751.6	172,549.1	267,935.9	44,212.7	23,797.5	167,312.1
iii. Official sector deposits	268,056.5	580,618.0	785,602.5	50,019.1	312,561.6	204,984.5
3. Sub-total (i+ii+iii)	716,582.4	1,150,823.1	1,613,477.9	157,039.7	434,240.7	462,654.8
iv. Repurchase agreements	160,537.3	142,173.8	287,094.6	51,851.4	-18,363.6	144,920.8
v. Foreign sector	935,218.8	1,272,867.1	2,159,049.0	17,193.3	337,648.2	886,181.9
vi. All other liabilities	326,101.3	115,205.2	(497,996.6)	65,799.2	-210,896.1	(613,201.8)
vii. Total (i+ii+iii+iv+v+vi)	**2,138,439.8**	**2,681,069.1**	**3,561,624.8**	**291,883.5**	**542,629.3**	**880,557.7**
B. Uses of Funds						
i. Domestic claims (gross)	1,227,658.4	1,898,242.4	2,500,006.2	1,109,516.6	670,584.1	601,763.7
1. Statutory bodies	147,298.1	322,834.7	592,837.6	-35,942.2	175,536.6	270,002.8
2. Central Government	739,086.6	1,481,217.0	1,835,224.8	238,685.2	742,130.4	354,007.8
3. Commercial Banks	341,273.6	94,190.7	71,943.8	-460,509.9	-247,082.9	(22,246.9)
ii. Foreign assets (gross)	351,023.0	317,569.3	432,311.8	-100,971.2	-33,453.7	114,742.5
iii. All other assets	559,758.4	465,257.4	629,308.8	-33,020.3	-94,501.1	164,051.5
iv. Total	**2,138,439.8**	**2,681,069.1**	**3,561,626.8**	**291,883.5**	**542,629.3**	**880,557.7**

Source: Reserve Bank of Malawi

Following the expansion in resource envelope, the Reserve Bank of Malawi increased its credit to government and statutory bodies by K354.0 billion and K270.0 billion, respectively. In addition, the central bank increased its investment in foreign assets and miscellaneous assets by K114.7 billion and K164.1 billion, respectively. In contrast, credit to commercial banks decreased by K22.2 billion in the year.

Chapter 19

PUBLIC FINANCE

19.1 Overview

This public finance chapter presents the fiscal performance of Budgetary Central Government operations for 2022/23 and 2023/24 fiscal years as well as estimates for 2024/25 fiscal year based on economic classification of Government operations. The position for 2022/23 is actual outturn while the 2023/24 position is the likely outturn for the year. The chapter is structured as follows: Section 19.2 presents a performance summary of Budgetary Central Government Operations while Sections 19.3 and 19.4 explain the performance of revenue, expenditure, and financing.

19.2 Performance Summary of Budgetary Central Government Operations

In 2023/24, fiscal performance declined in comparison to the initial projections. The decline was as a result of the continued effects of the Russia-Ukraine war which affected global supply chains and climate-related shocks such as Cyclone Freddy which affected thousands of households in the Southern Region of the country. As a result, production continued to be lower in most sectors of the economy. This was exacerbated by the 44 percent devaluation of the Malawi Kwacha against the US Dollar in November 2023 which exerted inflationary pressures on the economy. Tax Revenue is expected to surpass its target while grants and other revenue are likely to underperform compared to the midyear revised estimates, despite surpassing their approved estimates. Expenditure is likely to underperform due to increased interest payments and other expenditure items arising from the realignment of the Malawi Kwacha against the US Dollar. Consequently, the estimated fiscal deficit remains high, thereby continuing to exert pressure on public debt.

In the 2022/23 fiscal year revenue amounted to 16.5 percent of GDP of which taxes was 12.9 percent of GDP, grants were 3.0 percent of GDP, while other revenue was 0.6 percent of GDP. In 2023/24 fiscal year, revenue is projected to amount to 19.4 percent of GDP of which taxes are 14.5 percent of GDP, grants are 3.9 percent of GDP, while other revenue is at 1.4 percent of GDP.

In 2022/23, expenditure was 24.1 percent of GDP and this led to Net borrowing of -7.6 percent of GDP. In 2023/24, expenditure is projected at 28.6 percent of GDP while overall fiscal balance is a deficit of 8.9 percent of GDP. Figure 19.1 below shows details on the performance of central government operations.

TABLE 19.1: BUDGETARY CENTRAL GOVERNMENT OPERATIONS (MK' MILLION)

Category	2022/23 Actual Outturn	2023/24 Approved Estimates	2023/24 Revised Estimates	2023/24 Likely Outturn	2024/25 Proposed Estimates
Total Revenue and Grants	2,075,410	2,553,019	3,040,616	2,992,756	4,545,798
Tax Revenue	1,572,891	2,128,090	2,198,090	2,198,090	3,257,273
Grants	414,002	310,589	633,186	585,326	1,168,412
Other Revenue	88,518	114,340	209,340	209,340	120,113
Expense	2,355,478	2,957,289	3,251,193	3,306,622	4,207,663
of which Public Debt Interest	626,979	914,864	931,480	931,480	1,455,690
Net Acquisition of Non-Financial Assets	1,002,029	831,030	1,077,875	1,043,431	1,770,658
Foreign financed projects (Part I)	771,644	600,280	797,077	682,413	1,387,058
Domestic financed projects (Part II)	230,385	230,750	280,798	361,018	383,600
Expenditure	3,357,507	3,788,319	4,329,068	4,350,053	5,978,322
	-				
Net Lending/ Net Borrowing	- 1,282,097	- 1,235,300	- 1,288,452	-1,357,297	- 1,432,524
Primary Balance	- 655,118	- 30,745	- 193,081	- 328,730	241,812
Percent of GDP	**2022/23 Actual Outturn**	**2023/24 Approved Estimates**	**2023/24 Revised Estimates**	**2023/24 Likely Outturn**	**2024/25 Proposed Estimates**
Total Revenue and Grants	18.2	16.8	20.0	19.7	24.3
Tax Revenue	13.8	14.0	14.5	14.5	17.4
Grants	3.6	2.0	4.2	3.9	6.2
Other Revenue	0.8	0.8	1.4	1.4	0.6
Expense	20.6	19.5	21.4	21.8	22.5
of which Public Debt Interest	5.5	6.0	6.1	6.1	7.8
Net Acquisition of Non-Financial Assets	8.8	5.5	7.1	6.9	9.5
Foreign financed projects (Part I)	6.8	3.9	5.2	4.5	7.4
Domestic financed projects (Part II)	2.0	1.5	1.8	2.4	2.0

Expenditure	29.4	24.9	28.5	28.6	31.9
Net Lending/ Net Borrowing	-11.2	-8.1	-8.5	-8.9	-7.6
Primary Balance	-5.7	-0.2	-1.3	-2.2	1.3

Source: Ministry of Finance and Economic Affairs

19.3 Revenue Performance

The Malawi Government will continue to implement the Domestic Revenue Mobilization Strategy in order to improve domestic revenue performance. The Government is also in the process of digitizing tax collection systems and carrying out public finance management reforms in the Ministries, Departments and Agencies (MDAs). These measures are expected to improve the efficiency and effectiveness in revenue collection in the coming financial years.

In 2023/24, revenue is projected to amount to 19.7 percent of GDP, which is higher than the 18.2 percent of GDP recorded in 2022/23 and the initial target of 16.8 percent of GDP. The increase is mainly on account of the improved performance in tax revenue and grants. The performance of grants is expected to improve to 3.9 percent of GDP against an initial projection of 2.0 percent of GDP. In 2023/24 fiscal year, other revenue is projected at 1.4 percent of GDP against an initial projection of 0.8 percent of GDP.

Revenue for the upcoming financial year (2024/25) is projected at 24.3 percent of GDP with taxes at 17.4 percent of GDP, grants at 6.2 percent and other revenue at 0.6 percent of GDP. Table 19.2 below shows detailed performance of revenue for 2022/23 and projections for 2023/24 and 2024/25 fiscal years.

TABLE 19.2: BUDGETARY CENTRAL GOVERNMENT REVENUE (MK' MILLION)

Category	2022/23 Actual Outturn	2023/24 Approved Estimates	2023/24 Revised Estimates	2023/24 Likely Outturn	2024/25 Proposed Estimates
Total Revenue and Grants	2,075,410	2,553,019	3,040,616	2,992,756	4,545,798
Tax Revenue	1,572,891	2,128,090	2,198,090	2,198,090	3,257,273
Taxes on income, profits and capital gains	749,245	991,662	1,023,921	1,023,921	1,585,957
Payable by individuals	416,919	541,374	559,422	559,422	866,220
Payable by corporations and other enterprises	332,326	450,289	464,499	464,499	719,738
Taxes on goods and services	686,063	897,682	927,601	927,601	1,289,176
General taxes on goods and services	424,743	587,609	606,955	606,955	846,703
Value-added taxes	424,632	584,617	603,876	603,876	841,934

Turnover and other general taxes on goods and services	111	2,992	3,080	3,080	4,769
Excise	253,117	301,374	311,658	311,658	431,519
Motor vehicle taxes	8,202	8,700	8,988	8,988	10,955
Taxes on international trade and transaction	156,311	236,893	244,656	244,656	379,175
Other taxes	1,251	1,852	1,912	1,912	2,964
Grants	414,002	310,589	633,186	585,326	1,168,412
Other Revenue	88,518	114,340	209,340	209,340	120,113
Percent of GDP	**2022/23 Actual Outturn**	**2023/24 Approved Estimates**	**2023/24 Revised Estimates**	**2023/24 Likely Outturn**	**2024/25 Proposed Estimates**
Total Revenue and Grants	18.2	16.8	20.0	19.7	24.3
Tax Revenue	13.8	14.0	14.5	14.5	17.4
Taxes on income, profits and capital gains	6.6	6.5	6.7	6.7	8.5
Payable by individuals	3.7	3.6	3.7	3.7	4.6
Payable by corporations and other enterprises	2.9	3.0	3.1	3.1	3.8
Taxes on goods and services	6.0	5.9	6.1	6.1	6.9
General taxes on goods and services	3.7	3.9	4.0	4.0	4.5
Value-added taxes	3.7	3.8	4.0	4.0	4.5
Turnover and other general taxes on goods and services	0.0	0.0	0.0	0.0	0.0
Excise	2.2	2.0	2.1	2.1	2.3
Motor vehicle taxes	0.1	0.1	0.1	0.1	0.1
Taxes on international trade and transaction	1.4	1.6	1.6	1.6	2.0
Other taxes	0.0	0.0	0.0	0.0	0.0
Grants	3.6	2.0	4.2	3.9	6.2
Other Revenue	0.8	0.8	1.4	1.4	0.6

Source: Ministry of Finance and Economic Affairs

19.4 Expenditure Performance by Economic Classification

As presented in table 19.3 below, in 2022/23 expenditure was at 29.4 percent of GDP and is projected to be at 28.6 percent of GDP in 2023/24 fiscal year. Expenditure in 2023/24 is estimated to be lower than 2022/23 mainly on account of the Government implementing austerity measures. This is expected to contain most of expenditure items particularly use of goods and services and social benefits.

Going forward, in 2024/25 expenditure is projected at 31.9 percent of GDP of which recurrent expense is 22.5 percent of GDP. Expenditure is projected to comprise compensation of employees at 6.0 percent of GDP, use of goods and services at 4.4 percent of GDP, interest payments at 7.8 percent of GDP, and development expenditure at 9.5 percent of GDP.

TABLE 19.3: EXPENDITURE PERFORMANCE BY ECONOMIC CLASSIFICATION

Category	2022/23 Actual Outturn	2023/24 Approved Estimates	2023/24 Revised Estimates	2023/24 Likely Outturn	2024/25 Proposed Estimates
Expense	2,355,478	2,957,289	3,251,193	3,306,622	4,207,663
Compensation of Employees	772,156	926,982	1,021,842	1,028,922	1,121,981
Wages and Salaries	747,581	900,442	980,491	987,571	1,075,232
Employers social contributions	24,574	26,540	41,351	41,351	46,749
Use of Goods and Services	425,052	547,563	615,884	647,316	826,743
Public Debt Interest	626,979	914,864	931,480	931,480	1,455,690
Foreign interest	38,668	35,873	94,780	94,780	79,750
Domestic interest	588,311	878,991	836,700	836,700	1,375,940
Grants	246,855	302,641	327,369	327,489	411,661
To other General Government Units	246,855	302,641	327,369	327,489	411,661
Social Benefits	269,542	248,763	297,716	297,729	358,613
Pensions and Gratuities	115,754	135,546	184,288	184,288	193,169
Other expenses	14,894	16,475	56,902	73,685	32,975
Other Statutory expenditures	14,894	16,475	56,902	73,685	32,975
Net Acquisition of Non-Financial Assets	1,002,029	831,030	1,077,875	1,043,431	1,770,658
Fixed Assets	1,002,029	831,030	1,077,875	1,043,431	1,770,658
Foreign financed projects (Part I)	771,644	600,280	797,077	682,413	1,387,058
Domestic financed projects (Part II)	230,385	230,750	280,798	361,018	383,600
Expenditure	3,357,507	3,788,319	4,329,068	4,350,053	5,978,322
Net Lending/ Net Borrowing	- 1,282,097	- 1,235,300	- 1,288,452	- 1,357,297	- 1,432,524
Percent of GDP	**2022/23 Actual Outturn**	**2023/24 Approved Estimates**	**2023/24 Revised Estimates**	**2023/24 Likely Outturn**	**2024/25 Proposed Estimates**
Expense	20.6	19.5	21.4	21.8	22.5
Compensation of Employees	6.8	6.1	6.7	6.8	6.0
Wages and Salaries	6.6	5.9	6.5	6.5	5.7
Employers social contributions	0.2	0.2	0.3	0.3	0.2
Use of Goods and Services	3.7	3.6	4.1	4.3	4.4
Public Debt Interest	5.5	6.0	6.1	6.1	7.8
Foreign interest	0.3	0.2	0.6	0.6	0.4
Domestic interest	5.2	5.8	5.5	5.5	7.3

Grants	2.2	2.0	2.2	2.2	2.2
To other General Government Units	2.2	2.0	2.2	2.2	2.2
Social Benefits	2.4	1.6	2.0	2.0	1.9
Pensions and Gratuities	1.0	0.9	1.2	1.2	1.0
Other expenses	0.1	0.1	0.4	0.5	0.2
Other Statutory expenditures	0.1	0.1	0.4	0.5	0.2
Net Acquisition of Non-Financial Assets	8.8	5.5	7.1	6.9	9.5
Fixed Assets	8.8	5.5	7.1	6.9	9.5
Foreign financed projects (Part I)	6.8	3.9	5.2	4.5	7.4
Domestic financed projects (Part II)	2.0	1.5	1.8	2.4	2.0
Expenditure	29.4	24.9	28.5	28.6	31.9
Net Lending/ Net Borrowing	-11.2	-8.1	-8.5	-8.9	-7.6

Source: Ministry of Finance and Economic Affairs

19.6 Conclusion

In 2023/24, fiscal performance declined in comparison to the initial projections as a result of the continued effects of the Russia-Ukraine war and the Cyclone Freddy which affected production in almost all the sectors of the economy. This negatively affected revenue and expenditure performance. In 2024/25, the Government will continue to implement the Domestic Revenue Mobilization Strategy and expenditure control measures. Further, the Government will focus on improving the management of public finances to promote economic growth, macroeconomic stability, and job creation while maintaining overall fiscal deficit low.

Chapter 20

INFORMATION AND COMMUNICATION TECHNOLOGY

20.1 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 2023/24 the ICT sector through the Ministry of Information and Digitalization has finalised the following policy and legal frameworks which have been approved by Government:

i. National Digitalization Policy which will enormously contribute to the socio-economic development of the country through enhanced provision of integrated, inclusive and dynamic digital transformation;
ii. Data Protection Act which will provide protection of personal data; regulation of the processing and movement of personal data; and the rights of natural persons with respect to the processing of personal data in compliance with internationally accepted principles of data protection; and
iii. Digital Economy Strategy which is one of the tools to operationalize the National Digitalization Policy in promoting a seamless delivery of digital services in the country. This Strategy aims at addressing key fundamentals such as network, device access, and affordability; capacitating citizens with necessary digital skills and ensuring financial inclusion to meaningfully participate in digital economic activities.

20.2 Performance in 2023/24 and Projections for 2024/25

Table 20.1 provides the Key Performance Indicators that guide the ICT Sector in Malawi.

TABLE 20.1: KEY ICT INDICATORS

	ICT Indicators	2020/21 Target	2020/21 Actuals	2021/22 Targets	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*			
2	Internet Penetration increased (%)	25	*37*	*40*	*41*	*42*	*41*	*45*	*42.6*	*50*
3	Ratio of Postal and Courier Penetration	1:40,000	*1:54,264*	*1:50,000*	*1:54,264*	*1:45,000*				
4	Electronic Commerce Penetration increased (%)	55	*NA*	*NA*						
5	Level of regulatory compliance raised (%)	100	*>90*	*>95*						
6	ICT contribution to GDP increased (%)	8	*4.8*	*5.0*	*5.6*		*6.3*			
7	Proportion of individuals who own a mobile telephone (%)[3]	39	*43.2*							
8	Proportion of population covered by a mobile network (2G) (%)	99	*83*		*86*		*86*			
9	Proportion of population covered by a mobile network (3G) (%)	60	*82*		*84*		*84*			
10	Proportion of population covered by a mobile network (4G) (%)	45	*65*		*68*		*69*			
11	Fixed Internet Broadband subscriptions (Internet users per 100 people) (%)	0.001	*<0.001*	*>0.001*	*0.03*		*0.03*			

[3] Based on 2019 National ICT Survey

	ICT Indicators	2020/21 Target	2020/21 Actuals	2021/22 Targets	2021/22 Actuals	2022/23 Targets	2022/23 Actuals	2023/24 Targets	2023/24 Actual	2024/25 Target
12	Proportion of individuals using the internet (%)[4]	40	*37*	*40*	*41*	*45*	*41*			
13	Retail Price of Prepaid Mobile Broadband Monthly bundle, 500MB (USD) Data Volume (US$)	3.50	*2.70*	*3*	*2.91*		*2.54*	*2.6*		
14	ICT development Index	167	*Not yet available*		*167*			*120*		
15	Number of licensed TV broadcaster	40	*22*	*25*	*16*					
16	Number of licensed Radio broadcaster	60	*53*		*83*		*81*			
17	Number of Telecentres/Public internet/Information Access Centres		*137*		*137*		*137*			
18	Number of licensed ISPs		*42*		*45*					
19	Number of active ISPs		*19*							
20	Number of post Offices converted into One Stop Public Service Delivery Centres	2	*2*	*2*	*2*		*2*	*2*		

Source: MACRA Mid-Year Report;

*Projection

TABLE 20.2: 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						
2	Satellite availability (%)	99.6	99.6	99.6						
3	Terrestrial coverage – radio (%)	80	75	95						

[4] Use the same as Internet penetration rate

4	Terrestrial Analogue Coverage – TV (%)	0	30	0
5	Number of Viewers (%)	87	90	94
6	Number of Listeners (%)	80.2	80.2	87
7	Programming Local Content Television	95	95	92
8	Programming Local content (%) Radio	97	99	99
9	News Local Content (%) TV	97	98	99
10	News Local Content (%) Radio	97	99	99
11	Compliance to the strategic plan	70	90	100

Source: MBC Performance Management Plans and Budget (PMPB) Half Year Report (2020/21)

TABLE 20.3: 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
Percentage of population accessing information through various channels of communication	100	90	100		100		100	92	100
Number of publications (Boma Lathu) and IEC materials produced and distributed	324,000	144,000	150,000				324,000	192,000	288,000
Number of news articles produced and transmitted to	16500	15,480	16000				4,800	2576	7200

various media houses/institutions						
Number of documents translated from English to local languages	15	13	21	3	0	3
Number of photographic images produced	80,000	72,450	82,000	30,000	14,500	40,000
Number of documentaries produced and distributed to various media houses	42	36	45	52	17	52

Source: Ministry of Information and Digitization

20.2.1 Projects Performance

20.2.1.1 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 20.4: PROJECT PERFORMANCE FOR LAST MILE RURAL CONNECTIVITY

Planned Activities 2023/24	Progress Attained in 2023/24	2024-2025 Targets
• Operationalizing the 5 towers (Procurement and installation of telecommunication equipment and solar system) • Handing over running operations of the towers to MDBNL	• 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 operationalise 4 towers

Source: e-government-Project Report

20.2.1.2 National College of Information and Technology 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 improving 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 trough ICT training.

TABLE 20.5: PROJECT PERFORMANCE FOR NACIT

Planned Activities For 2023/24	Progress on 2023/24	2024/25 Expectations
• Construction of a girls 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 girls hostel at Blantyre NACIT Campus

Source: e-government-Project report

20.2.1.3 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 20.6: PROJECT PERFORMANCE FOR DIGITAL MALAWI PROJECT

Planned Activities 2023/24	Progress on 2023/24	2024/25 Projections
• Develop Data Protection Bill • National Data Center in place • Operationalise Malawi Enterprise Architecture Framework • Connection of 500 sites to a robust internet • Data Exchange (Enterprise Service Bus) Platform developed • Developing New Official Government Email System • Developing digital service gateway	• Data Protection Bill 2023 was developed and was 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 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	• Operationalisation of National Digitalisation Policy • Operationalise 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 (G-CERT) • Expansion of the Data Exchange Platform (ESB

Source: e-Government-Project report

20.2.1.4 Digital Migration Project

The Malawi Digital Broadcast Network Limited (MDBNL) implements the Digital Migration Project which is being funded by Malawi Government 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 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.

TABLE 20.8 PROJECT PERFORMANCE FOR DIGITAL MIGRATION

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
number of equipment shelters constructed	3						17	2	
Percentage increase in network coverage and signal penetration	75	75	90				90	85	90
Number of panel antennae system procured	6								
Number of documents translated from English to local languages	15	13	21						
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						
Number of transmitters installed	6	1	45				5	2	

Number of decoders provided in the system			20,000
Number of channels on the headend	25	25	32
One monitoring and evaluation exercise conducted	1	1	1

Source: MDBNL-Project Report

20.3 Challenges

20.3.1 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 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.

20.3.2 Delays in Procurement Processes and Approval Processes in Construction Projects

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.

20.3.3 Inadequate Human Capacity

The Ministry has been experiencing shortage in Human Capacity and lack of staff functional adjustments due to low level of staff trainings and inadequate resources respectively. The lack of trainings has continuously stagnated 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.

20.3.4 Inadequate Equipment

With the World going Digital, the Ministry still lags behind in using advanced equipment to support the rolling in of technology on areas of work. i.e. Microsoft software for E-Government Department to support and develop new operating systems, inadequate equipment to support GWAN network across the country.

20.3.5 Mobility Challenges

The Ministry still exhibits in the challenge due to shortage in the number of vehicles for staff hence posing transportation problems of staff on a number of Ministry duties.