

Ref. No. MFEPD/ST/2026/6/2

27th February, 2026

FROM: THE SECRETARY TO TREASURY, P.O. BOX 30049,
LILONGWE 3.

TO : THE CHIEF SECRETARY TO THE OFFICE OF THE
PRESIDENT AND CABINET, PRIVATE BAG 301,
LILONGWE 3.

: ALL CONTROLLING OFFICERS OF GOVERNMENT
MDAs

: ALL CHIEF EXECUTIVE OFFICERS OF STATE-
OWNED ENTERPRISES AND GOVERNMENT
PARASTATALS

EXPENDITURE CONTROL MEASURES

Malawi is currently facing harsh economic conditions which are affecting implementation of various policies and programmes in the country.

You will recall that during the presentation of the Mid-Year Budget, Government introduced expenditure control measures to contribute to economic stabilization and fiscal consolidation. However, the economic shocks that necessitated the austerity measures during Mid-Year Budget Review are still prevalently affecting our country's economic performance. As such, there is still need to continue implementing the expenditure control measures in the upcoming financial year of 2026/2027.

As one way through which we can control the drain on foreign exchange reserves, foreign travel by Government Ministries, Departments and Agencies (MDAs) as well as State Owned Enterprises (SOEs) must be restricted as per earlier circular from the Office of the President and Cabinet Reference No. CS/S/001 dated 6th November, 2025. In this regard, with immediate effect the following expenditures controls will be in force:

1. **External travel:** All public foreign funded trips for public officers including those in State Owned Enterprises, statutory bodies and all other public institutions should be restricted to extremely essential trips approved by Chief Secretary upon provision of proof of funding and availability of resources from the Ministry of Finance, Economic Planning and Decentralization. In addition, where travel has been approved, it shall be limited to economy class only. Furthermore, where travel is donor funded, there shall be no Government financial outlay in form of top-up allowances towards such travel;
2. Controlling Officers shall approve external travel only after consulting Treasury on availability of resources, proof of funding and budget allocation;
3. **Size of Delegation:** The number and composition of a delegation travelling outside the country shall be approved by Chief Secretary to the President and Cabinet;

4. No Controlling Officer, Government Officer or Chief Executive Officer should sign a contract binding Government without prior scrutiny and written approval from Treasury, Ministry of Justice, Public Procurement and Disposal of Public Assets Authority, and Government Contracting Unit;
5. No Controlling Officer, Government Officer or Chief Executive Officer should commit Government through Assignment of Proceeds Agreements with Banks or any other financial institution on behalf of suppliers/contractors/ service providers;
6. Controlling Officers and Chief Executive Officers must ensure that all ongoing projects are completed before initiating new ones. In this case, all new projects must be sanctioned with authority from Ministry of Finance, Economic Planning and Decentralization and in line with the long-term vision and medium-term strategies;
7. All projects and contracts must be executed within the agreed timeframe. No cost extensions shall be allowed, except on special cases where such extensions shall be at no cost to avoid budget overruns;
8. Controlling Officers and Chief Executive Officers must ensure that relevant financial rules and procedures are strictly adhered to during project execution to avoid declaration of mis procurement and ineligible expenditures;

9. **Guarantees:** All Guarantees and Consents to borrow shall be issued based on the ability to pay by the State-Owned Enterprise taking into account the projected cash flows. As such, there shall be no recourse to Government in case of default;
10. Any request to the Ministry of Finance, Economic Planning and Decentralisation for issuance of Government Guarantees should be channelled through the responsible line Ministry. Ministry of Finance, Economic Planning and Decentralisation will not entertain any request sent directly;
11. All negotiations for public resources must be held under the leadership and guidance of Ministry of Finance, Economic Planning and Decentralisation;
12. All Controlling officers shall not sign any contract committing Government in any form without consent or approval from the Secretary to the Treasury. No Controlling Officer, Government Officer or Chief Executive Officer should sign a contract binding the Government without prior scrutiny and written approval from Treasury, Ministry of Justice, Public Procurement and Disposal of Public Assets Authority, and Government Contracting Unit;
13. All controlling officers are hereby directed to enforce the mandatory use of Malawi National Electronic Procurement

System (MANePS) by their procuring and disposing entities with effect from 1st April 2026;

14. Government will review the operations of all the Subverted Organizations and State-Owned Enterprises with a view to streamline their activities, merge or close them, where deemed necessary; and further creation and operationalization of new institutions has been suspended until further notice;
15. All Statutory Bodies and State-owned enterprises should ensure implementation of revenue enhancement and expenditure control measures;
16. All Statutory Bodies and State-Owned Enterprises are directed to remit dividends and surpluses in accordance with the Public Finance Management Act (2022), use of dividends or surpluses at source is against the law, therefore, Chief Executive Officers and Heads of State-Owned Enterprises are advised to desist from this malpractice;
17. All Statutory Bodies and State-Owned Enterprises are hereby directed not to leave public resources idle with the banks whilst Government borrows at higher lending rates. Any parastatal or state-owned enterprises found contravening this directive shall be disciplined;

18. **Payroll:** All Controlling Officers are being reminded to personally verify and approve all payroll submissions including list of recipients made to the Department of Human Resource Management and Development (DHRMD) timely;
19. **Procurement of motor vehicles:** Government has put a moratorium on procurement of new vehicles and high value assets until further notice;
20. **Recruitments:** Recruitments have been suspended, including non-established posts until further notice. Recruitment in essential and critical Government services will be considered;
21. **Promotions:** Promotion of officers from Grade F and below will require prior authority from Treasury and Department of Human Resource Management and Development (DHRMD) to verify availability of funds. Promotions made without this approval will be rendered invalid;
22. **Meeting:** Ministries, Departments and Agencies (MDAs) are encouraged to hold physical meetings within their office premises and conduct virtual meetings, conferences, workshops, board meetings, interviews, shortlisting exercises, procurement negotiations and any other activities to save resources on travel.

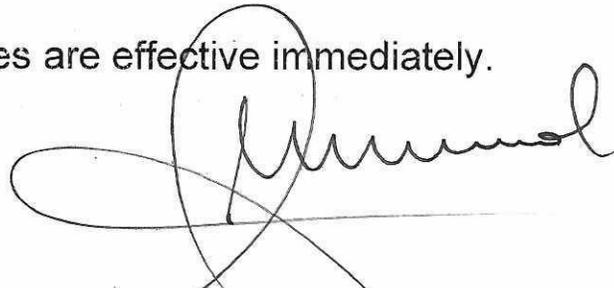
- 23. Extra-budgetary requests:** Extra-budgetary requests are not allowed and shall not be entertained by Treasury, except on special cases. MDAs expenditures will be restricted to the approved budget provision;
- 24. Fuel Entitlement:** Fuel entitlements for public officers including Ministers, Deputy Ministers and Senior Government Officials shall be reduced by 30 percent. All public officials are directed to adhere to official fuel charts;
- 25. Procurement:** According to the Public Finance Management Act (2022), it is illegal to commit Government where there are no resources. Accordingly, all MDAs will be required to procure goods and services based on the quarterly allotments provided by Treasury. Suppliers will be required to supply their goods or services only when they have received an IFMIS-generated Local Purchase Order (LPOs). All goods and services supplied without a system-generated LPO will not be paid by Government;
- 26. Mining licences:** Government will review all mining licences and contracts. Any mining licences which have been idle for more than five (5) years shall be revoked;
- 27. Staff in Embassies:** Government will reduce number of embassies and staff. Each embassy shall have not more than

five officials including the Ambassador/High Commissioner;
and

28. Controlling officers, Heads of Departments and Chief Executive officers of Parastatals and State-owned Enterprises shall be held responsible for ensuring strict adherence to the expenditure control measures.

I would appreciate if the contents of this circular are brought to the attention of every public officer in your institution and adhered to.

These measures are effective immediately.

A handwritten signature in black ink, appearing to read 'Cliff K. Chiunda', written over a horizontal line.

Cliff K. Chiunda, PhD
SECRETARY TO THE TREASURY