

Budget Document No. 2



MALAWI GOVERNMENT

ANNUAL ECONOMIC REPORT 2026

Ministry of Finance, Economic Planning and Decentralisation

ANNUAL ECONOMIC REPORT 2026

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Chapter 1

THE WORLD ECONOMIC OUTLOOK

1.1 World Output

1.1.1 World Output Developments in 2025

World economic growth remained unchanged at 3.3 percent in 2025, same as in 2024.¹ The maintained growth is a result of strong technology and Artificial Intelligence (AI) related investment, accommodative global financial conditions and fiscal support in several large economies. Growth in advanced economies slightly slowed down from 1.8 percent in 2024 to 1.7 percent in 2025 reflecting more restrictive trade conditions, persistent inflation concerns and inconsistent sectoral performance.

In the United States of America (USA), Gross Domestic Product (GDP) declined from 2.8 percent in 2024 to 2.1 percent in 2025. As such, the benefits of the technology driven investments were concentrated in few economies, leading to uneven outcomes across the advanced economies. In the Euro area, growth picked up to a modest 1.4 percent in 2025 from 0.9 percent in 2024. The improvement is attributed to better services activity and strong performance in countries such as Spain and Ireland. However, growth is still low relative to historical norms due to persistent structural headwinds, weaker manufacturing activity, particularly in Germany, and the persisting effects of higher energy costs following Russia's invasion of Ukraine.

For Emerging Markets and Developing Economies, growth rose slightly from 4.3 percent in 2024 to 4.4 percent in 2025. The steady growth is supported by several dynamics between country groups for example, in China, growth was on account of fiscal and credit stimulus and resilient exports despite the weak domestic demand and housing-sector stress. India's accelerated growth reflected strong domestic demand, robust investment momentum and better quarterly outturns. Across Asia, booming technology exports linked to global AI investment were a key driver of stronger performance. In sub-Saharan Africa, growth has also improved to 4.4 percent in 2025 from 4.1 in 2024 as the adverse impacts of weather shocks experienced earlier, abated and supply constraints gradually eased.

In Emerging and Developing Europe, growth fell from 3.5 percent in 2024 to 2.0 percent in 2025. This deceleration reflected weaker external demand, spill overs from trade disruption, and country-specific shocks, including a sharp slowdown in Russia, from 4.3 percent in 2024 to 0.6 percent in 2025. The region also experienced tighter financial conditions and fading post-

¹IMF World Economic Outlook, January 2026.

pandemic rebounds. However, growth is expected to recover as trade-related headwinds fade and domestic demand stabilizes.

1.1.2 World Output Prospects for 2026 and 2027

Global growth is projected to remain stable at 3.3 percent in 2026, due to the balance between off-setting forces rather than a broad-based acceleration in activity. On the growth supportive side, there is the technology and AI related investment, while on the other side are factors like, trade policy uncertainty, elevated tariffs and geopolitical risks. In 2027, the global economy is expected to ease slightly to 3.2 percent, reflecting a moderation in the current technology-driven investment boom. Weak productivity growth outside the technology sector, combined with high public debt levels, is expected to limit upside momentum.

In the USA, growth is projected at 2.4 percent in 2026 and 2.0 percent in 2027. The stronger 2026 outlook is attributed to fiscal stimulus, lower policy interest rates, and a rebound from the late 2025 federal government shutdown. Additionally, continued strength in technology related investments which has been a key driver of productivity and capital spending. Growth is expected to ease in 2027 as fiscal support decreases and consumption moderates.

TABLE 1.1: WORLD OUTPUT (ANNUAL PERCENTAGE CHANGE)

	<u>2024</u>	<u>2025</u>	<u>2026*</u>	<u>2027*</u>
World Output	3.3	3.3	3.3	3.2
Sub-Saharan Africa	4.1	4.4	4.6	4.6
Advanced Economies	1.8	1.7	1.8	1.7
United States	2.8	2.1	2.4	2.0
Euro Area	0.9	1.4	1.3	1.4
Japan	-0.2	1.1	0.7	0.6
United Kingdom	1.1	1.4	1.3	1.5
Canada	2.0	1.6	1.6	1.9
Emerging Market and Developing Economies	4.3	4.4	4.2	4.1
Emerging and Developing Asia	5.3	5.4	5.0	5.8
China	5.0	5.0	4.5	4.0
India	6.5	7.3	6.4	6.4
Emerging and Developing Europe	3.5	2.0	2.3	2.4
Latin America and the Caribbean	2.4	2.4	2.2	2.7
Middle East and Central Asia	2.7	3.7	3.9	4.0

Source: IMF World Economic Outlook January, 2026.

* Projections.

1.2 Regional Output

1.2.1 Regional Output Developments in 2025

Economic growth for Sub-Sahara Africa rose to 4.4 percent in 2025, and is expected to pick up to 4.6 percent in 2026. The region maintained positive growth, supported by macroeconomic stabilization measures, such as tighter fiscal and monetary policies in several countries which helped contain inflation and restore confidence. Additionally, improved access to external financing, facilitated by relatively accommodative global financial conditions, also supported

the positive growth. Besides, resilient domestic demand, continued reform momentum in key economies, and stronger activity in commodity-exporting also contributed to region’s robust performance.

South Africa’s economy grew from 0.5 percent in 2024 to 1.3 percent in 2025, reflecting a partial ease in infrastructure bottlenecks, especially in energy supply, alongside firmer domestic demand. Nigeria’s growth slightly rose from 4.1 percent in 2024 to 4.2 percent in 2025, supported by continued recovery in non-oil sectors and reform efforts aimed at improving macroeconomic stability. The slow growth in 2025 was driven by high inflation and structural constraints that continued to weigh on living standards. Table 1.2 shows a summarised regional output performance since 2024.

TABLE 1.2: REGIONAL OUTPUT (ANNUAL PERCENTAGE CHANGE)

	<u>2024</u>	<u>2025</u>	<u>2026*</u>
Sub-Saharan Africa	4.1	4.4	4.6
Ethiopia	8.1	7.2	7.1
Kenya	4.7	4.8	4.9
Uganda	6.3	6.4	7.6
Nigeria**	4.1	4.2	4.4
South Africa**	0.5	1.3	1.4
Tanzania	5.5	6.0	6.3
Zambia	4.0	5.8	6.4

Source: IMF World Economic Outlook January 2026

* Projections.

1.2.2 Regional Output Prospects for 2026

The economic outlook for Sub-Saharan Africa is projected to pick up to 4.6 percent in 2026 from 4.4 percent in 2025. Growth in the region is expected to improve as prior weather shocks abate and supply challenges continue to ease.

Despite contraction in some economies across the region, other countries such as Uganda, Ghana and Zambia are expected to experience stronger growth, which is expected to offset the weaker performers. For instance, Zambia’s GDP growth is estimated to rise to 6.4 percent, up from 5.8 percent realised in 2025 primarily driven by resurgence in mining, agriculture and energy.

1.3 Inflation and World Commodity Prices

1.3.1 Inflation and World Commodity Prices in 2025

Global headline inflation dropped from 5.8 percent in 2024 to 4.1 percent in 2025, largely reflecting lagged effects of tight monetary policies, diminishing pass through-effects from earlier declines in prices, particularly in energy. World oil prices declined by 14 percent in 2025. For advanced economies, headline inflation slightly dropped from 2.6 percent in 2024 to 2.5 percent in 2025, further reinforcing the disinflationary trend. This moderation reflects the easing of supply chain disruptions which reduced pressures on prices of goods and declining

energy costs. In advanced economies, tighter monetary policies implemented by central banks further contained inflation expectations and preventing wage-price spirals.

Sub-Saharan Africa continued to experience double digit inflation, though on a declining trajectory. In 2025, inflation declined to 13.1 percent, from 20.3 percent in 2024. The decline reflects a combination of macroeconomic stabilization measures and easing global price pressures. Lower international fuel and food prices helped reduce imported inflation, while tighter monetary and fiscal policies in several countries contributed to improved price stability. However, inflation remained relatively high compared with advanced economies reflecting currency vulnerabilities and exposure to food price shocks, as shown in Table 1.3.

TABLE 1.3: CONSUMER PRICES (ANNUAL PERCENTAGE CHANGE)

	<u>2024</u>	<u>2025</u>	<u>2026*</u>
Consumer Price Growth			
Advanced Economies	2.6	2.5	2.2
Emerging Markets and Developing Economies	7.9	5.2	4.8
Sub-Saharan Africa	20.3	13.1	10.9

Source: IMF WEO, October 2025 and January, 2026.

** Projections.*

1.3.2 Inflation and World Commodity Price Prospects for 2026

Global headline inflation is expected to slow down from 4.1 percent in 2025 to 3.8 percent in 2026. Inflation is expected to return to target levels earlier, for advanced economies compared to emerging market and developing economies. Factors contributing to lower inflation include, the lagged effect of tight monetary policies as well as diminishing pass-through effects from earlier declines in prices, especially those for energy, particularly oil.

Advanced Economies are expected to experience faster disinflation compared to Emerging and Developing Economies and Developing Europe. In advanced economies, headline inflation is expected to steadily drop by 0.3 percentage points, from 2.5 percent in 2025 to 2.2 percent in 2026, driven by continued tight monetary policy and also due to pass-through effects from earlier declines in relative prices, notably, energy. Labour markets are also expected to gradually soften, helping to contain demand pressures alongside the easing of energy costs. In contrast, emerging markets and developing economies are expected to experience a more protracted disinflation process. This slower adjustment reflects structural challenges, policy uncertainties and external vulnerabilities.

For Sub Sahara Africa, inflation is expected to decline more gradually than in advanced economies, from 13.1 percent in 2025 to 10.9 percent in 2026. This slower disinflation is driven by persistent supply chain disruptions, persistent exchange rate pressures that fuel currency depreciation, and political instabilities that weaken economic confidence and disrupt markets.

1.4 Global Financial Sector

1.4.1 Global Financial Sector Developments in 2025

Global financial conditions in 2025, remained broadly accommodative, as central banks worldwide began easing monetary policies, amidst declining inflation. The policy shift supported high equity valuations, narrow credit spreads, and strong risk appetite. Technology and AI related investment largely drove equity market gains and corporate capital expenditure. Concurrently, financial markets became increasingly exposed to concentration risks, as a small number of large technology firms accounted for a disproportionate share of market capitalization and investment flows.

In advanced economies, financial markets in 2025 benefited from easing up monetary policy and continued fiscal support, which helped sustain strong asset prices and favourable financing conditions. Equity markets were led by large technology firms, reflecting optimism about AI-driven productivity gains, while credit remained available to firms and households. However, the rapid expansion of private credit and non-bank financial intermediation raised concerns over underwriting standards, transparency and concentration risk.

Overall, the global financial sector remained stable in 2025, despite significant emerging vulnerabilities, such as underestimated geopolitical tensions, which posed the risk of sudden and significant market corrections.

1.4.2 Global Financial Sector Prospects for 2026

Global financial conditions in 2026 will largely remain accommodative with declining inflation, easing energy prices, and expectations of gradual monetary policy easing in several major economies. In the Euro area, financial sector prospects appear relatively stable, supported by inflation hovering around 2 percent and a steady monetary policy stance. However, compared with the United States, the Euro area benefits less from the global technology investment boom, which limits upside potential for asset valuations and credit growth.

Looking ahead, balancing policy trade-offs, rebuilding economic buffers, and enhancing medium-term growth prospects will require structural reforms and stronger multilateral cooperation. In addition, the financial sector is anticipated to stabilise as monetary policies normalise. However, risks from geopolitical uncertainties and rapid technological changes remain a threat.

1.5 International Trade

1.5.1 International Trade Developments in 2025

World trade improved in 2025, with growth from 3.6 percent in 2024 to 4.1 percent. This acceleration occurred despite elevated trade policy uncertainty and selective tariff increases. The improvement was largely driven by technology-related trade, particularly semiconductors, which Asian economies benefited from exports, electronics and capital equipment linked to the global boom in AI and digital investment. China's exports also remained resilient despite weak

domestic demand, while other Asian exporters gained market share through trade diversion and supply chain reconfiguration. Improved global financial conditions also supported trade financing and export capacity.

Export growth in Emerging Markets and Developing Economies slowed down from 6.5 percent in 2024 to 5.9 percent in 2025, while exports from advanced economies improved modestly, rising from 1.8 percent to 2.1 percent over the same period. Import growth in Advanced Economies picked up from 2.1 percent in 2024 to 3.1 percent in 2025. By contrast, Emerging Markets and Developing Economies, decelerated to 4.3 percent from 5.6 percent attained in 2024.

In 2025, current account imbalances, whether deficits or surpluses, remained elevated but broadly stable for most countries. The United States continued to run large deficits, driven by strong domestic demand, expansionary fiscal policy, and heavy capital inflows linked to the technology and AI investment boom. At the same time, surpluses were concentrated in high-saving, technology-exporting economies, reflecting their competitive advantage and external resilience.

TABLE 1.4: WORLD TRADE (ANNUAL PERCENTAGE CHANGE) 2024-2026

	<u>2024</u>	<u>2025</u>	<u>2026*</u>
World Trade Volume (Goods and Services)	3.5	3.6	2.3
Imports			
Advanced Economies	2.1	3.1	1.3
Emerging Markets and Developing Economies	5.6	4.3	4.0
Exports			
Advanced Economies	1.8	2.1	1.7
Emerging Markets and Developing Economies	6.5	5.9	3.3

Source: IMF World Economic Outlook October 2025.

** Projections.*

1.5.2 International Trade Prospects for 2026

World trade is projected to slow down to 2.3 percent in 2026, from 3.6 percent in 2025. The decline reflects the fading of temporary support that boosted trade in 2025, including front-loading of shipments ahead of potential tariff changes and exceptionally strong growth in technology-related exports. In Advanced Economies, weaker import demand is expected as domestic growth eases, and fiscal and monetary policies become less expansionary. Manufacturing exports, particularly in Europe, are projected to remain low due to structural competitiveness challenges, weaker external demand and lingering effects of higher energy costs. Export growth in advanced economies is expected to ease from 2.1 percent in 2025 to 1.7 percent in 2026, while in emerging markets and developing economies, it is anticipated to decline more sharply from 5.9 over the same period.

Chapter 2

MALAWI MACROECONOMIC PERFORMANCE IN 2025 AND PROSPECTS FOR 2026 AND 2027

2.1 GDP Performance and Forecast

Malawi's economy grew by 2.7 percent in 2025, marking a modest improvement from the previous year. Growth was largely driven by the political activities during the 2025 General Elections, which stimulated economic activities across industries such as transportation, information and communication and financial services. Further, favourable weather conditions and irrigation farming contributed to a recovery in the agriculture industry.

Malawi's modest growth performance in 2025 was constrained by persistent structural macroeconomic challenges, including foreign exchange shortages, high levels of inflation and limited private sector growth. Additionally, there was significant reduction in the donor support, following the withdrawal of USAID and the non-renewal of the IMF's Extended Credit Facility (ECF). Consequently, several industries such as the manufacturing, wholesale and retail, mining and transportation, which collectively account for 27.3 percent of GDP, recorded weak economic performance.

Growth in 2026 and 2027 is projected at 3.8 and 4.9 percent, respectively. This performance reflects the recovery of the economy following fiscal consolidation measures and the normalization after the 2025 general elections.

Malawi's growth in 2026 is specifically expected to be driven by improvements in the agriculture, tourism and mining industries, supported by implementation of the Government's Economic Recovery Plan (ERP). The recovery plan also includes investments in road, ICT and energy infrastructure. Besides, efforts to mitigate climate risk are anticipated to reduce volatility in climate-sensitive industries such as agriculture, water and energy. These improvements, alongside policies aimed at reducing inflation and stabilizing the exchange rate, are expected to contribute to stronger overall growth.

From 2027 onward, growth is expected to gain further momentum, supported by firstly, the fiscal pressures created by fiscal consolidations put in place to address the severe current account imbalance and sovereign debt. Additionally, climate risks are expected to decline and agricultural production to improve with increased adoption of irrigation and climate smart agriculture technologies.

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

<u>INDUSTRY</u>	<u>2024</u>	<u>2025</u>	<u>2026*</u>	<u>2027**</u>
Agriculture, forestry and fishing	1,727,871	1,750,902	1,799,120	1,867,935
<i>Crop production</i>	930,776	942,867	967,474	995,604
<i>Animal production</i>	703,651	723,501	743,802	772,603

<u>INDUSTRY</u>	<u>2024</u>	<u>2025</u>	<u>2026*</u>	<u>2027**</u>
<i>Forestry and logging</i>	10,436	11,345	13,459	14,185
<i>Fishing and aquaculture</i>	83,007	73,190	74,385	85,542
Mining and quarrying	58,206	61,272	64,909	68,784
Manufacturing	910,165	926,871	950,261	995,009
Electricity, gas, and Water Supply	231,871	241,041	253,835	268,745
Construction	282,013	297,797	311,996	327,469
Wholesale and retail trade	879,362	880,450	896,952	927,312
Transportation and storage	357,682	368,242	380,736	402,912
Accommodation and food service activities	97,581	102,348	107,792	113,759
Information and communication	499,086	527,939	547,027	572,416
Financial and insurance activities	546,477	578,558	611,537	643,428
Real estate activities	526,059	543,019	563,883	584,069
Professional and support services	102,055	107,847	112,528	117,088
Public administration and Defense	274,679	288,633	302,333	316,715
Education	339,220	356,127	375,465	396,670
Human health and social work activities	463,795	475,103	501,054	520,123
Other services	157,517	168,340	177,849	188,384
Sum of All Industries	7,453,637	7,674,490	7,957,276	8,310,818
Plus: Taxes less Subsidies on products	489,460	486,098	516,243	574,935
GDP AT CONSTANT 2017 PRICES	7,943,097	8,160,588	8,473,518	8,885,753

*Source: National Accounts and Balance of Payment Committee. *Estimate** Projections*

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

<u>INDUSTRY</u>	<u>2024</u>	<u>2025</u>	<u>2026*</u>	<u>2027**</u>
Agriculture, forestry and fishing	21.8	21.5	21.2	21.0
Crop production	11.7	11.6	11.4	11.2
<i>Animal production</i>	8.9	8.9	8.8	8.7
<i>Forestry and logging</i>	0.1	0.1	0.2	0.2
<i>Fishing and aquaculture</i>	1.0	0.9	0.9	1.0
Mining and quarrying	0.7	0.8	0.8	0.8
Manufacturing	11.5	11.4	11.2	11.2
Electricity, gas, and water supply	2.9	3.0	3.0	3.0
Construction	3.6	3.6	3.7	3.7
Wholesale and retail trade	11.1	10.8	10.6	10.4
Transportation and storage	4.5	4.5	4.5	4.5
Accommodation and food service activities	1.2	1.3	1.3	1.3
Information and communication	6.3	6.5	6.5	6.4
Financial and insurance activities	6.9	7.1	7.2	7.2
Real estate activities	6.6	6.7	6.7	6.6
Professional and support services	1.3	1.3	1.3	1.3
Public administration and defense	3.5	3.5	3.6	3.6
Education	4.3	4.4	4.4	4.5
Human health and social work activities	5.8	5.8	5.9	5.9
Other services	2.0	2.1	2.1	2.1
Sum of All Industries	93.8	94.0	93.9	93.5
Plus: Taxes less Subsidies on products	6.2	6.0	6.1	6.5

Source: National Accounts and Balance of Payment Committee
*Estimates ** Projections

TABLE 2.3: ANNUAL PERCENTAGE GROWTH RATES (IN PERCENT)

<u>INDUSTRY</u>	<u>2024</u>	<u>2025</u>	<u>2026*</u>	<u>2027**</u>
Agriculture	-0.2	1.3	2.8	3.8
Crop production	-6.6	1.3	2.6	2.9
Animal production	9.2	2.8	2.8	3.9
Forestry	18.8	8.7	18.6	5.4
Fishing	1.2	-11.8	1.6	15.0
Mining and quarrying	4.8	5.3	5.9	6.0
Manufacturing	0.2	1.8	2.5	4.7
Electricity and water supply	4.9	4.0	5.3	5.9
Construction	5.8	5.6	4.8	5.0
Wholesale and retail trade	-1.7	0.1	1.9	3.4
Transportation and storage	2.9	3.0	3.4	5.8
Accommodation and food service activities	3.6	4.9	5.3	5.5
Information and communication	3.4	5.8	3.6	4.6
Financial and insurance activities	4.8	5.9	5.7	5.2
Real estate activities	2.2	3.2	3.8	3.6
Professional and support services	5.6	5.7	4.3	4.1
Public administration and defense	4.3	5.1	4.7	4.8
Education	4.7	5.0	5.4	5.6
Human health and social work activities	3.7	2.4	5.5	3.8
Other services	4.9	6.9	5.6	5.9
Sum of all industries	1.8	3.0	3.7	4.4
Plus: taxes less subsidies on products and production	-0.8	-0.7	6.2	11.4
GDP at constant 2017 prices	1.7	2.7	3.8	4.9

Source: National Accounts and Balance of Payment Committee

* Estimates

**Projections

2.2 Real Sector Performance in 2025 and Prospects for 2026 and 2027

2.2.1 Agriculture, Forestry, and Fishing

The agriculture industry grew by 1.3 percent in 2025, a recovery from negative 0.2 percent in 2024. The crop subsector, in particular, registered positive growth, mostly in the Malawi's primary crop exports: tobacco, sugar and tea. Growth would have been larger if not for the rising price of agricultural inputs, a consequence of inflation and delays in the onset of rains at the beginning of the 2024/25 growing season.

In 2026 and 2027, the agriculture industry is projected to rebound modestly at 2.8 percent and grow further to 3.8 percent respectively. This is reflective of the industry's recovery from climate shocks and increased resilience. The industry expects continued and increased implementation of irrigation development initiatives, livelihood development and structured markets programs such as the Agriculture Commercialization (AGCOM) and the Program for Rural livelihoods Development Program (PRIDE). The industry expects to establish fertilizer factory during this period. This is likely to reduce the price and increase the supply of agricultural inputs.

2.2.2 Mining and Quarrying

The mining industry grew by 5.3 percent in 2025. This was supported by the increased demand for rock aggregates stemming from ongoing and new construction projects in the 2025/26 financial year.

Growth for 2026 and 2027 is projected at 5.9 percent and 6.0 percent, respectively. The establishment of the Mines and Minerals Regulatory Authority (MMRA) and the Malawi Mining Investment Company (MAMICO) is expected to strengthen and officialise output from the mining industry. Malawi has also revamped mining of uranium and is preparing to commence the Mkango Rare Earth Project, initiatives enabling Malawi's potential to globally supply uranium and rare earth minerals. The mining industry has also been identified as a strategic priority under the Government's Economic Recovery Plan, with a focus on expanding production and value addition in rare earth elements, graphite, and uranium.

2.2.3 Manufacturing

Manufacturing growth in 2025 was estimated at 1.8 percent, an improvement from the 0.2 percent growth in 2024. This minimal growth is on the account of improvements in the agriculture industry and the ongoing infrastructural developments, particularly road networks.

In 2026 and 2027, growth in the manufacturing industry is projected to increase to 2.5 percent and 4.7 percent respectively. This recovery is expected to be driven by improvements in agricultural productivity, facilitated by mega farm investments and irrigation. Furthermore, the anticipated stabilization of the foreign exchange market along with consistent power and fuel supply, will support the industry's recovery.

2.2.4 Electricity, Gas, and Water

The industry recorded a 4.0 percent growth rate in 2025 because of the ongoing water, sanitation and energy projects. Growth remained steady as supported by investments such as the Salima 50-megawatt Solar Power Plant (which is being developed in three phases over five years) and the Malawi Water and Sanitation Project.

However, a higher growth was hindered due to a combination of sectoral and macroeconomic challenges such as persistent foreign exchange shortages and increase in non-revenue water. Further, the erosion of household purchasing power due to high inflation pressures reduced purchases in the industry and led to increased number of unpaid creditors.

Growth in this industry is projected at 5.3 percent in 2026 and 5.9 percent in 2027. This positive outlook is derived from the expected outcome of several infrastructural projects. For example, the Salima-Lilongwe Water Supply Project, the 20-megawatt Battery Energy Storage System (BESS) in Kanengo, the increasing presence of Independent Power Producers (IPPs) and the outcome of the Malawi Energy Compact in association with the World Bank and the African Development Bank.

2.2.5 Construction

The construction industry grew by 5.6 percent in 2025. Much of this growth was attributed to ongoing infrastructural projects, particularly the construction and rehabilitation of major roads. The attained growth in 2025 is still below the trend for the industry due to persistent foreign exchange shortages and high levels of inflation making it difficult to import required construction materials and equipment.

Growth is expected to moderate by 4.8 percent in 2026. This is due to the expected implementation of fiscal consolidation measures in the 2026/27 financial year. Growth is expected to expand in 2027 at 5.0 percent because of increased investment in public infrastructure and urban housing through the expanded Constituency Development Fund (CDF), industrial facilities and other industries such as manufacturing.

2.2.6 Wholesale and Retail Trade

The wholesale and retail trade industry grew by a minuscule 0.1 percent in 2025. This is attributed to the dual force of the foreign exchange shortage and high levels of inflation.

Forecasted growth for 2026 is at 1.9 percent, supported by recovery expectations in the agriculture industry. Growth is expected to extend to 3.4 percent in 2027 as a result of combined fiscal and monetary reforms leading to higher availability of foreign exchange and lower levels of inflation.

2.2.7 Transportation and Storage

In 2025, growth for the transportation and storage industry was estimated at 3.0 percent. This growth was due to increased road and railway construction activities and a boost in public and private consumption emanating from the 2025 general elections.

Going forward, growth is expected to increase by 3.4 percent in 2026 and 5.8 percent in 2027. This is due to long term public plans to revitalize road, railway and water infrastructure which will have spillover effects to other industries.

2.2.8 Accommodation and Food Service Activities

The Accommodation and Food Services industry recorded a 4.9 percent growth in 2025. Growth was attributed to the increase in productivity associated with the 2025 general elections. However, high inflation and reduced donor presence hindered business activities and growth in this industry.

Growth for 2026 and 2027 is projected at 5.3 percent and 5.9 percent, respectively. This is on account of expected disinflation and increased foreign exchange availability. The improved growth will also be supported by increased activities in industries linked to tourism: agriculture, electricity and water, wholesale and retail, and transportation.

2.2.9 Information and Communication

In 2025, the information and communication industry registered a 6.3 percent growth emanating from increasing demand for digital services and resources such as social media channels and online news services. The increased demand for advertisements and communication during the 2025 general elections also contributed to the 2025 significant growth.

In 2026, growth is projected at 3.6 percent as the economy normalizes. The 2027 growth is forecasted at 4.6 percent reflecting increasing investments in digital infrastructure, the expectation of foreign exchange availability, investments in energy infrastructure and reduced inflation.

2.2.10 Finance and Insurance Activities

The Finance and Insurance industry recorded an estimated 5.9 percent growth in 2025. Growth is forecasted at 5.7 and 5.2 percent in 2026 and in 2027 due to planned fiscal consolidation measures which will reduce public borrowing. Despite this downward trend, growth will remain strong in this industry because of the expected increased private sector borrowing and increased demand for financial services from other growing industries such manufacturing.

2.2.11 Real Estate Activities

The real estate industry registered a 3.2 percent growth in 2025 because of increasing urbanization and subsequent demand for housing in Malawi's urban cities and the completion of construction activities by the end of the year. Combined effects of high inflation, forex shortages and reduced donor presence led to lower demand for these services which resulted in lower than earlier elevated growth prospects.

The 3.6 percent growth forecast for 2026 is attributed to an expected decline in inflation. In 2027, growth is expected to dip to 3.2 percent due to the slowdown of housing related public projects and governments long term intention of prioritizing expenditure in other sectors.

2.2.12 Professional, Administrative, and Support Services

Growth for 2025 was estimated at 5.7 percent as a result of increase in demand for services such as legal support, travel arrangements, and auditing associated with the general elections. Adverse effects of high inflation and the foreign exchange shortages hindered an expected higher growth in the industry.

Growth for 2026 is projected at 4.7 percent as the economy optimistically moderates. Further growth of 4.8 percent is expected in 2027 due to expected improvements in the manufacturing and wholesale and retail industries which will create more demand for services from this industry.

2.2.13 Public Administration

The public administration industry's growth in 2025 was estimated at 5.1 percent growth due to acceleration in public spending associated with the 2025 general elections. There was also recruitment of public servants and increases in public sector salaries in response to rising inflation which contributed to the industry's growth.

Growth is expected to moderate to 4.7 percent in 2026 due to government's intended fiscal consolidation measures. Expected growth in 2027 is at 4.8 percent as the government balances fiscal consolidations with its intended investments in the agriculture, manufacturing, mining and tourism industries.

2.2.14 Education

This industry recorded an estimated 5.0 percent growth in 2025, reflecting steady school enrolment despite the turbulent economic conditions. Growth is expected to upwardly increase to 5.4 and 5.6 percent in 2026 and 2027 respectively. This reflects expectations of improved macroeconomic conditions and the completion of ongoing school construction projects. Further, many education providers in Malawi have adapted tools to increase access to education such as online distance learning.

2.2.15 Human Health and Social Activities

The estimated growth of this industry was at 2.4 percent. This reflected prevailing macroeconomic challenges, Government's diminished fiscal space and the withdrawal of USAID funding.

Macroeconomic reform and increased efficiency in health sector expenditure are expected to improve productivity and encourage additional donor support leading to growth of 5.5 percent. Growth in 2027 is projected at 3.8 percent. The growth prospects are moderated due to anticipated fewer government-led projects in line with fiscal consolidation measures.

2.2.16 Arts, Entertainment, and Other Services

In 2025, growth was estimated at 6.9 percent for the arts, entertainment and other services industry. Overall growth was constrained by prevailing macroeconomic challenges as the industry's commodities are considered luxuries that consumers can easily forgo during high inflation period. Exceptionally, the gambling subsector reflected significant growth which

contributed disproportionately to the industry’s overall growth. This trend is expected to continue in 2026 and 2027 with growth rates of 5.6 and 5.9 percent, supported by expectations of lower inflation which will increase disposable income and, by extension, demand for the perceived luxuries.

2.3 Price Developments

In 2025, the headline inflation moderated with end period and annual average rates of 26.0 and 28.4 percent, respectively. The deceleration in food inflation, which accounts for approximately 54 percent of the Consumer Price Index, contributed to the headline disinflation. This was a result of the increase in agricultural production, despite the adverse weather conditions. Non-food inflation remained relatively constant for much of the year, likely as a result of high levels of government expenditure. However, non-food inflation in 2025 was still lower than in 2024, the outcome of a tight monetary policy stance and the implementation of externally stabilizing macroeconomic policies.

TABLE 2.4: AVERAGE AND END PERIOD INFLATION RATES

<u>Inflation Rates</u>	<u>2024</u>	<u>2025*</u>	<u>2026**</u>	<u>2027**</u>
Annual Average	32.3	28.4	17.4	12.8
End Period	28.1	26.0	14.5	15.2

Source: Projections and Estimate- Department of Economic Planning and Development, Actuals-NSO

** Estimates*

***Projections*

Headline disinflation is expected to be pronounced in 2026 with annual average and end period inflation rates projected at 17.4 and 14.5 percent respectively. This disinflation is expected in both food and non-food inflation. Food disinflation is expected due to the anticipated increased agricultural output, food supply and carry over stock.

The non-food inflation is overall expected to slow down in 2026 due to the continuation of implementing the contractionary monetary policy along with stronger policy coordination between central government and the central bank. However, non-food disinflation may be slowed by fiscal pressures on the government to meet investment needs in industries such as tourism and public infrastructure.

Going beyond 2026, inflation is projected to be positively influenced by the government’s Economic Recovery Plan which focuses on investing in the real sector of the economy.

2.4 Balance of Payment 2024-2026

2.4.1 Current Account Balance

Malawi's current account balance remained in deficit in 2025 increasing by 9.9 percent to USD 1.87 billion. This deterioration was attributed to a decrease in the services account by 7.1 percent. The goods account also worsened by 1.1 percent in the same period. Unlike the services account, imports in the goods account increased from USD 3.022 billion in 2024 to USD 3.058 billion in 2025, contributing to the worsening of the current account balance. Furthermore, the current account is projected to slightly deteriorate by 4.0 percent in 2026 before slightly improving by 1.1 percent in 2027.

Despite remaining in deficit, the primary income account improved by 13.1 percent in 2025. Payments in this account decreased from USD 219.30 million to USD 201.00 million, while receipts rose from USD 33.30 million to USD 39.40 million between 2024 and 2025. This led to a primary income account deficit of USD 161.50 million. The secondary account is the only component of the current account showing a positive balance. In this account, receipts fell by USD 130.60 million, while payment increased by USD 6.70 million, resulting in an overall reduction of 14.1 percent. This decline was largely driven by a slowdown in transfers to the general government and to nonprofit institutions serving households, and reduced external budget support and shifts in aid priorities. The improvements in the secondary account were, however, insufficient to offset the overall negative balance of the current account.

In 2026, the current account is projected to further deteriorate, with the deficit increasing from USD 1.87 billion to USD 1.95 billion. This decline is expected to stem from worsening conditions in the goods, services, and primary income accounts, with a slight improvement in the secondary income account. The goods account is forecasted to experience an increased deficit, rising from USD 2.02 billion to USD 2.04 billion, an increase of 0.7 percent. This widening deficit is anticipated to be driven by 1.3 percent increase in imports. The services account is also expected to worsen, with the deficit growing from USD 521.20 million to USD 580.40 million. This increase in deficit will be influenced by a 5.0 percent rise in imports. Furthermore, an 8.0 percent improvement in exports is not expected to sufficiently offset the deficit in the services account.

The primary income account, which recorded a deficit of USD 161.50 million in 2025, is projected to widen to USD 175.10 million in 2026, reflecting an increase of 8.4 percent. While receipts are expected to rise by 10.4 percent, payments are projected to increase by 8.8 percent. In contrast, the secondary income account is anticipated to improve, with the surplus increasing to USD 846.80 million in 2026, driven by a projected 2.0 percent increase in transfers to general government and 2.9 percent to financial and non-financial corporations.

In 2027, the current account is expected to improve slightly; with a reduction in the deficit to USD 1.92 billion, a 1.10 percent improvement from 2026. This is owing to the projected improvement in the goods account deficit from USD 2.04 billion to USD 2.01 billion reflecting a 1.1 percent reduction. Exports are expected to increase by 8.0 percent while imports are expected to grow by 2.0 percent. This would result in an overall 1.1 percent reduction in the

deficit for the goods account. The services account is expected to slightly deteriorate; with the deficit increasing from USD 580.40 million to USD 603.30 million, as imports of services are projected to rise by 5.0 percent and exports by 6.0 percent. The primary income account is expected to worsen; with the deficit growing from USD 175.10 million to USD 190.50 million. Payments for primary income are projected to increase by 8.5 percent, while receipts are expected to rise by 8.7 percent. The secondary income account is expected to improve; with the surplus increasing from USD 846.80 million to USD 883.90 million, a rise of 4.4 percent, due to a projected 4.4 percent increase in secondary income receipts. Payments on secondary income are also expected to increase by 4.5 percent.

2.4.2 Goods Balance in 2025 to 2027

The goods balance worsened slightly in 2025; decreasing from a deficit of USD 2.02 to USD 2.00 billion. This was due to an increase in goods imports that outweighs goods exports. From 2024 to 2025, exports increased from USD 1.02 to USD 1.04 billion. Imports increased by 1.5 percent from USD 3.02 to 3.30 billion in the same period. Key exports included tobacco, tea and sugar. Meanwhile, key imports included fertilizer, diesel, petrol and manufacturing and business inputs.

As the economy cools down and the government prioritizes fiscal consolidation, the deficit in the goods balance is expected to increase further to negative USD 2.04 billion in 2026. In 2027, the goods balance is projected to slightly improve to USD 2.01 billion as both exports and imports are expected to increase.

2.4.3 Capital and Financial Account Balance 2025 to 2027

The capital account decreased by 20.4 percent, falling to USD 457.40 million in 2025. This decline was primarily due to a 20.3 percent reduction in capital transfers to the general government sector. Additionally, capital transfers to non-profit institutions serving household decreased by 22.3 percent to USD 24.00 million in 2025.

In 2026, the capital account is expected to increase by 3.1 percent, reaching USD 471.60 million. This growth is anticipated as capital transfers to the general government sector and non-profit institutions are projected to rise by 3.0 percent and 5.0 percent, respectively. By 2027, the capital account is forecasted to further improve, moving from USD 471.60 million in 2026 to USD 485.90 million, marking a 3.0 percent increase. This growth will be driven by a 3.0 percent rise in capital transfers to the general government and a 4.0 percent increase for non-profit institutions.

The financial account remained in a net incurrence of liabilities in 2025. The financial account net liabilities widened by 36.3 percent to USD 1.28 billion in 2025 compared to previous year. A marginal improvement of 0.1 percent is projected for 2026; with the current account expected to widen again in 2027 by 10.4 percent.

The net increase of the financial account in 2025 was mainly driven by an increase in the net acquisition of liabilities across all contributing components, except reserve assets. The direct investment account increased to USD 406.80 million in 2025, representing a 48.9 percent

increase from the prior year. Similarly, the portfolio investment increased by 39.1 percent to USD 3.20 million. The other investment account, which is largely loans to the general government, recorded a growth of 31.9 percent to USD 936.60 million in 2025. In addition, loan acquisitions rose sharply by 83.2 percent, increasing from USD 258.40 million in 2024 to USD 473.30 million in 2025. The reserve assets recorded a drawdown of USD 78.90 million in 2025.

In 2026, the financial resources available to finance the current imbalances is projected to increase. The direct investment and portfolio investment will increase by 5.4 percent and 3.1 percent respectively. The reserve assets account is projecting a drawdown by USD 82.00 million in 2026.

By 2027, the financial account net liabilities are forecasted to increase by 10.5 percent, reaching USD 1.41 billion, up from USD 1.27 billion in 2026. This is attributed to a 3.8 percent rise in the direct investment account, a rise in the portfolio investment from USD 3.30 million in 2026 to USD 3.60 million representing a 9.1 percent increase, and an increase in the other investments loans by USD 9.40 million, representing a 2.1 percent rise in loan acquisitions. Notably, the reserve assets account is forecasted to accumulate reserves to USD 84.30 million in 2027.

TABLE 2.6: BALANCE OF PAYMENTS 2024-2027 (USD MILLIONS)

	2024	2025	2026	2027
Current Account	(1,701.3)	(1,869.7)	(1,945.3)	(1,923.6)
Credit	2,563.3	2,530.4	2,602.3	2,766.5
Debit	4,264.6	4,400.1	4,547.6	4,690.1
Goods	(2,001.7)	(2,022.7)	(2,036.5)	(2,013.6)
Credit	1,019.8	1,035.1	1,061.0	1,145.9
Debit	3,021.5	3,057.8	3,097.5	3,159.5
Service	(486.6)	(521.2)	(580.4)	(603.3)
Credit	508.0	584.2	613.4	650.2
Debit	994.6	1,105.4	1,193.9	1,253.6
Primary Income	(185.9)	(161.5)	(175.1)	(190.5)
Credit	33.3	39.4	43.5	47.2
Debit	219.3	201.0	218.6	237.7
Secondary Income	973.0	835.7	846.8	883.9
Credit	1,002.2	871.6	884.3	923.2
Debit	29.2	35.9	37.6	39.3
Capital Account	574.5	457.4	471.6	485.9
Credit	575.3	458.5	472.8	487.2
Debit	0.8	1.2	1.2	1.3
General Government	543.6	433.3	446.3	459.7
Credit	543.6	433.3	446.3	459.7
Debit	-	-	-	-
Financial corporations, nonfinancial corporations, households, and NPISHs	30.9	24.0	25.2	26.2
Credit	31.7	25.2	26.5	27.5
Debit	0.8	1.2	1.2	1.3
Net lending (+) / net borrowing (-) (balance from current and capital account)	(1,126.8)	(1,445.4)	(1,473.7)	(1,437.6)
Net lending (+) / net borrowing (-) (balance from financial account)	(935.7)	(1,275.8)	(1,274.4)	(1,408.7)
Direct Investment	(273.2)	(406.8)	(428.8)	(445.2)
Portfolio Investment	(2.3)	(3.2)	(3.3)	(3.6)
Other Investment	(710.2)	(936.6)	(913.6)	(864.3)
Loans	(258.4)	(473.3)	(452.1)	(461.5)
Reserve Assets	58.1	78.9	82.0	(84.3)

Source: NSO

2.5 Fiscal Performance 2025 to 2026

The implementation of the 2025/26 National Budget took place in a difficult macroeconomic environment marked by both external and domestic shocks, leading to deviations from approved revenue and expenditure targets. Slower than expected economic growth and high inflation weakened revenue performance, while reduced donor inflows and election-related spending pressures intensified fiscal stress. Adverse weather conditions undermined agricultural output, increased maize prices, and heightened food security needs, necessitating additional budgetary interventions. Foreign exchange shortages further constrained fiscal operations, particularly in servicing external debt and financing fertilizer imports for the Farm

Input Subsidy Programme (FISP). Together, these factors contributed to divergences between budgeted and actual fiscal outcomes.

At mid-year of the 2025/26 fiscal year, the approved Budget was revised upward by MK512.60 billion, from MK8.08 trillion to MK8.59 trillion. For the second half of the fiscal year, total revenue and grants were estimated at MK3.08 trillion, comprising MK2.42 trillion in domestic revenue and MK657.50 billion in grants. Domestic revenue consists of MK2.32 trillion in tax revenue and MK97.30 billion in non-tax revenue. Total expenditure for the second half was estimated at MK4.17 trillion, of which MK3.16 trillion was recurrent expenditure and MK1.01 trillion was development spending. Consequently, the fiscal deficit was projected at MK1.09 trillion, which was financed through MK107.10 billion in foreign financing and MK984.30 billion in domestic financing.

Chapter 3

AGRICULTURE AND NATURAL RESOURCES

3.1 Overview

This chapter presents the performance of the Agriculture Sector for the 2025/26 financial year, focusing on key aspects such as crop, livestock, and fisheries production, the national food security situation, and prevailing weather and climatic conditions during the 2024/25 growing season. It also highlights progress in the implementation of the National Agriculture Investment Plan (NAIP) and the Farm Inputs Subsidy Programme (FISP), in line with Malawi 2063 and the Malawi 2063 First 10-Year Malawi Implementation Plan (MIP-1).

3.2 Agriculture Sector Performance

3.2.1 Weather and Climatic Conditions for the 2024/25 Season

During the 2024/25 agricultural season, the country experienced a delayed onset of rainfall, erratic spatial and temporal distribution, and episodes of extreme temperatures. Most Agricultural Development Divisions (ADDs) recorded false starts to the season, with effective planting rains being realised in late December 2024 to early January 2025. Rainfall cessation occurred earlier than normal in several districts, although unusually high rainfall was recorded in some areas during April 2025. Cumulative rainfall averaged 776.4 mm, slightly higher than the previous season. Karonga recorded the highest cumulative rainfall at 1,076.6 mm, while Kasungu recorded the lowest at 596.3 mm. The season was further characterised by extremely high temperatures, which exacerbated moisture stress and crop vulnerability.

3.2.2 Crop Production

The results of the third round of the 2024/25 Agriculture Production Estimates Survey (APES) indicate a general improvement in the production of most field crops compared to the 2023/24 season. As for cereal crops, maize production increased by 5.4 percent, rising from 2,712,578 metric tons (MT) in the 2023/24 season to 2,859,948 metric tons in 2024/25, largely reflecting increased input uptake in some ADDs, price incentives, and relatively favorable weather conditions. Sorghum production increased substantially by 39.8 percent, from 81,402 metric tons to 113,815 metric tons, while millet production recorded a notable increase of 45.0 percent, rising from 33,596 metric tons to 48,724 metric tons. Conversely, rice production increased by 15.8 percent, from 126,981 metric tons in 2023/24 to 147,039 metric tons in the 2024/25 season, while wheat production recorded a significant improvement of 43.4 percent, increasing from 364 metric tons to 522 metric tons. The observed increases in rice, millet, sorghum, and wheat production are attributed to improved seed availability and favorable weather conditions.

Among legumes and oilseeds, when comparing production from 2023/24 and 2024/25 seasons, groundnuts production witnessed a sharp decline of 40.7 percent, dropping from 468,045 MT to 277,591 MT. Beans production also fell by 17.4 percent, from 235,089 MT to 194,175 MT. Cowpeas recorded a decline of 20.8 percent, from 56,691 MT to 44,897 MT whereas pigeon

peas experienced a decline of 8.6 percent, dropping from 456,033 MT to 416,704 MT. Similarly, soya beans production decreased considerably by 23.4 percent, falling from 235,487 MT to 180,380 MT. Sunflower production dropped by 17.4 percent, reducing from 15,674 MT to 12,954 MT and cotton production experienced the sharpest decline by 55.5 percent, from 13,822 MT to 6,147 MT. Despite the general decline in legumes and oilseeds production, sesame production recorded an increase of 13.9 percent, rising from 9,686 MT to 11,031 MT. The improvement in sesame production is attributed to localized favorable conditions, price incentives and the availability of improved seeds.

TABLE 3.1: CROP PRODUCTION

Crop	2024/25 Round (MTs)	Third 2023/24 Third Round (MTs)	Percent Change Against Third Round 2023/24
Maize	2,859,948	2,712,578	5.4
Rice	147,039	126,981	15.8
Millet	48,724	33,596	45.0
Sorghum	113,815	81,402	39.8
Groundnuts	328,163	277,591	18.2
Cotton	16,369	6,147	166.3
Sesame	14,284	11,031	29.5
Sunflower	14,983	12,954	15.7
Wheat	522	364	43.4
Pulses	967,845	868,578	11.4
Beans	197,086	194,175	1.5
Pigeon Peas	477,925	416,704	14.7
Cow Peas	60,659	44,897	35.1

Source: Ministry of Agriculture

3.2.2.1 Maize Production

All ADDs recorded mixed trends in maize production during 2024/25 compared to the 2023/24 growing season. Karonga, Mzuzu, and Blantyre ADDs experienced declines in maize production, while Kasungu, Lilongwe, Salima, Machinga, and Shire Valley ADDs recorded increases. Blantyre ADD registered the highest decrease in maize production at 27.9 percent from 206,938 MT in 2023/24 to 149,187 MT in 2024/25, followed by Karonga ADD, which recorded a decline of 20.7 percent. Mzuzu ADD recorded the smallest decline of 4.1 percent, from 349,497 MT to 335,138 MT.

In contrast, Shire Valley ADD recorded the highest increase in maize production at 44.9 percent, from 88,200 MT in 2023/24 to 127,840 MT in 2024/25, followed by Machinga ADD, which increased by 32.9 percent. Lilongwe ADD recorded a 13.8 percent increase, while

Kasungu and Salima ADDs registered moderate increases of 4.3 percent and 5.5 percent, respectively. Table 3.2 below summarizes maize production by ADD.

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

<u>ADD</u>	<u>Third Round 2024/25</u>	<u>Third Round 2023/24</u>	<u>Percent Change</u>
Karonga	163,797	206,574	-20.7
Mzuzu	335,138	349,497	-4.1
Kasungu	884,852	848,452	4.3
Lilongwe	699,535	614,827	13.8
Salima	113,471	107,510	5.5
Machinga	386,128	290,580	32.9
Blantyre	149,187	206,938	-27.9
Shire Valley	127,840	88,200	44.9
NATIONAL	2,859,948	2,712,578	-22.7

Source: Ministry of Agriculture

3.2.2.2 National Horticultural Crops Production

In the 2024/25 season, most horticultural crops recorded increases in production when compared to the 2023/24 season, while a few crops registered declines as depicted in Table 3.3. Cassava, sweet potatoes, potatoes, mangoes, avocado pears, tomatoes, bananas, cabbage, and onions all recorded increases in production, with sweet potatoes increasing by 14.6 percent, cassava by 7.6 percent, mangoes by 8.6 percent, and avocado pears by 11.2 percent. Tomatoes and bananas also recorded notable increases of 6.4 percent and 3.7 percent, respectively.

Pineapples, tangerines, lemons, and oranges registered declines in production. Tangerines recorded the highest decline of 29.3 percent, followed by pineapples at 14.1 percent, lemons at 10.3 percent and oranges at a marginal 0.4 percent. The decline in production of these crops is mainly attributed to a reduction in the number of bearing plants or trees, unfavourable weather conditions, and localized production challenges, particularly in some ADDs.

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

<u>Crops</u>	<u>Third Round 2024/25</u>	<u>Third Round 2023/24</u>	<u>Percentage Change</u>
Cassava	6,395,722	5,946,214	7.6
Sweet Potatoes	7,978,050	6,962,391	14.6
Potatoes	1,461,756	1,404,014	4.1
Pineapples	218,826	254,730	-14.1
Mangoes	1,482,007	1,364,080	8.6
Oranges	86,583	86,925	-0.4
Avocado Pears	110,613	99,468	11.2
Tomatoes	746,839	701,631	6.4
Bananas	1,204,553	1,161,226	3.7
Cabbage	230,292	229,999	0.1
Onions	277,267	273,758	1.3
Tangerines	170,492	241,228	-29.3
Lemons	19,701	21,953	-10.3

Source: Ministry of Agriculture

3.2.3 Livestock Production

During the 2024/25 season, the population of cattle increased by 2.8 percent from 2,269,084 in 2023/24 to 2,331,687. The population of goats increased from 14,090,773 to 14,818,891, representing a 5.2 percent increase, while sheep population rose by 5.9 percent, from 459,959 to 487,265. The pig population also increased by 8.9 percent, from 12,475,657 to 13,581,236.

Conversely, the population of chickens declined by 2.5 percent, from 222,614,505 to 217,106,872, while guinea fowls registered a decrease of 5.4 percent, from 3,537,672 to 3,345,904. In contrast, populations of rabbits, turkeys, guinea pigs, pigeons, and ducks increased by 5.1, 5.7, 2.0, 16.3, and 2.0 percent, respectively.

The observed increases in most livestock species are attributed to a rise in births resulting from improved management practices, including better housing, feeding, breeding, and enhanced disease control. Furthermore, the increase in livestock numbers is also associated with a growing number of households engaging in livestock production, supported by government and non-state actors' interventions, including direct livestock injections and pass-on programmes.

TABLE 3.4: LIVESTOCK CENSUS

<u>Species</u>	<u>Third Round 2024/25</u>	<u>Third Round 2023/24</u>	<u>Percentage Change</u>
Cattle	2,331,687	2,269,084	2.8
Goats	14,818,891	14,090,773	5.2
Sheep	487,265	459,959	5.9
Pigs	13,581,236	12,475,657	8.9
Chickens	217,106,872	222,614,505	-2.5
Rabbits	4,666,040	4,441,356	5.1
Guinea Fowls	3,345,904	3,537,672	-5.4
Turkeys	587,739	556,230	5.7
Guinea Pigs	945,113	926,486	2.0
Pigeons	17,704,974	15,223,670	16.3
Ducks	5,752,099	5,640,253	2.0
Cattle	2,331,687	2,269,084	2.8

Source: Ministry of Agriculture

3.2.4 National Food Security

The third round of the Agricultural Production Estimates Survey revealed varying proportions of households without food from their own production across ADDs. Overall, the food security situation was reported to be slightly better-off in the 2024/25 season when compared with the same period in the previous season. The proportion of farm households (FH) without food from their own production declined to 9.3 percent, compared to 13.8 percent recorded during the same time last season, indicating an improvement in household food availability at national level.

At ADD level, Blantyre ADD recorded the highest proportion of food insecure households at 23.1 percent, while Kasungu ADD registered the lowest proportion at 2.4 percent. Despite the overall improvement, some households continued to experience food deficits, largely due to localized production shortfalls and high food prices.

Households without food from their own production employed a range of coping mechanisms, including participation in relief programmes, selling livestock, engaging in casual labour, fishing and fish sales, bicycle and motorcycle hire, selling charcoal, selling river sand, reliance on remittances, and participation in other social and economic activities. Further details on the food situation and availability across ADDs are provided in Table 3.5.

TABLE 3.5: NATIONAL FOOD SITUATION AS AT JUNE 2024

<u>ADD</u>	<u>2024/25 Season</u>			<u>2023/24 Season</u>		
	<u>Total FHs</u>	<u>FHs without food</u>	<u>Percent of FHs Without Food</u>	<u>Total FHs</u>	<u>FHs without food</u>	<u>Percent of FHs Without Food</u>
KRADD	157,839	4,083	2.6	138,016	3,608	2.6
MZADD	393,397	10,797	2.7	355,831	9,103	2.6
KADD	651,061	15,465	2.4	566,154	12,871	2.3
LADD	807,548	48,381	6.0	807,548	50,572	6.3
SLADD	288,243	20,380	7.1	246,762	14,601	5.9
MADD	909,801	65,823	7.2	857,841	153,194	17.9
BLADD	920,130	212,595	23.1	920,130	238,377	25.9
SLADD	227,720	43,980	19.3	227,720	84,804	37.2
National	4,355,739	421,504	9.7	4,120,002	567,130	13.8

Source: Ministry of Agriculture

In terms of food availability, the local markets across ADDs offered a range of horticultural and field crops, including maize, rice, cassava, sweet potatoes, bananas, sorghum, and millet. The majority of farming households that did not produce food from their own production during the reporting period purchased food from local vendors and other private traders, in addition to markets operated by the Agricultural Development and Marketing Corporation (ADMARC). The demand for maize grain at ADMARC was reported to be very high, such that in some cases stocks were depleted on the same day of delivery, as the selling price of MK790.00 per kilogram was lower than prices prevailing in most local markets.

Despite the availability of food commodities, all ADDs reported that prices for most food commodities were higher when compared with the same time last season. Maize prices in local markets ranged from MK800.00 to MK1,500.00 per kilogram, while beans were selling at prices ranging from MK2,500.00 to MK6,500.00 per kilogram. Rice prices ranged between MK2,000.00 and MK5,500.00 per kilogram, while shelled groundnuts were selling at prices between MK2,500.00 and MK7,000.00 per kilogram. Beef prices ranged from MK7,000.00 to MK10,000.00 per kilogram, depending on location. The increase in food prices during the reporting period is largely attributed to the drop in harvests for major crops in the previous season, coupled with speculation on food scarcity, rising production inputs cost, and increased costs of transportation and marketing. These factors collectively contributed to the general rise in food prices despite the availability of staple food commodities in most local markets.

3.2.5 National Agriculture Investment Plan

During the 2024/25 financial year, the NAIP (2017/18-2022/23) remained the reference instrument for planning, implementation, monitoring, and reporting of agricultural programmes, including the Agriculture Sector Performance Report (ASPR), Joint Sector Reviews (JSRs), and the African Union Biennial Review processes. This transitional use of the NAIP ensured continuity in sector coordination and alignment with Malawi 2063 and its First 10-Year Implementation Plan (MIP-1), pending the development of a successor investment framework.

Several ongoing initiatives were implemented within the NAIP framework during the year under review. These included: (i) expansion of irrigated agriculture through the development and rehabilitation of irrigation schemes under programmes such as the Shire Valley Transformation Programme (SVTP), Programme for Rural Irrigation Development (PRIDE), and Agriculture Infrastructure and Youth in Agribusiness Project (AIYAP); (ii) promotion of large-scale and commercially viable farming through the Mega Farms Initiative; (iii) enhancement of agricultural commercialization, value addition, and structured market linkages; (iv) strengthening and diversification of livestock production systems; and (v) reinforcement of sector monitoring, evaluation, and reporting systems through the continued rollout and operationalization of the National Agriculture Management Information System (NAMIS).

Significant progress was recorded in agriculture services digitalization efforts through the scaling up of NAMIS. During the reporting period, approximately 3.4 million farming households were digitally registered under the farmer registration module, marking a major milestone in establishing a comprehensive national agricultural database. Additional NAMIS modules, including the Rapid Food Assessment and Agricultural Pricing modules, are scheduled for rollout to further strengthen real-time data generation, food security monitoring, and evidence-based decision-making across the sector.

From a policy and legislative perspective, the Ministry made notable progress in strengthening the enabling environment for agricultural transformation. During the 2024/25 financial year, the National Agriculture Policy (2024), National Irrigation Policy (2024), and Agriculture Land Resources Management Policy (2024) were officially launched and their respective implementation commenced. In parallel, efforts to strengthen regulatory enforcement advanced, with the Seed Act enacted by Parliament, validation of the Seed Regulations completed, and the Fertilizer Act Regulations undergoing stakeholder validation following the enactment of the Fertilizer Act of 2023. These reforms are expected to enhance compliance, quality assurance, and private sector confidence within agricultural input and production systems.

3.2.6 Farm Input Subsidy Programme

The Farm Input Subsidy Programme for the period under review continued to be implemented by the Government of Malawi in the 2024/25 farming season, with a redesigned approach aimed at making the programme more targeted and efficient in the context of a constrained

resource envelope. During the season under review, a total of 1,054,945 smallholder farmers were targeted to benefit from fertilizer, seed, and livestock inputs. A total of 1,048,445 beneficiaries were supported under the crop production component, while 6,500 beneficiaries were targeted under the livestock production component. The 2024/25 beneficiary figure represents a reduction from the 1,511,302 beneficiaries supported in the 2023/24 farming season, a deliberate measure taken to accommodate increased prices of key inputs, particularly fertilizer.

The 2024/25 season FISP Programme targeted a total of 52,422.25 MT of NPK fertilizer and 52,422.25 MT of Urea, with fertilizer distribution managed by the Smallholder Farmers Fertilizer Revolving Fund of Malawi (SFFRFM). As of 30th March 2025, a cumulative total of 34,425 MT of NPK, representing 66 percent of the targeted quantity, and 38,495 MT of Urea, representing 73 percent of the targeted quantity, had been redeemed by beneficiary households. In terms of seed distribution, a total of 748,928 five-kilogram seed packs, representing 72 percent of the allocated seed, were redeemed during the reporting period.

Under the livestock component, the programme continued to support resilience by facilitating access to female goats at a reduced price, similar to the arrangements for fertilizer and seed. By the end of the programme, a total of 10,430 goats were redeemed out of the 13,000 targeted, corresponding to a redemption rate of 80 percent².

3.3 The Fisheries Sector

3.3.1 The Socioeconomic Role of the Fisheries Sector

3.3.1.1 Employment

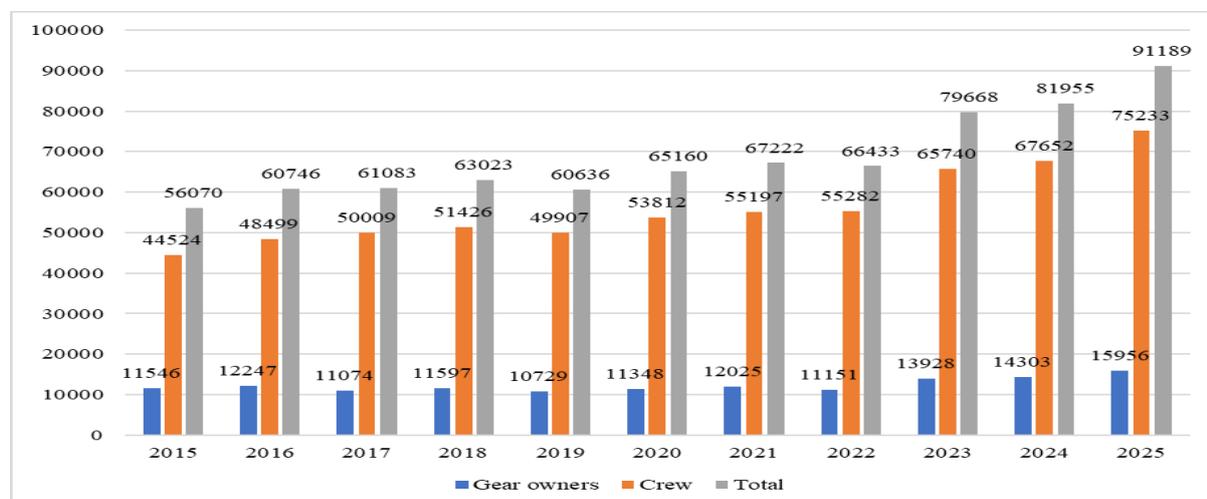
The fisheries sector in Malawi comprises capture fisheries, aquaculture, and the aquarium trade. It remains a vital source of employment for many fishing and fish farming households in lakeshore districts. Small-scale fisheries directly employ 75,233 people, while commercial fisheries provide jobs for 600 individuals. In addition, over half a million people work in related activities such as fish processing, marketing, boat building, and engine repair. The aquaculture sub-sector employs more than 17,012 Malawians as fish farmers. Overall, the fish value chain supports the livelihoods of over 1.6 million people in the country.

Figure 3.1 indicates that the number of small-scale gear owners increased by 11.6 percent from 14,303 in 2024 to 15,956 in 2025. The number of crew members also grew, rising from 67,652 to 75,233, which is an 11.1 percent increase. Consequently, the total number of individuals

²The 2024/25 FISP Programme had not officially closed by the end of the reporting period, and additional redemptions were expected beyond the reported figures.

directly employed in the sector as gear owners and crew members currently stands at 91,189, up from 81,955 in the previous year, an increase of 11.3 percent.

FIGURE 3.1: NUMBER OF FISHING GEAR OWNERS AND CREW COUNTRYWIDE BETWEEN 2015 AND 2025



Source: Department of Fisheries

3.3.1.2 Food and Nutrition Security

The Fisheries Sector plays an important role in food and nutrition security of Malawians, most of which live in rural settings. With a production of 211,020 MT from capture fisheries, fish continues to be the main source of animal protein in the country, contributing over 60.0 percent of the dietary animal protein intake of Malawians and 40.0 percent of the total protein supply. Table 3.6 shows annual fish production in the major lakes and rivers in 2025, with Lake Malawi dominating the catch contribution at 195,044 MT against the national capture fisheries contribution of 211,020 MT. The 2025 fish production has increased by 6.5 percent from 2024.

TABLE 3.6: FISH CATCH LANDINGS (MT) BY WATERBODY FOR THE YEAR 2025 COMPARED WITH THE YEAR 2024

<u>Waterbody</u>	<u>Category</u>	<u>2024</u>	<u>2025</u>	<u>Percent Change</u>
Lake Malawi	Artisanal	158,723	194,707	22.7 increase
Lake Malawi	Commercial	317	337	6.4 increase
Lake Malombe	Artisanal	3,770	3,364	10.8 decrease
Shire River	Artisanal	4,082.00	5,748.20	40 increase
Lake Chilwa	Artisanal	30,624.64	5,957	80.5 decrease
Lake Chiuta	Artisanal	576.64	907	57.3 increase
Total		198,094	211,020	6.5 increase

Source: Department of Fisheries

The 2025 annual capture fishery production of 211,020 MT shows that Usipa continues to dominate the production at 120,334 MT thereby accounting for 57 percent of the total annual catch (Table 3.7). The dominance of Usipa is due to an increase of fishers targeting the fish species.

The Chambo fishery which constitutes fish species of *Oreochromis karongae*, *O. lidole*, *O. squamipinis* and *O. shiranus* has collectively declined by 35.9 percent from 14,212 MT in 2024 to 9,115 MT in 2025.

TABLE 3.7: FISH PRODUCTION (MT) BY FISH SPECIES FOR THE YEAR 2025 COMPARED WITH THE YEAR 2024

<u>Species</u>	<u>Year 2024</u>	<u>Year 2025</u>
Chambo	5,458	5,600
Kambuzi	5,974	5,503
Kasawala	1,681	669
Chisawasawa	2,652	2,507
Kampango	2,543	2,217
Mbaba	1,208	1,185
Mcheni	3,718	4,641
Mlamba	19,237	5,620
Mpasa	113	158
Nchila	117	1
Sanjika	311	644
Usipa	102,599	120,334
Utaka	13,087	21,587
Ndunduma	8,334	13,157
Makumba	7,073	2,846
Matemba	7,988	2,481
Other Tilapia	2,420	4,590
Others	13,583	17,278
Total	198,094	211,020

Source: Department of Fisheries

3.3.1.3 Source of Income

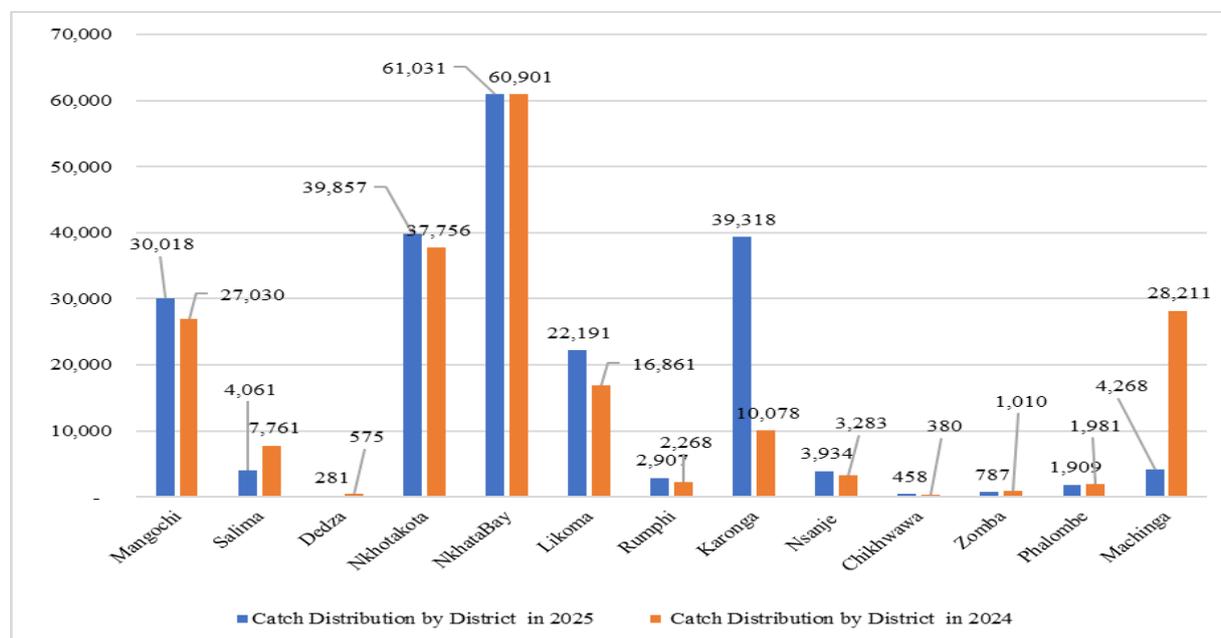
In 2025, fish landings had a beach or landed value of MK635.95 billion (USD362.16 million), with an average beach price of MK3,643.00. This represents an increase in landed value of 7.8 percent from the previous year where the landed value was MK589.89 billion (USD 336.89 million) against an average beach price of MK2,978.00. This is evidence that fish continues to contribute significantly to the economy of Malawi.

3.3.1.3.1 Fish Catch Landings by District

Figure 3.2 illustrates fish catch contribution by district in 2025 compared with 2024. The statistics show that NkhataBay District contributed the highest catch of 61,031 MT in 2025, representing 28.9 percent of the total followed by Nkhotakota with a recorded catch landing of

39,857 MT and Karonga at 39,318 MT representing 18.9 percent and 18.6 percent respectively. Mangochi and Likoma have also contributed significant catches in the year 2025.

FIGURE 3.2: FISH CATCH LANDINGS (MT) BY FISHING DISTRICT FOR THE YEAR 2025



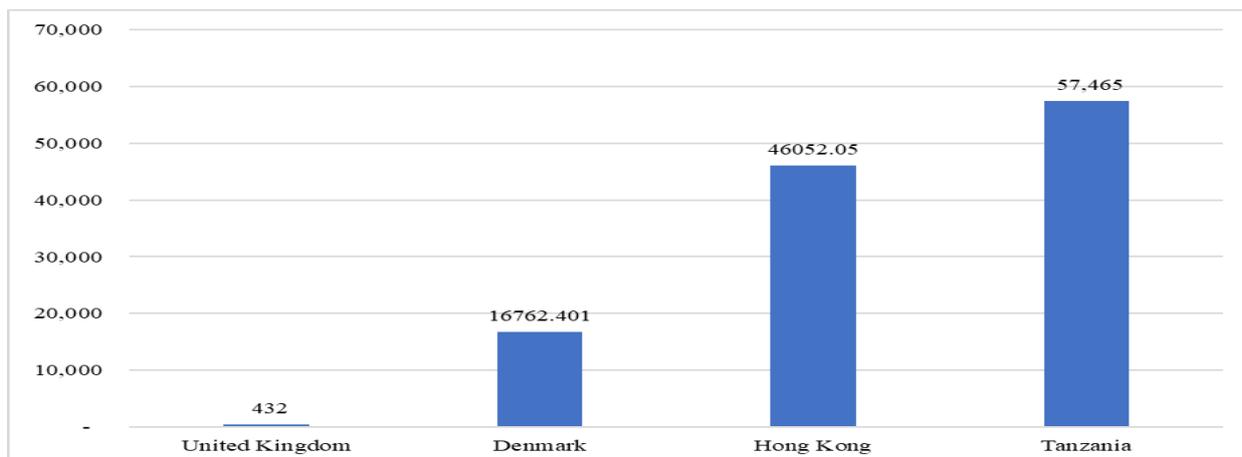
Source: Department of Fisheries

3.3.1.3.2 Foreign Exchange Earnings from Ornamental Fish Exports

Malawi is endowed with endemic fish species particularly in Lake Malawi. These species have very interesting species radiations of scholarly importance and therefore contribute to the nation’s ecotourism. The most important species are the brightly coloured Mbuna fish which attract research interests both locally and foreign. The country has a total of five (5) licensed entities that are engaged in the live ornamental fish exports. Cumulatively, from January to December 2025, a total of 58,457 live fish were exported, generating a revenue of USD120,711, a 26 percent increase in revenue from the previous year which exported a total of 38,585 pieces, generating revenue amounting to USD95,820.

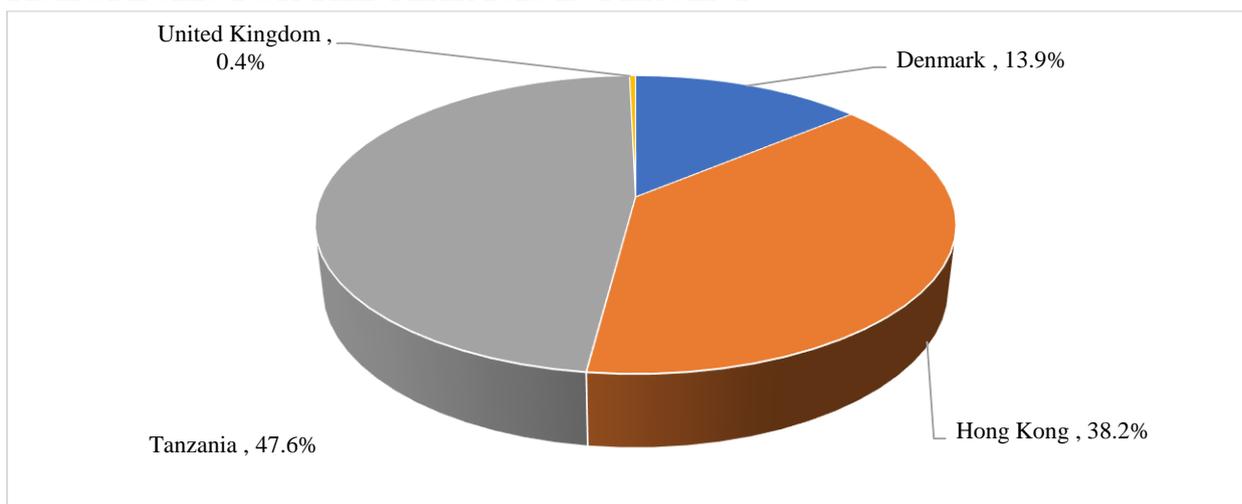
As shown in Figure 3.3, Tanzania was the major importer of Malawi’s ornamental fish (USD57,465.00) followed by Hong Kong (USD46,052.00), Denmark (USD16,762.00) and United Kingdom (USD432.00). Tanzania has in recent years emerged to be one of the lucrative live export markets for Malawi’s ornamental fish trade. There has been a decline in the number of export markets for Malawi’s ornamental fish. This is mostly attributed to challenges in cargo flights.

FIGURE 3.3: EXPORT VALUE (MK) OF LIVE ORNAMENTAL FISH IN THE YEAR 2025



Source: Department of Fisheries

FIGURE 3.4: EXPORT DESTINATIONS FOR MALAWI'S ORNAMENTAL LIVE FISH SPECIES FOR THE YEAR 2025 IN PERCENT



Source: Department of Fisheries

3.3.2 Status of the Fisheries Sector

3.3.2.1 Trends in Annual Fish Production by Water Body

The national catch statistics from all water bodies show that total fish production increased from 198,094 MT in 2024 to 211,020 MT in 2025, representing a 6.5 percent increase. Lake Malawi registered a total catch landing of 195,521.91 MT when artisanal and commercial production figures are added (194,706.97 and 336.85 metric tonnes respectively), representing 92.6 percent of the total catches. This implies that Lake Malawi continues to be the major source of fish for the country.

The national average beach price has increased by 34 percent from MK2, 977.83/kg in 2024 to MK3, 463.44/kg in 2025. This increase has translated to 22.35 per cent increase in value of the

catch landings from MK589.89 billion (USD 336.89 million) in 2024 to MK635.95 billion (USD 362.16 million) in 2025 (Tables 3.8).

TABLE 3.8a: FISH CATCH LANDINGS (MT) BY WATERBODY FROM 2010 TO 2025

<u>Year</u>	<u>Lake Malawi – Artisanal</u>	<u>Lake Malawi - Commercial</u>	<u>Lake Malombe</u>	<u>Lake Chilwa</u>	<u>Lake Chiuta</u>	<u>Shire River</u>
2010	80,623.00	3,470.00	3,336.00	8,019.00	2,549.00	1,197.00
2011	56,923.00	1,296.00	4,109.00	16,960.00	2,627.00	451.00
2012	106,769.00	2,367.00	1,607.92	7,993.02	1,322.24	269.25
2013	102,079.18	1,867.22	1,847.08	2,982.50	289.64	823.43
2014	105,283.89	2,454.85	4,169.70	2,888.94	293.38	1,037.02
2015	127,438.35	2,672.44	5,903.65	5,660.50	1,149.70	1,490.64
2016	143,556.13	4,415.90	4,053.03	2,833.61	1,297.94	1,111.05
2017	185,095.72	3,899.65	4,663.13	3,269.72	1,497.65	1,678.54
2018	205,814.22	2,817.85	6,985.00	1,834.93	1,702.81	2,694.19
2019	143,324.83	2,109.57	3,532.23	2,817.65	1,447.30	1,691.14
2020	154,212.28	2,154.15	6,197.27	5,352.82	850.89	2,076.11
2021	156,681.18	1,655.72	5,288.90	6,734.84	1,584.90	1,534.51
2022	173,159.36	842.26	2,651.21	6,477.71	634.53	2,966.86
2023	165,299.04	1,510.29	2,037.80	39,205.61	1,314.87	3,368.44
2024	158,723.43	316.50	3,770.42	30,624.64	576.64	4,082.02
2025	194,706.97	336.85	3,363.77	5,956.93	906.91	5,748.20

Source: Department of Fisheries

TABLE 3.8b: FISH CATCH LANDINGS TOTALS (MT) FROM 2010 TO 2025

<u>Year</u>	<u>Total Tons</u>	<u>Landed Value (MK '000)</u>	<u>Beach Price (MK/kg)</u>
2010	95,724.00	19,900,000.00	210.00
2011	82,366.00	18,944,180.00	230.00
2012	120,328.43	35,903,596.94	298.38
2013	109,889.04	52,422,568.15	477.05
2014	116,127.78	74,332,668.73	640.09
2015	144,315.28	108,703,887.82	753.24
2016	157,267.66	69,794,254.93	824.95
2017	200,104.41	173,600,579.00	867.55
2018	221,849.00	207,815,306.00	928.96
2019	154,922.72	169,556,716.00	1,072.42
2020	170,843.52	183,839,581.67	1,076.07
2021	173,480.05	187,280,387.98	1,079.55
2022	186,731.93	219,449,231.55	1,175.21
2023	212,736.05	339,259,187,221.38	1,594.12
2024	198,093.65	589,889,226,465.06	2,977.83
2025	211,019.63	635,951,835,196.72	3,463.44

Source: Department of Fisheries

3.3.2.2 Fish Catch Composition

In terms of catch composition, Usipa was the dominant fish species that contributed the largest share of 57 percent of the total catch. This was followed by Utaka, Others and Ndunduma which accounted for 10 percent, 8 percent and 6 percent respectively.

3.3.2.3 Fish Consumption per Capita

The current per capita fish consumption stands at 9.5 kg/person/year, up from 9.2 kg/person/year recorded in 2024. Historical data indicate a consistent upward trend, with per capita consumption rising to 12.6 kg/person/year in 2018 from 5.4 kg/person/year in 2009, as illustrated in Table 3.9. Despite the reported increase in fish catches, present fish supply remains insufficient to meet the requirements of the country's growing population. The current level is still below the World Health Organisation (WHO) recommended intake of 13–15 kg/person/year.

TABLE 3.9: PER CAPITA FISH SUPPLY FROM YEAR 2009 TO 2025 WITH ESTIMATED POPULATION GROWTH

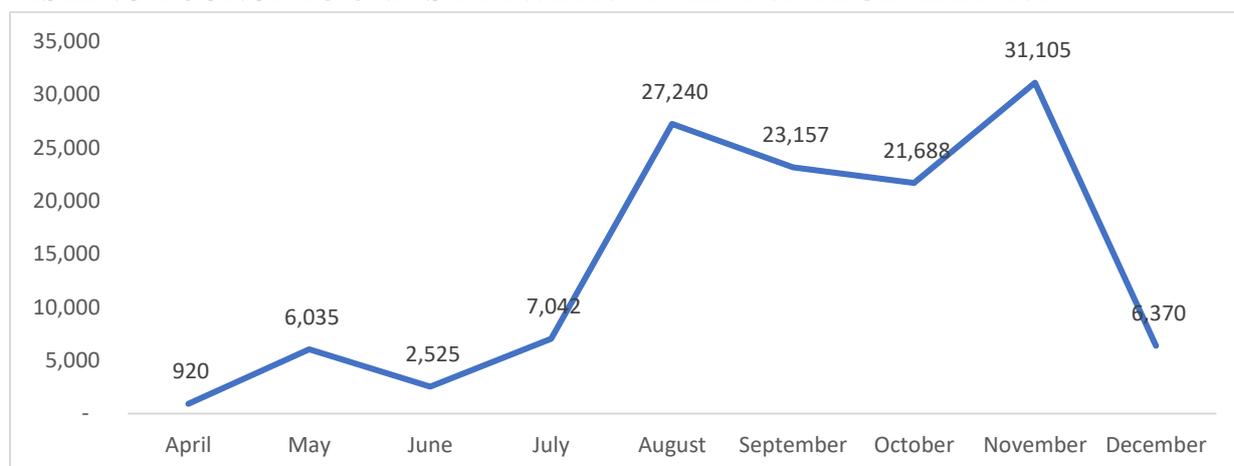
<u>Year</u>	<u>Population</u>	<u>Total Catch (kg)</u>	<u>Fish Supply/kg/Person/Year</u>
2015	14,500,000	144,315,275	10.0
2016	14,700,000	157,267,660	10.7
2017	16,000,000	199,453,838	12.5
2018	17,563,749	221,849,082	12.6
2019	17,763,749	154,922,716	8.7
2020	17,963,749	170,843,520	9.5
2021	18,163,749	173,480,053	9.6
2022	18,363,749	186,731,930	10.2
2023	20,931,751	211,225,760	10.1
2024	21,647,750	198,093,654	9.2
2025	22,224,282	211,020,287	9.5

Source: Department of Fisheries

3.3.2.4 Fish Resource Monitoring and Licensing

To increase fisheries and aquaculture investments, the sector continued to implement fisheries regulatory activities including licensing of fishing gears and issuance of aquaculture permits across the country. In addition to the licensing and issuance of the permits, the sector also issued sanitary certificates for fish exports. The revenue generated from these activities is summarised in Figures 3.5 and 3.6. The licensing of the 42 large-scale commercial fishing units has generated revenue worth MK32, 510,000.00. The issuing of 2,082 small-scale fishing licenses has generated MK90, 882,000.00 and the issuance of 269 sanitary certificates has generated MK2, 690,000.00. The total revenue from April to December 2025 has reached MK126, 082,000.00, against a target of MK87, 766,000.00 set by the Treasury for the 2025/26 fiscal year. This represents 44 percent achievement of the annual revenue target.

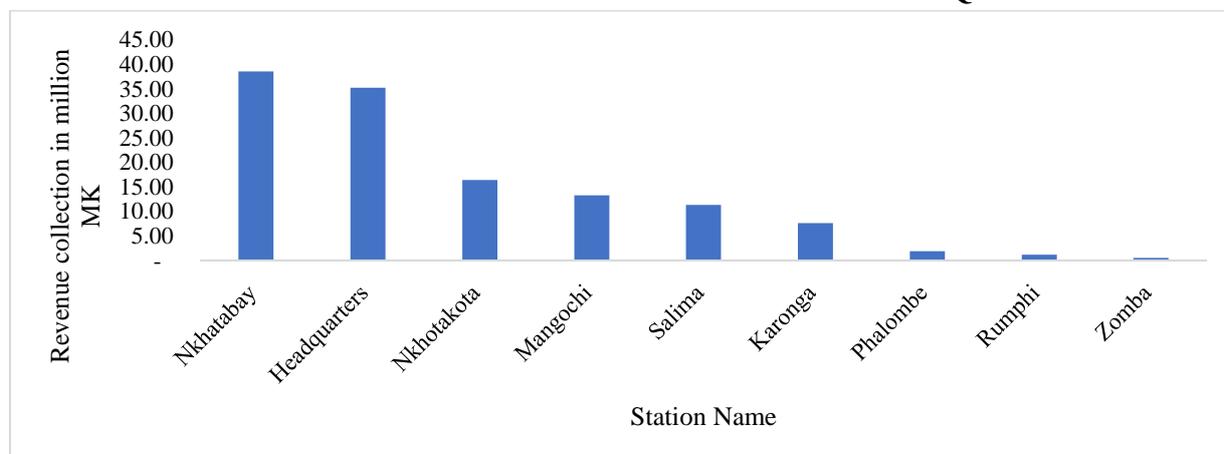
FIGURE 3.5: MONTHLY REVENUE COLLECTIONS FROM LICENSING OF FISHING ECONOMIC UNITS BETWEEN APRIL AND DECEMBER 2025



Source: Department of Fisheries

On to the district-level revenue collection, Nkhata Bay, Mangochi, and Nkhotakota recorded the largest amounts: MK8.68 million, MK8.38 million, and MK6.38 million, respectively. Figure 3.7 illustrates these top-performing districts.

FIGURE 3.6: REVENUE GENERATION 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 17,461 fish farmers where 60 percent are males and 40 percent are females and about 1 percent youth. The total recorded number of ponds is currently at 11,148. This is countrywide with a total pond area of 283.35 hectares.

During the year, a total of 10,438,512 fingerlings were produced, as shown in Table 3.10. This figure was achieved by four hatcheries; Domasi Aquaculture Centre (DAC), Mzuzu Fish Farming Station, Kasinthula—and various private hatchery operators. Fingerling production increased by 3.9 percent compared to 2024. However, theft of broodstock in most public

hatcheries led to lower fingerling production there, while some private hatcheries experienced reduced output due to cyclones. Since this growth did not meet expectations, the sector has introduced new measures to further commercialise aquaculture and help the country access high-quality fingerlings.

TABLE 3.10: TRENDS IN FINGERLING PRODUCTION FROM PUBLIC AND PRIVATE HATCHERIES BETWEEN 2013 AND 2025

<u>Year</u>	<u>Number of Fingerlings Produced by Public Hatcheries (DAC, Mzuzu)</u>	<u>Number of Fingerlings Produced by Private Hatcheries (Maldeco)</u>	<u>Total Number of Fingerlings (Public and Private)</u>
2013	785,906	5,006,011	5,793,930
2014	731,756	5,613,964	6,347,734
2015	965,811	6,423,307	7,391,133
2016	1,670,526	6,625,000	8,297,542
2017	1,891,835	7,619,920	9,511,755
2018	2,407,050	10,494,000	12,901,050
2019	5,464,290	9,166,380	14,630,670
2020	2,049,670	5,360,000	7,409,670
2021	3,619,978	14,162,420	17,782,398
2022	7,391,651	16,520,217	23,911,868
2023	7,957,545	2,835,150	10,792,695
2024	5,929,851	269,000	6,198,851
2025	5,116,712	1,321,800	10,438,512

Source: Department of Fisheries

In terms of aquaculture fish production, a total of 10,675 MT of fish was harvested from ponds and cages in 2025. The trend in fish production from aquaculture is illustrated in Table 3.11:

TABLE 3.11: ESTIMATED FISH PRODUCTION (METRIC TONNES) AND HARVEST VALUE (USD) OF MAJOR CULTURED FISH SPECIES BETWEEN 2020 AND 2025

<u>Fish Species</u>	<u>Statistic</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<i>Oreochromis</i>							
<i>Shiranus/mossambicus</i>	Production (Tons)	6,669	6,620	5,362	7,016	9,932	7,772
	Value (USD)	21,130,419	24,072,227	19,498,909	10,048,519	17,974,842	28,081,096
<i>Coptodon rendalli</i>	Production (Tons)	2,261	2,732	1,116	1,460	2,054	1,352
	Value (USD)	7,164,863	9,935,437	4,059,255	4,551,234	7,570,743	5,804,683
<i>Clarias gariepinus</i>	Production (Tons)	440	440	616	806	2,255	1,536
	Value (USD)	1,394,170	1,600,000	2,240,000	2,045,120	61,022,023	5,796,459
<i>Cyprinus carpio</i>	Production (Tons)	11	11	40	22	34	15
	Value (USD)	35,134	40,366	145,455	115,210	187,466	97,052
All species	Production (Tons)	9,381	9,803	7,134	9,321	14,301	10,675
	Value (USD)	29,724,586	35,648,030	25,943,619	16,800,152	86,807,760	39,779,290

Source: Department of Fisheries

3.3.4 Challenges

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

- i. Inadequate vehicles for mobility by most capture fisheries districts to carry out enforcement activities. Currently, district fisheries officers rely upon borrowed vehicles from the council. This affects timely implementation of scheduled activities
- ii. Limited number of frontline personnel, including beach recorders and Fisheries Assistants, is adversely impacting data collection across many beaches. Effective data collection plays a critical role in fisheries resource management and conservation. This shortage has resulted in delays in implementing scheduled activities and has affected the timeliness of reporting
- iii. Limited engagement of the private sector in the aquaculture value chain has contributed to reduced levels of fish production
- iv. Limited accessibility to high quality farm inputs such as floating feed and fingerlings
- v. Low adoption of fish farming husbandry by majority of the farmers

3.3.5 Proposed Mitigation Measures

- i. Continue borrowing vehicles until other sources of funding for procurement are identified
- ii. Carry out functional reviews for the districts to provide for more positions for beach recorders
- iii. Undertake a comprehensive survey of fish farmers countrywide to establish total number of farmers and pond coverage for better production estimates
- iv. Aquaculture round table meetings and annual forums to continue being held as a platform of bringing awareness in terms of existing potential and the need to tap such potential
- v. Investment in fish feed production being made by two potential investors
- vi. Capacity building activities for all fish value chain actors to be implemented

3.4 The Forestry Sector

This section evaluates the forestry sector's achievements and its impact on the economy during the 2025/26 financial year. The section discusses and analyses utilization and marketing of forest resources, budget allocation and revenue collection, as well as tree planting on customary estates and the restoration of forest plantations.

3.4.1 Forest Utilisation and Marketing

Forest products (both timber and non-timber products) in Malawi are consumed locally and internationally. However, timber products are exported to external markets within the Southern African Development Community (SADC) and the East African region. The most exported timber products include curios and wood carvings, medium density fibre (MDF) boards (Plain or 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 38 export licenses and 478 export permits were issued to various exporters including Raiply Malawi Limited, Vizara Timber Plantations and other small-scale exporters. The export licenses and permits are legal documents that enabled companies and individuals to export MDF boards, shutter ply, plywood, natural rubber and rubber timber to various countries. Majority of these products are exported to Tanzania by Raiply Malawi Limited. Table 3.12 summarises the products and their quantities exported in the 2025/26 financial year. The table shows that MDF boards (plain and laminated) covered 67.8 percent of the total quantity exported and rubber timber is least exported.

TABLE 3.12: EXPORT OF FOREST PRODUCTS DURING THE 2025/2026 FINANCIAL YEAR

<u>No</u>	<u>Product Type</u>	<u>Quantity Exported</u>	<u>Measure/Unit</u>
1	Curios/wood Carvings	178,628	Kgs
2	MDF Boards (Plain and Laminated)	5,074,000	Kgs
3	Plywood	602,000	Kgs
4	Rubber	209,880	Kgs
5	Rubber Timber	333	m3
6	Shutter Ply	708,400	Kgs
7	Corombo Roots	375,889	Kgs
8	Block Board	708,244	Kgs

Source: Department of Forestry

3.4.1.2 Revenue Generated from Exportation of Forest Product

Table 3.13 shows that approximately 1.3 million USD was generated from exportation of various forest products in 2025. According to the revenue generated, 54 percent originated from exports of MDF boards (plain and laminated) followed by shutter ply (20 percent) and block boards (19.2 percent). Most of these forest products were exported to South Africa, Tanzania, Zambia, Mozambique and Kenya as summarised in the Table 3.13.

TABLE 3.13: REVENUE GENERATED FROM EXPORTATION OF FOREST PRODUCTS

<u>Product Type</u>	<u>Dollars (USD)</u>
MDF Boards (Plain and Laminated)	751,073.02
Block Board	267,108.6
Plywood	28,117.78
Rubber	33,330.00
Rubber Timber	33,104.06
Shutter Ply	278,105.2
Total	1,390,838.46

Source: Department of Forestry and Reserve Bank of Malawi

3.4.1.3 Imports of Forest Products

During the 2025/26 financial year, the sector issued 47 forest import licenses and 396 forest import permits for importation of various forest products. The major imported products included pine timber, hardwood timber, melamine boards and shutter ply. Most of these forest products were imported from Mozambique, Tanzania and South Africa. Table 3.14 shows imported forestry related products in various quantities.

TABLE 3.14: IMPORT FIGURES OF FOREST PRODUCTS FOR 2025/2026

<u>No</u>	<u>Product Type</u>	<u>Quantity Imported</u>	<u>Measure/Unit</u>
1	Poles	57,564	No.
2	Pine Timber	17,800	m ³
3	Melamine Boards	223,000	Kgs
4	Shutter Ply	254,788	Kgs
5	Hard Wood Timber	36,000	m ³

Source: Department of Forestry

3.4.2 Revenue Collection

The major sources of revenue for the Department of Forestry in 2025/26 financial year were through the sale of logs which were mostly collected from the Viphya Plantations (Table 3.15).

TABLE 3.15: REVENUE COLLECTED IN RELATION TO REVENUE SOURCE

<u>Revenue Source</u>	<u>Amount (MK)</u>
Log Sales	7,420,816,024
Concessions	35,050,225
Sale of Firewood	951,738,332
License Fees	17,737,161
Royalties on Forestry Produce	20,911,205
Phytosanitary Certificate and Receipts	6,270,200
Miscellaneous Fees	15,704,709
Rent for MG Houses	2,789,340
Forest Seed Sales	14,511,271
Course Fees	11,207,000
Accommodation and Hall Hire	4,161,600
Rest House Fees	1,105,000
Transfer Conveyance Certificate	19,070,287
Government Shares from Co-management Block (30 Percent)	184,500
Penalties	71,912,705
Fines	1,020,000
Import Permit	18,017,220
Total	8,612,206,779

Source: Department of Forestry

Based on Table 3.15, out of MK8, 612,206,778.97 collected, MK7, 420,816,024.00 came from the sales of logs. This represents 86.1 percent of the total revenue generated. The least originated from phytosanitary certificate/receipts on certificates, course fees and Government shares from co-management.

3.4.3 Tree Planting and Management

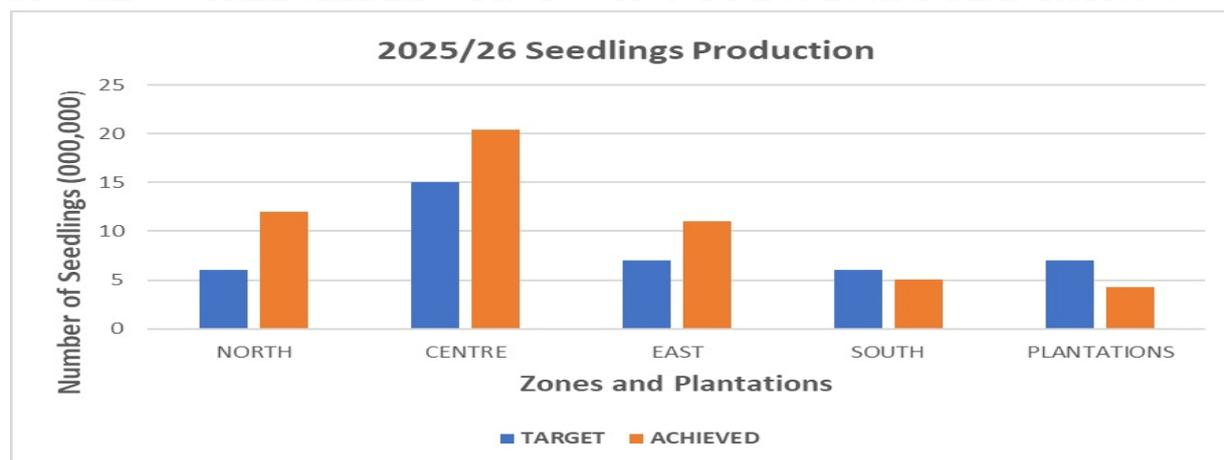
The Department of Forestry protects and manages 21 forest plantations, 88 gazetted forest reserves, and trees and forests on customary estates. The Department undertakes tree planting during National Forestry Season (NFS) that runs from 15th December to 15th April each year, with a view to accelerate tree and forest management by all stakeholders.

3.4.3.1 Customary Estate and Public land (Government Plantations and Forest Reserves)

This fiscal year, DoF estimates to plant 34,000,000 trees on customary estates and 7,000,000 trees in government forest plantations. In line with this target, a total of 52,795,434 tree seedlings were produced as indicated in Figure 3.8.

Out of this, a total of 48,510,476 seedlings were produced on customary estates representing 143 percent. Target was over achieved due to good collaboration and support between Government and non-state actors. 4,284,958 seedlings were produced in Government Plantations representing 61 percent. Plantation target was underachieved as the department prioritized silvicultural operations.

FIGURE 3.7: TREE SEEDLING PRODUCTION BY ZONES AND PLANTATIONS



Source: Department of Forestry

Figure 3.7 shows that zone forestry office (centre) produced more seedlings on customary estates. The zone forestry office (south) under achieved the target.

3.4.3.2 Fire Protection

The DoF protects and manages 90,000 ha of industrial timber, fuelwood and pole plantations. However, the protection and management faces challenges such as wildfires, encroachment, illegal logging. To reduce the risk of fires, the department conducted several silvicultural

practices such as weeding, early controlled burning and firebreaks maintenance. However, during the 2025/26 financial year, 1,160.53 ha was affected by bush fires. Table 3.16 summarises stations affected by fires and area affected showing that forest fires affected 1.28 percent of the plantations. Bush fires are the main cause of these fires although specific are drawn from each station.

TABLE 3.16: STATIONS AFFECTED BY FIRES AND AREA AFFECTED

No	Station	Area Affected (Ha)	Tree Species Affected
1	Chongoni	80.1	P. oocarpa
2	Dzonzi-Mvai	7.6	P.oocarpa & P. kesiya
3	Lusangazi	36.93	P. oocarpa
4	Luwawa	61.3	P. oocarpa, P. kesiya & P.tecunumannii
5	Mazamba	62.04	P. patula & P. oocarpa
6	Kalungulu	328.512	E.grandis, E.saligna, P.patula & kesiya
7	Chikangawa	102.9	P.tecunumannii, P.patula & cedar
8	Champhoyo	262.8	P.kesiya, P.patula, E.grandis, P.Pseudostrobus
9	Nthungwa	218.35	P. kesiya
	Total	1,160.532	

Source: Department of Forestry

3.4.4 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 MK564, 896,885.00 and MK11, 600,000,000.00 respectively. The ORT and FDMF proposed budget for the 2026/27 financial year are MK580, 000,000.00 and MK8, 000,000,000.00. The funding was used for the restoration, conservation and management of forest resources.

3.4.5 Major Achievements for the Sector

The Department of Forestry achieved the following in the 2025/26 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 6,790 hectares of natural forests, particularly on customary land
- iv. Produced 48,510,476 seedlings on customary estates across the country and 4,284,958 seedlings in Government plantations in preparation for 2025/26 national forestry season
- v. Impounded four motor vehicles which have been forfeited to government and confiscated 2,797 bags of charcoal through forestry legislation enforcement

3.4.6 Challenges

The following are some of the key issues hindering implementation of the planned activities

- i. Increased deforestation due to illegal charcoal production, firewood collection and timber sawing, agricultural expansion and human settlement despite efforts to curb the malpractice
- ii. Some courts are issuing lenient punishments to offenders and ordering the release of impounded vehicles without due diligence

Chapter 4

IRRIGATION AND WATER DEVELOPMENT

4.1 Irrigation

4.1.1 Update on Strategic Guiding Documents

The Department of Irrigation has made significant progress in stabilizing agricultural production in the aftermath of climatic shocks such as Cyclone Freddy and El Niño. As of 2025, the Department has developed a total of 156,351 hectares from 154,190 hectares of irrigation area accounting for 38.0 percent of the total national irrigation potential of 407,862 hectares. The Department has also facilitated the rehabilitation and restoration of 3539.6 hectares. In terms of utilization, an average of 80.0 percent of the newly developed and rehabilitated area was cultivated, compared to an average of 65.0 percent in 2024.

The implementation of the National Irrigation Strategy increased the productive utilization of 70,141.25 hectares of smallholder-developed area from 65.0 percent to slightly above 80.0 percent (equivalent to 56,171 ha). Additionally, 14,318 hectares are currently under rehabilitation and is expected to benefit 28,299 farmers. Rehabilitation works are ongoing across several small and medium schemes, including Matoponi in Zomba, Mkawinda in Blantyre, Linga in Nkhatabay, and Wovwe in Karonga. Procurement of 800 portable solar pumps has also been finalised, expected to support irrigation development of 8,000 hectares.

The flagship Shire Valley Transformation Program (SVTP) aims to develop 43,370 hectares. As of the end of the 2024/25 financial year, the intake and the first 6 km of the main canal were completed. The first and second main canals have reached 88.0 percent completion, following an adjustment of the project scope, while the secondary pipelines stand at 15.0 percent completion. Construction of the temporary intake, implemented following damage to the original intake by Cyclone Anna, is now at 70.0 percent, with irrigation expected to commence at Kambadwe Block by 2026.

Under the Program for Rural Irrigation Development (PRIDE), four irrigation schemes totalling 2,753 hectares are currently under construction. To date, five irrigation schemes have been completed, covering 1,065 hectares (Matoponi and Mlooka in Zomba; Lingoni in Machinga; and Marko and Mafinga in Chitipa). Works in progress include:

- i. Chipofya (983 ha), Rumphi at 84 percent completion
- ii. Mzenga (900 ha), Nkhata Bay at 99 percent completion
- iii. Dowa Dambo Lot 1 (160 ha) at 76 percent completion
- iv. Dowa Dambo Lot 2 (400 ha) at 100 percent completion

Under the Agricultural Infrastructure and Youth in Agribusiness Project (AIYAP), a dam and irrigation works for 1,000 hectares were envisioned for Linga in Nkhatabay. The project

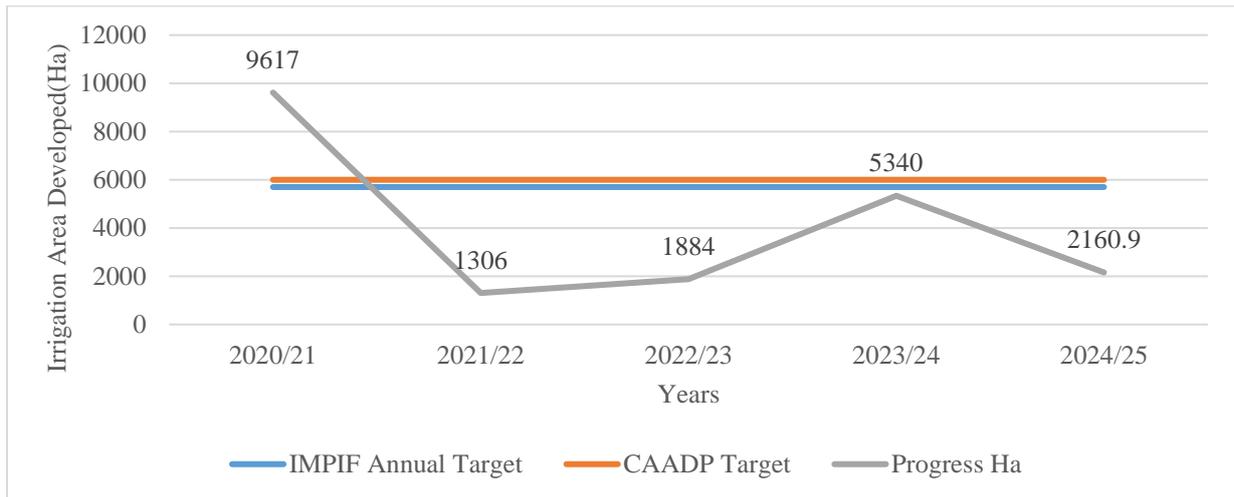
successfully constructed a 15 million m³ capacity dam and developed 592 hectares of irrigated land. Plans are underway to develop the remaining 408 hectares.

Under the Malawi Watershed Services Improvement Project (MWASIP), 376 hectares of land have been developed for irrigation. The completed schemes include Mpoya–Mdere in Machinga; Upilewetu, Mango, and Bilira in Zomba; Tsenjerani in Neno; and Chitseke, Fufule, and Thava in Ntcheu. Average utilisation across these eight schemes stands at 85 percent. Furthermore, feasibility studies and detailed designs for five additional schemes, Mtuwa in Mangochi, Lisanjala and Kazembe in Zomba, Mkulumadzi in Neno, and Kalembo in Balaka, have been completed, forming a pipeline of future investment.

4.1.2 Prospects for 2026/27

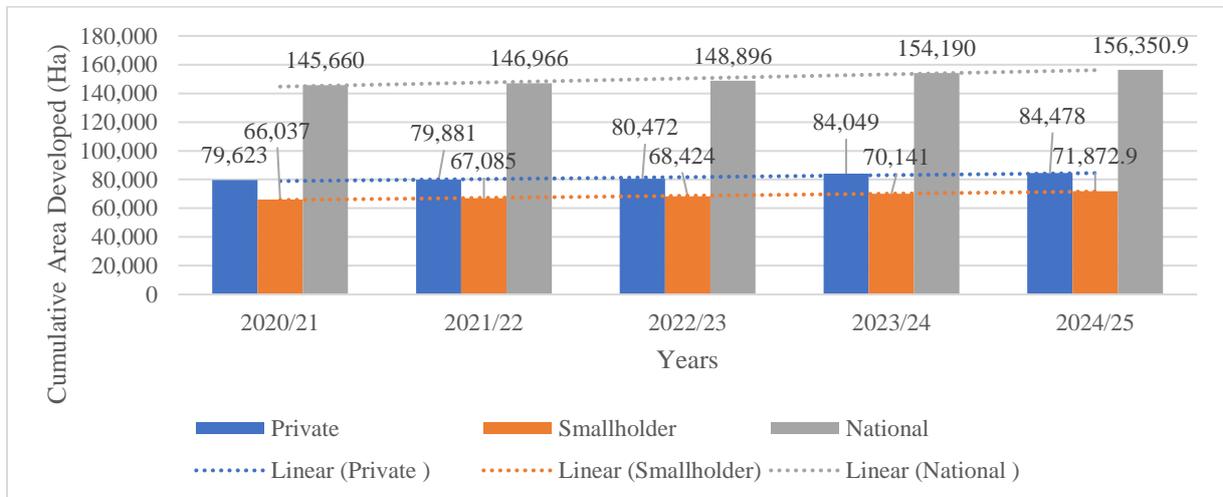
- i. The cumulative developed irrigation area is projected to reach 170,351 hectares
- ii. Major and minor rehabilitation and expansion of irrigation areas will continue for small and medium irrigation schemes across the country, including Matoponi (Zomba), Mkawinda (Blantyre), Linga (Nkhatabay), and Wovwe (Karonga), under the National Irrigation Strategy
- iii. Delivery, distribution, installation and utilisation of 800 Portable Solar Pumps to Irrigation Schemes across the country
- iv. Enhance utilisation of existing and functional irrigation schemes through sensitisation and mobilisation of irrigation organisations for supplemental irrigation and irrigation production
- v. Under SVTP, priority will be the completion of the temporary intake and commencement of irrigation in Kambadwe, Mwanaareinji, and Mantchombe blocks
- vi. Under MFSRP, construction of the following schemes will commence by May 2026: Bwanje (Dedza), Lembani (Neno), Dwambazi (Nkhotakota), and Mpamba (Nkhatabay)
- vii. Under PRIDE, the Department will finalise construction of Chipofya Irrigation Scheme in Rumphu and Dowa-Dambo (Lot 1) in Dowa
- viii. In collaboration with FAO, UNOPS, and ADB, the Department is preparing the Enhancing Climate Adapted Agricultural Productivity through Improved Water Management Project, which will rehabilitate and climate-proof damaged irrigation assets, including Dwale and Mwaiwathu in Phalombe and Austin in Thyolo, heavily impacted by Cyclone Freddy
- ix. With support from JICA, the Department will also rehabilitate and expand Lufilya Irrigation Scheme in Karonga, increasing the irrigation area from 400 to 600 hectares

FIGURE 4.1: IMPIF ANNUAL PROGRESS UNDER PHASE 2



Source: Ministry of Water

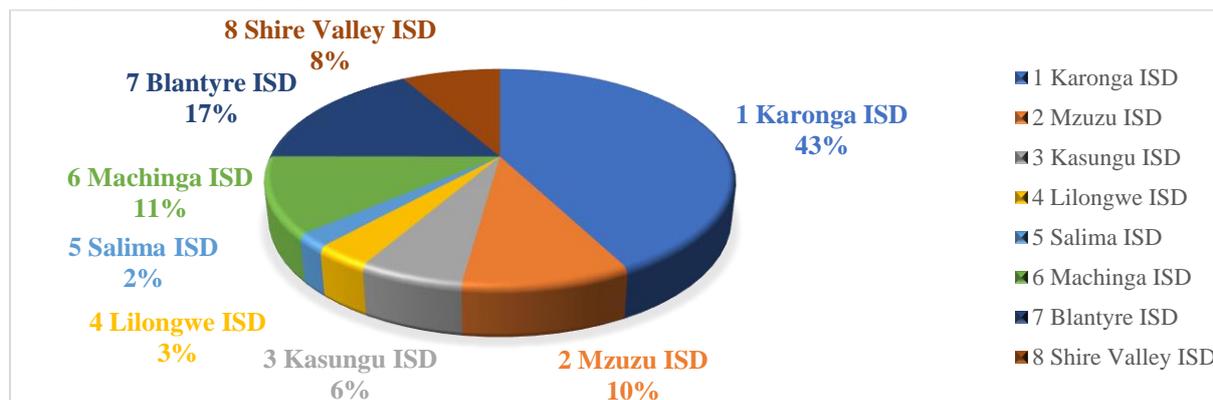
FIGURE 4.2: CUMULATIVE AREA DEVELOPED (NATIONAL, PRIVATE, SMALLHOLDER)



Source: Ministry of Water

In recent years, both smallholder farmers and private estates have experienced steady growth in irrigation development, with private estates notably taking the lead.

FIGURE 4.3: PROPORTION OF IRRIGATION AREA REHABILITATED



Source: Department of Irrigation

4.2 Water Development

The Water Development sector is critical for the sustainable and socioeconomic development of the country, as well as ensuring sustainable, healthy ecosystems and human survival. During the reporting period, the water development 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

The sector implemented various interventions and projects which focused on the provision of sustainable water resources infrastructure, such as the construction of multipurpose dams and other hydraulic structures (including flood protection structures). Water resources monitoring was also emphasized to ensure the capture of accurate information on the condition and trends of the country's water resources (both surface water and groundwater) for socioeconomic development and maintenance of environmental quality. As such, during the period under review, a total of 1,364 drinking water samples, 180 surface water samples for ambient surface water and 176 wastewater samples were collected and analysed, of which 1,228 out of the 1,364 drinking water samples complied with the Malawi Standards for drinking water, 163 out of 180 samples complied with the Malawi standards for ambient surface water and 104 out of 176 wastewater samples complied with the Malawi standards.

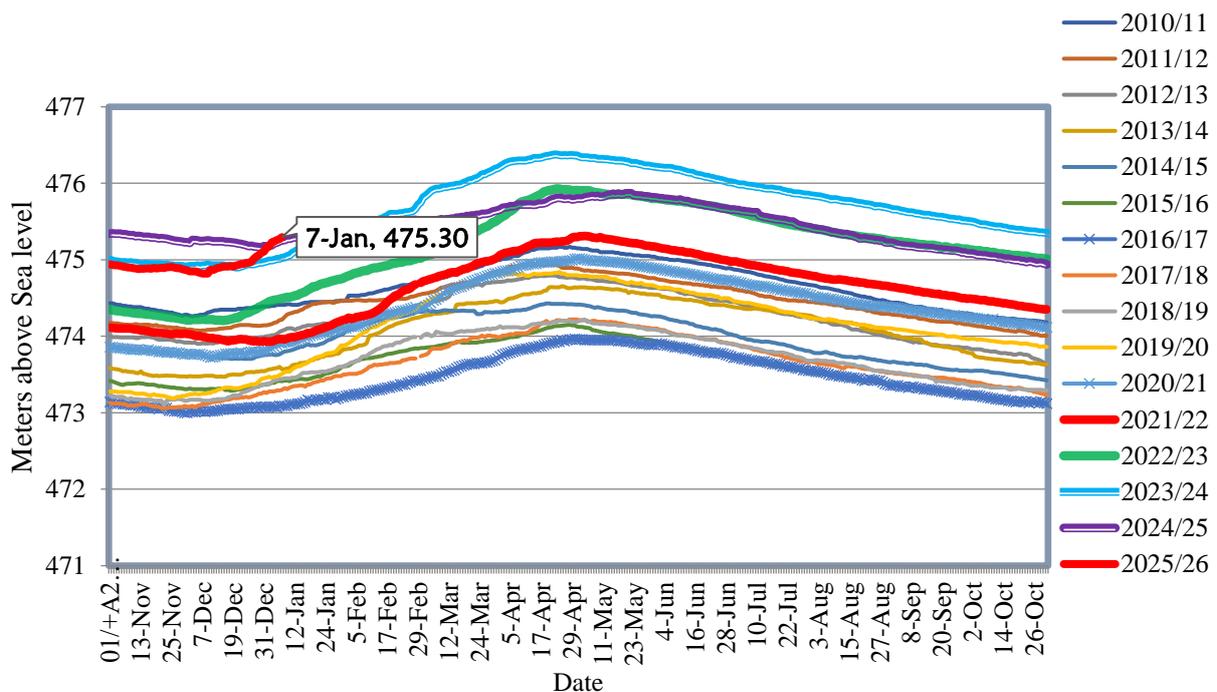
From the results, it was noted that the ambient of surface water systems was at 90.5 from 88.3 percent in 2024, and drinking water was at 90 from 88.7 percent in the previous year. In addition, the compliance rate of wastewater was 59.1 from 46.7 percent. This means that there has been an improvement in compliance with water standards in the country. In addition, it also entails that surveillance or monitoring mechanisms have been enhanced, which will enable well-informed planning for socioeconomic development as well as environmental quality assurance.

Furthermore, the estimated water availability stood at 992 m³/capita/year in 2025, showing a downward trend when compared to the 2024/25 and 2023/24 period, in which it was 1,018 and 1,044.6 m³/capita/ year, respectively. This shows that Malawi is now a water-scarce country because the available water per capita is below 1000 m³/capita/year, a mark that is used to

measure water scarcity of any country based on annual renewable water. As one way of increasing water availability for various productive uses, the sector continues to enhance the efficient operation of the Kamuzu Barrage at Liwonde using the Kamuzu Barrage Operational Model (KABOM) through the National Water Resources Authority (NWRA). KABOM enables the regulation of flow in the Shire River to meet hydropower generation, and other water demands downstream, but also helps to regulate the water level in Lake Malawi to further improve the aquatic weeds management, six tipper trucks have been procured, which are used to ferry the harvested aquatic weeds.

The water levels registered the highest at 475.86 masl in April 2025, and at the time of reporting, January 2026, the water level was at 475.30 masl, as can be observed in Figure 4.4.

FIGURE: 4.4: LAKE MALAWI DAILY MEAN LEVELS SINCE 2010



Source: Ministry of Agriculture, Irrigation and Water Development
As of 7th January 2026

Intensive public awareness on regulations for the construction along Lake Malawi and other water bodies in the country, were undertaken by NWRA especially in view of the past season when some people along the lake were affected by the rising water levels in Lake Malawi. Inhabitants along Lake Malawi were cautiously alerted about the impending lake level rise in the 2025/26 hydrological year.

Bua, and Dwangwa Catchment Management Committees were also established during the reporting period to manage these basins as part of improving the management of this river catchment.

In addition, the water sector, through NWRA continued with its regulatory function. Such that 343 new licenses (for groundwater and surface water) were received, processed and issued as of midyear to various users of water resources. Additionally, 30 licenses for borehole drillers

and companies were renewed and 17 licenses for effluent companies. It is anticipated that this will improve compliance with borehole drilling and effluent discharge standards respectively in the country.

In an effort to increase the availability of water resources for the socioeconomic development of the country, the sector also embarked on the construction of water harvesting structures such as the Kholongo Multi-Purpose Dam in Dowa District. Additionally, the sector is implementing the raising of the Mudi Dam project under the Malawi Water and Sanitation Project, an initiative which will strengthen water security in Blantyre City. In addition, the sector is also undertaking the detailed design of the Lambilambi Dam project through the Northern Region Water Board.

The sector is also involved in the Regional Climate Resilience Programme (RCRP) with funding from the World Bank, which will enhance resilience to water-related climate shocks. Besides, the sector has modernised 12 hydrological stations, which are earmarked to be part of the flood early warning system. These stations will go a long way in supporting the operations of flood early warning systems and general water resources monitoring for socioeconomic development, e.g. provision of hydrological data for the design of water supply, bridges, irrigation, and hydropower stations, among others.

Under the Songwe River Basin Development Programme (SRBDP), the Secretariat of SRBDP, has successfully facilitated the mobilisation of USD 3.70 million from the Multilateral Cooperation Centre for Development Finance (MCDF) to support transaction advisory services and the update of feasibility studies. The appointed transaction advisor will support the identification of a suitable developer for the Lower Songwe Dam and Hydropower Project. In addition to electricity generation, the project is designed to unlock broader socioeconomic benefits, including expanded irrigation farming, improved water supply, and the promotion of tourism development in the basin.

Malawi has also signed a Memorandum of Understanding (MoU) with Mozambique and Tanzania for the joint management and development of the Ruvuma River Basin, a critical transboundary water resource shared by the three countries. The basin provides essential ecosystem services, supports rich biodiversity, and supplies water for a wide range of socioeconomic uses.

As the country continues to experience water scarcity problems, the need for reliable hydrological and groundwater level data becomes more urgent. This will stimulate political commitment and public and private investments, including facilitating informed decision-making at all levels, thereby triggering well-placed investments targeted towards optimum health, environment, and economic gains. A total of 7 groundwater monitoring boreholes have been rehabilitated and will be installed with new loggers that will collect information on water levels and some water quality parameters in Mangochi, Salima, Lilongwe, Mchinji and Ntcheu Districts.

Groundwater levels indicated a decrease in water levels, as evidenced by 88.9 percent of boreholes monitored across the country, which recorded water levels lower than the previous

year. This is a result of the El Niño climate phenomenon that affected the country. The lowest water levels in the year under review were recorded in the months of September, November, December and January. The highest groundwater levels in the monitored boreholes were recorded in the months of February, March, April, June and July.

4.2.2 Rural Water Supply

The National Statistical Office (NSO) estimates that access to potable water supply in rural areas stands at 86.1 percent. During the year under review, the sector continued to implement key water supply interventions aimed at expanding access to safe, reliable, and climate-resilient water services. Notable progress was registered under the Groundwater Extraction for Rural Piped Water Development Project, the Regional Climate Resilience Program for Eastern and Southern Africa Phase 2 (RCRP-2), the Covid-19 Response Mechanism (C19RM), as well as through targeted partnerships and sector reform initiatives. The sector successfully assisted the Zambia-Malawi-TFCA in constructing and commissioning of Nyika-Vwaza water Supply system benefitting 18,000 people. Under Regional Climate Resilience Program for Eastern and Southern Africa Series of Projects 2 (RCRP), activities for rehabilitation of Mfundazi in Neno, Lichenya in Mulanje and Chididi in Nsanje were commenced. Currently, the schemes are at designs stage. In collaboration with the health sector under the Global Fund – COVID-19 Response Project, the sector completed the construction of 214 boreholes in health care facilities in 26 districts across Malawi. This initiative will address the water supply challenges which the facilities were experiencing. The sector further continued with piloting the new model for rural water supply management, i.e. Water Point Committee Direct Provision with Maintenance and Repair Function Delegation, which is currently underway in Kasungu and Dowa.

4.2.3 Urban Water Supply

4.2.3.1 Access to Potable Water Supply in Urban Areas

The National Statistical Office estimates that access to potable water supply in urban areas stands at 97.9 percent. As presented in Table 4.1, during the reporting period, the population covered with safe drinking water in the urban and town centres serviced by the water boards increased by 199,391 representing a 5 percent increment. During the year under review, the Lilongwe Water Board (LWB) registered the highest increment of about 7 percent, followed by Southern and Central Region Water Board, which both registered a 5 percent increment. Blantyre Water Board (BWB) registered the lowest percentage increment of 2 percent. For Southern Region Water Board, the substantial increase in the population served, is attributed to the commissioning of the Makanjira, Zalewa and Mbulumbudzi water supply projects which are expected to reach out to more people with potable water. On the other hand, CRWB attributes their increase in customer base to the new water connection policy which allows customers to procure their own materials.

TABLE 4.1 POPULATION SERVED BY WATER BOARDS

<u>Waterboards</u>	<u>Population Served</u>		<u>Population Increase</u>	<u>Percentage Increase</u>
	<u>2024/25</u>	<u>2025/26</u>		
LWB	1,214,052	1,300,000	85,948	7.1
BWB	1,287,120	1,313,650	26,530	2.1
NRWB	583,470	610,930	27,460	4.7
SRWB	700,000	737,100	37,100	5.3
CRWB	419,598	441,951	22,353	5.3
Total	4,204,240	4,403,631	199,391	4.74

Source: Waterboard Reports 2026

4.2.4 Urban Population Accessing Water within 30 Minutes from Water Source

On average, 97.4 percent of the population is able to access water within 30 minutes from a water source (within Water Board service areas). This is a slight increase from 97.2 percent in 2024. In the current year, as highlighted in Table 4.1, Northern Region Water Board and Southern Region Water Board registered the highest rate at 100 percent, on account of an increase in the number of connections following the various projects aimed at rehabilitation and extension of their respective water supply systems. Furthermore, the respective water boards have engaged in systematic planning, which ensures that kiosks are constructed within a spacing radius of not more than 30 minutes' walk distance. Lilongwe Waterboard registered the least population within 30 minutes of access to improved water sources, pegged at 94.0 percent.

TABLE 4.2 POPULATION WITHIN 30 MINUTES OF WALKING DISTANCE

<u>Water Board</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
LWB	86.4	100	100	94	94
BWB	86	90	92	94	95
CRWB	98	98	98	98	98
NRWB	100	100	100	100	100
SRWB	93	95	98	100	100
Average	92.68	96.6	97.6	97.2	97.4

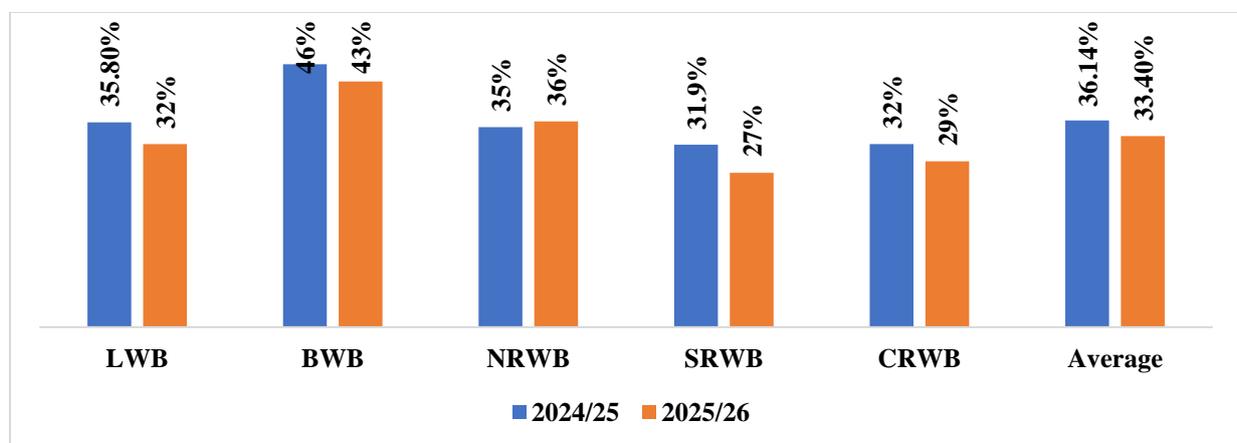
Source: Waterboard Reports 2024

4.2.5 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 NRW is 25.0 percent. In the period under review,

the percentage of NRW on average was 33.4 percent, representing a slight decrease from the previous year's average of 36.1 percent. All the water boards registered a decrease in non-revenue water, with the exception of the Northern Region Water Board, which had a slight increase of 1 percentage point from 35.0 percent in the previous year to 36.0 percent in the current financial year. The decrease in non-revenue water by the various water boards was due to the various initiatives that the boards have been undertaking, such as District Metered Area (DMA) Management which is yielding positive results in piloted DMAs, and replacement of aged distribution pipelines. From the analysis, Southern Region Water Board has the lowest percentage of NRW now at 27.0 percent from 31.9 percent in the previous year. However, none of the water boards have met the recommended international standard. All the water boards, nevertheless, are putting in resources and effort towards the reduction of non-revenue water through maintenance and pipe replacement activities of their distribution lines, as well as the replacement of faulty meters. Figure 4.5 illustrates the levels of NRW for each of the water boards for the 2023/24 and 2024/25 financial years.

FIGURE 4.5 PERCENTAGE OF NON-REVENUE WATER LEVELS IN WATERBOARD



Source: Waterboard Reports 2026

4.2.6 Debtor Days

Debtor days refer to the average number of days it takes for customers to settle their bills with water boards, reflecting the efficiency of billing and debt collection processes. The internationally recommended standard is a maximum of 60 days. During the 2025/26 reporting period, the average number of debtor days across all water boards experienced an increase of 0.6 percent from 163 days in 2024/25 to 163.6 days in 2025/26, with Lilongwe Waterboard meeting the international standard of 60 days for the second consecutive year.

The Southern Region Water Board showed remarkable improvement, reducing its debtor days from 137 in 2024/25 to 110 in 2025/26, making it the best performing in terms of reducing debtor days. This performance underscores the board's efficiency in debt collection and cash flow management. Similarly, Blantyre Water Board reduced its debtor days from 160 to 137, while the Northern Region Water Board and Central Region Water Board saw an increase from 61 to 65 and 397 to 446 days, respectively.

The Central Region Water Board has the highest number of debtor days, way above the recommended standard due to delays in the settlement of water bills, particularly by public institutions such as MDF and hospitals. These delays adversely impact the cash flow of the water boards, affecting their ability to operate efficiently, maintain infrastructure, and reduce non-revenue water.

Water boards continue to implement strategies to address outstanding debts, including the installation of prepaid meters in government institutions and the gradual replacement of postpaid meters. These initiatives aim to further reduce debtor days and enhance the operational efficiency of the water boards.

4.2.7 Sanitation Services

The Sanitation and Hygiene sector made significant progress in the 2025/26 financial year in strengthening the institutional and policy framework. A key milestone was the completion of the review of the National Sanitation and hygiene Policy 2008, with the finalized document now awaiting Cabinet approval. In urban service delivery, the successful transition of waterborne sanitation services from Lilongwe City Council to Lilongwe Water Board has provided a model for reform, with similar transfers now being coordinated for Blantyre City Council.

The sector also secured and initiated implementation of major development partnerships, including the JICA-funded Resilient WASH Implementation Plan and the UK-funded WASH Systems Strengthening for Health Project, aimed at building climate resilience and improving services in targeted districts.

Despite these advancements, the sector continues to face the substantial challenge of low nationwide access to improved sanitation, which, according to the IHS5 (2020), stands at 35.2 percent, highlighting a critical gap to be addressed to achieve the national target of 74.0 percent by 2030.

4.2.8 Prospects for 2026/27 Fiscal Year

In 2026/27 fiscal year, the sector will continue to work towards attaining its goal of water for all. The sector will continue its initiatives towards water resource development and management through catchment protection and the construction of multipurpose dams. Construction of high-yielding boreholes for multipurpose use, construction of water harvesting structures in the form of excavated tanks, and small and medium-sized dams to harness water for productive uses such as water supply, irrigation, and fishkeeping will be continued. Furthermore, through the Department of Water Supply, 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 2026/27 financial year.

For instance, Northern Region Water Board will commence with two projects; the NRWB Water Supply Improvement Project (focusing on installation of solar power plants, and implementation of non-revenue water reduction activities) and the Jenda Water Supply and

Sanitation Project. The board also plans to commence construction of water supply and sanitation works for Rumphi Project. Furthermore, NRW will commence updating of feasibility studies and preparation of detailed designs for Lambilambi Dam. The board will also procure additional water meters to increase new water connections and replace faulty meters and meter batteries to ensure efficient service delivery.

The Southern Region Water Board will focus on improving water supply and production through the implementation of the upgrading and extension of the Liwonde and Balaka towns Water Supply Project, commissioning of the water bottling plant, and completion and commissioning of the Makanjira, Zalewa, Chiradzulu, and Mbulumbudzi water supply projects. In addition, the Board will undertake feasibility studies for the Thuchila Basin Water Supply Project, which is intended to provide sustainable potable water to Mulanje Boma, Thyolo Boma, Luchenza Municipality, Malawi University of Science and Technology, Goliati Trading Centre, and Nkando Trading Centre.

Lilongwe Water Board will continue with initiatives to increase water supply and sanitation through upgrading and extension of water supply and sewerage networks. The Board will also continue with efficiency improvements in water treatment and wastewater treatment plants and NRW reduction measures. The Board will also expand its customer base through targeted densification of networks in low-income and underserved areas, increase production capacity by commissioning TWIII to add 50,000 cubic meters per day, and improve operational efficiency through institutional modernization and infrastructure maintenance.

In the case of the Blantyre Water Board, the Board will continue implementing activities under the Malawi Water and Sanitation Project 1. Under this project, the Board plans to continue with the finalization of two consultancy services: the Development of Dam Safety Management Plan (DSMP) and the detailed design for rehabilitation works of Mudi Dam as well as consultancy services for the Mulanje dam, Mombezi multipurpose dam and associated structures. The Board also plans to carry out construction and rehabilitation works including the following: construction of solid waste recycling facility, engineered landfill in Blantyre City, Blantyre water supply network upgrades, as well as rehabilitation of the sewerage system and priority sewerage investments in Blantyre City. Furthermore, the Board plans to develop water supply, sanitation, and hygiene investment plans, bills and regulations. The Board will also undertake water sector reform activities, and institutional capacity development activities.

Central Region Water Board will continue with construction and rehabilitation works for the following projects: Kholongo multipurpose dam for the Mponela and Madisi water supply scheme project which is planned for completion in February 2026, the rehabilitation and expansion of the Dowa Water Supply System, the rehabilitation and expansion of Salima Town Water Scheme and finally the rehabilitation and upgrading of Ntchisi Water Supply Scheme. Furthermore, the Board plans to undertake rehabilitation works for 28 boreholes in various schemes, installation of new water connections, upgrading of Mchinji Water Supply System and replacement of 6,435 aged and stuck water meters in all schemes. The Board will also develop 6 new boreholes in Kasungu (2), Dedza (2) and Mchinji (2) schemes.

4.2.9 Challenges Experienced in the Sector

The water sector faced critical challenges during the period under review, primarily centred on financial, operational, and climate related issues. Insufficient and delayed funding for infrastructure development, operation and maintenance activities affected implementation timelines and system sustainability. Operational inefficiencies, including aging infrastructure and delays in rehabilitation works, disrupted service delivery. Additionally, weak operation and maintenance capacity at district and community levels constrained the functionality of some systems and climate change effects exacerbated resource limitations, threatening the sustainability of water resources.

Policy and governance challenges also affected the sector, with outdated frameworks delaying responsiveness to emerging needs. However, this challenge is being addressed through sector reforms and the ongoing review of the Water Works Act and Water Resources Act. Despite these challenges, the sector remains committed to improving service delivery through targeted reforms and enhanced resource management.

Chapter 5

TRANSPORT AND PUBLIC INFRASTRUCTURE

5.1 Overview

This chapter reviews the performance of the transport and public works sector whilst further highlighting the major activities carried out in the 2025/26 fiscal year and projecting expected performance for the 2026/27 fiscal year.

Scarcity of foreign exchange and persistent fuel shortages significantly affected the performance of the sector as it resulted in delays in the completion of works with additional negative financial implications. To sustain infrastructure works, the sector requires a stable availability of foreign exchange for importation of raw materials and consistent supply of fuel used for operations of plants and machinery.

5.2 Road Infrastructure Programmes

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

5.2.1 Performance in 2025

The total value of the ANRP for the 2025/26 financial year was MK316.62 billion of which MK288.62 billion was allocated to development programmes and MK28.00 billion to recurrent programmes.

TABLE 5.1: ANRP BUDGET

<u>Programme</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Recurrent Programmes	63,000	57,878	57,813	28,000
Development Programmes	111,050	65,349	218,663	288,617
Total	180,089	130,712	276,475	316,617

Source: Annual National Roads Programme (Roads Authority)

5.2.1.1 Recurrent Programmes

Recurrent programmes consist of activities which are recurrent in nature and are meant to preserve the road infrastructure investment. These activities are normally carried out within one financial year and are categorised into planning and design services and recurrent and periodic road maintenance works.

5.2.1.1.1 Planning and Design Services

Planning and design services are conducted to inform viability, affordability and sustainability of road projects in the country. Such services include feasibility and detailed engineering design services, research and development activities as well as various road sector studies on traffic counts and road conditions among others.

During the financial year, the Authority commenced feasibility and detailed engineering design services for the following key road projects, among others:

- i. Capacity Improvement of the M001 Road from M001/ Lali Lubani Road Junction to M001/ Chidzanja Junction in Lilongwe
- ii. Periodic Maintenance / Rehabilitation of Blantyre-Lilongwe M001 Road Section from Lunzu Bridge-Zalewa in Blantyre
- iii. Upgrading of Namwera-Idrussi-Katuli Road to Bitumen Standard (T386/T387) in Mangochi
- iv. Upgrading of Chipini-Machinga Road to Bitumen Standard in Zomba and Machinga districts
- v. Upgrading of Msundwe-Chileka-Majiga-Kasiya (T345/D184) Road in Lilongwe
- vi. Upgrading of Nkhoma-Mayani-Dedza (T374) Road in Dedza
- vii. Upgrading of Kapirinkhonde (Junction with M009)-Kamguzi-Mpata (Junction with M026) (S101) Road in Chitipa and Karonga districts
- viii. Upgrading of Santhe-Mkhota-Kapiri (D164/D163) Road in Kasungu and Mchinji Districts
- ix. Upgrading of Njakwa-Phwamphwa (T305) Road in Rumphi District
- x. Upgrading and Construction Supervision of Matutu-Bua-Nambuma (S115/S116) Road in Dowa
- xi. Upgrading of Ntcheu-Tsangano-Neno-Mwanza (S135/T396/T397) Road in Ntcheu, Neno and Mwanza Districts

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

- i. Armaseal – a rapid setting water-based polymer bitumen emulsion that preserves the condition of a surfaced road by preventing aggregate loss and unravelling thereby slowing down the deterioration rate. It was applied on 14th September 2022 on two trial sections along the M018 Chinkhoma-Kamwendo Road approximately 17 km from Santhe in the direction of Chinkhoma (towards M001). Following the successful performance of these trial sections, the Authority intends to adopt the product and documentation is being prepared for funding, procurement and execution of the armaseal.
- ii. Claylock – a non-conventional liquid biodegradable soil stabilising agent. The trial section which is on the S137 (Chileka-Mpatamanga road) was laid on 12th April 2022 and has been under a two-year monitoring period withstanding two rainy seasons. The Authority, through the Research and Development Unit engaged

Malawi University of Business and Applied (MUBAS) to carry out field and laboratory verification tests.

- iii. Ecoroads – a water-soluble bio enzyme-based soil stabilization product. A trial section which is on the access road to Area 21 Health Centre in Lilongwe was laid on 6th July 2023 and is under a two-year monitoring period. The Research and Development Unit engaged Central Materials Laboratory of the Ministry of Transport and Public Works to carry out field and laboratory verification tests before preparing the final assessment report.
- iv. Claycrete – a chemical stabilizer that alters the ionic charge of clay platelets, reducing the material’s hygroscopic properties. A trial section was laid on 5th December, 2023 on the S123 Road. The trial section is roughly 500 meters long and will be monitored for two years.

The Research and Development Unit engaged Central Materials Laboratory of the Ministry of Transport and Public Works which carried out post rainy season tests and field and laboratory verification tests.

- i. Road Marking Paint –Thermo-plastic road marking paint from Rainbow Paints was applied at two locations namely (a) at the junction of the Lilongwe-Mchinji M012 road with the Lilongwe Old Airport-Santhe (S117) Road and at (b) Zamkutu Trading Centre along the Joyce Banda Highway to test the product durability and function and is under continuous monitoring before it is adopted by the sector.
- ii. Plastic Signs – Plastic signage materials, resistant to vandalism and corrosion, have been installed as a sustainable alternative to steel signs. Specifically, these signs have been erected along Mzimba and John Chilembwe roads in Lilongwe City, as well as along the M001 and M005 roads near Mzuzu Shoprite in Mzuzu City as a pilot to curb vandalism. The signs have been monitored and the final inspections were conducted.

5.2.1.1.2 Road Maintenance Programmes

Road maintenance works are essential for ensuring that roads remain passable throughout the year. Effective road maintenance extends infrastructure lifespans, minimises disruptions while ensuring road safety and ultimately contributes to sustainable economic growth and development. The recurrent road maintenance programmes are funded by the fuel levy and road user charges. The total approved budget for the recurrent road maintenance programme was MK 26.5 billion of which MK 15.95 billion was committed towards grading and reshaping works.

Due to financial challenges in the 2023/24 and 2024/25 financial years, procurement and implementation of works was delayed resulting in the Authority still implementing carry over works from the two financial years as presented in Tables 5.2 and 5.3.

TABLE 5.2: ROAD MAINTENANCE PROGRAMMES, BUDGET, COMMITMENT AND CERTIFICATION (2024/25 FINANCIAL YEAR)

<u>Road Maintenance Programme</u>	<u>Approved Budget (MK' Million)</u>	<u>Revised Budget (MK' Million)</u>	<u>Total Commitment (MK' Million)</u>	<u>Total Certification (MK' Million)</u>
Grading / Reshaping	4,369.6	4,369.6	15,942.90	8,222.9 ³
Total	4,369.6	4,369.6	15,942.90	8,222.9

Source: Ministry of Transport and Public Works

TABLE 5.3: ROAD MAINTENANCE PROGRAMMES, BUDGET, COMMITMENT AND CERTIFICATION (2025/2026 FINANCIAL YEAR CARRY OVERS)

<u>Road Maintenance Programme</u>	<u>Approved Budget (MK' Million)</u>	<u>Revised Budget (MK' Million)</u>	<u>Total Commitment (MK' Million)</u>	<u>Total Certification (MK' Million)</u>
Cyclic Maintenance	2,407.8	2,407.8	2,401.39	1628.61
Repair of major drainage structures	1,729.8	1,729.8	382.03	187.42
Sectional Periodic Maintenance of Paved Roads	4,326.5	4,326.5	3,005.00	1,383.19
Sectional Rehabilitation of Paved Roads.	970.8	970.8	940.57	3000.00
Replacement of Timber and Bailey Bridges with Concrete Decks	884.6	884.6	271.97	0
Special Upgrading			89,601.8	6,593.79 ⁴
Total			96,602.76	9,793.01

Source: Ministry of Transport and Public Works

³ Grading was a special request from government.

⁴ MK 2,156,061,394.53 was paid on M001 periodic maintenance under the TAAI Dedza Loop Contract

TABLE 5.4: ROAD MAINTENANCE PROGRAMMES, BUDGET, COMMITMENT AND CERTIFICATION (2023/2024 FINANCIAL YEAR CARRY OVERS)

Road Maintenance Programme	Approved Budget (MK' Million)	Revised Budget (MK' Million)	Total Commitment (MK' Million)	Total Certification (MK' Million)
Cyclic Maintenance	5,044	5,044	2,876.75	2,291.85
Pothole Patching on Paved Roads	2,425	2,425	2,035.43	1,612.41
Accident Spots Improvement	390	390	179.40	142.69
Repair of major drainage structures	1,758	1,758	3,228.69	1,623.67
Replacement of Timber and Bailey Bridges with Concrete Decks	1,106	1,106	554.34	585.94
Spot gravelling	120	120	35.99	-
Embankment Formation	117	117	100.14	63.42
Total	10,960	10,960	9,011	6,320

Source: Ministry of Transport and Public Works

5.2.1.2 Special Road Programmes

Special Road Programmes targeted the following sections; however, no works were conducted due to financial constraints:

- i. M1 and M010 sectional rehabilitation
- ii. Municipal Council (Luchenza, Karonga, Kasungu, Mangochi)
- iii. City roads programme (Blantyre and Lilongwe)
- iv. City roads programme (Zomba and Mzuzu)
- v. Capacity improvement of Kenyatta Road and Mzimba street
- vi. Urban Areas Improvements Phased Approach (Salima, Dedza, Mzimba Boma, Ntcheu, Chikwawa, Chitipa, Nkhotakota)

5.2.1.3 Development Programmes

The proposed 2025/26 financial year budget for development programmes was MK 288.62 billion, of which MK177.00 billion was to be secured from development partners and MK 160.62 billion for Malawi Government counterpart financing and wholly Malawi Government funded projects. The approved budget however only reflected the Malawi Government contribution as presented in Table 5.6.

TABLE 5.6: DEVELOPMENT PROGRAMMES BUDGET 2025/26 (MK' MILLION)

<u>Programme</u>	<u>Development Partners</u>	<u>Government of Malawi</u>		<u>Total Development Budget</u>
		<u>Co-financing</u>	<u>Wholly Funded</u>	
Upgrading/ Construction	-	-	99,217	99,217
Periodic Maintenance/ Rehabilitation	-	25,500	11,300	36,800
Feasibility studies and designs			8,022	24,600
Total	128,273	24,100	90,390	160,617

Source: Ministry of Transport and Public Works

The road sector however is implementing projects with support from a consortium of development partners, including the World Bank, African Development Bank, European Union, Kuwait Fund for Arab Economic Development (KFAED), Saudi Fund, Arab Bank for Economic Development in Africa (BADEA), OPEC Fund for International Development (OFID), Government of Japan, and the People's Republic of China.

Table 5.7 provides actual physical completion of road works against planned coverage for all the development programmes for the period April to December 2025.

TABLE 5.7: PLANNED DEVELOPMENT PROGRAMMES VS. ACTUAL PROGRESS

<u>Programme</u>	<u>Planned Coverage (km)</u>	<u>Annual Progress (km)</u>	<u>Progress to Date</u>	<u>Percent Progress to Date</u>
Upgrading/ Construction	80	40.1		50
Capacity Improvement	20	6		30
Rehabilitation	145	184		127
Total	245	116		47

Source: Roads Authority

5.2.1.4 Road Upgrading and Construction

By December 31 2025, 20 km of the planned road projects had been upgraded and constructed against a target of 80 km. The projects under this programme included the upgrading of Ntcheu-Tsangano Phase 2, Chitipa-Ilomba, Rumphi-Nyika, Lirangwe-Chipini, Linthipe-Lobi, Dzaleka-Ntchisi-Malomo, Chimwaza-Nambuma, Thuchira bridge, Chiringa-Muloza, Mtangatanga turnoff-Eswazini-Mtantha and Embangweni-Edingeni-Engalaweni roads. The 20 kilometres realised during the period under review is mostly attributed to the upgrading of Lirangwe-Chipini and Rumphi-Nyika roads.

5.2.1.5 Periodic Maintenance and Rehabilitation

Projects under this programme included the rehabilitation of the M001 sections of KIA-Kasungu-Mzimba turn off and Kacheche-Chiweta funded by the European Union and the European Investment Bank. With support from the AFDB and OPEC Fund, the programme also provided for the rehabilitation of the Kaphatenga-Nkhotakota-Dwanga M005 section and the M001/M008 road sections from Nsipe through Chingeni to Liwonde with funding from the AFDB and the OPEC Fund.

Progress on these projects was mostly affected by delays in the relocation of services. However, substantial progress was registered on all M001 road projects.

5.2.2 Challenges

- i. Delays in payment to contractors and consultants
- ii. Delays in processes of relocating buildings and project affected persons
- iii. Scarcity of foreign exchange as such contractors are facing challenges on imported key inputs such as bitumen and fuel
- iv. Prolonged rainfall which prolonged implementation timeframes
- v. Continued encroachment into the road reserve
- vi. Continued vandalism of road furniture especially armco culverts and street lights

5.2.3 Outlook for 2026

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

- i. Rehabilitation of the M001 road from Nsipe to Chingeni and the M008 road from Chingeni to Liwonde with funding from the African Development Bank together with the European Union
- ii. Rehabilitation of the M003 road from Liwonde to Matawale with funding from the World Bank
- iii. Construction of 8 bridges on the Mangochi-Makanjira road with funding from the World Bank
- iv. Upgrading of the Mangochi-Makanjira road with funding from the Saudi and OPEC Fund for the first two lots
- v. Capacity improvement of the Kaunda and Chendawaka roads in Lilongwe
- vi. Upgrading of the Rumphi-Nyika road

All the feasibility studies and detailed engineering designs that are ongoing in the 2025/26 financial year are set to be completed by the end of the 2026/27 financial year. The impact of road programmes is reflected on the condition of the road as presented in Table 5.8.

TABLE 5.8: ROAD CONDITION OF PAVED NETWORK 2011 TO 2022

<u>Condition</u>	<u>2011</u>	<u>2014</u>	<u>2022</u>	<u>Strategic Action</u>
Good Km (%)	2,447 (40%)	1,639 (38%)	693.44 (14.79%)	Routine Maintenance
Fair Km (%)	1,346 (33%)	1,725 (40%)	3,152.26 (67.22%)	Periodic Maintenance
Poor Km (%)	286 (7%)	949 (22%)	843.39 (17.99%)	Rehabilitation
Total	4,079 (100%)	4,312 (100%)	4,689.09(100%)	
Km (%)				

Source: Road Condition Surveys (Roads Authority)

Insufficient maintenance funding has led to a decline in the proportion of paved roads in good condition, while those in poor condition have increased correspondingly.

5.3 Road Traffic and Safety Services

The section below provides an annual summary of achievements and the 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. It also provides civic education to ensure well-coordinated, efficient, reliable, safe and sustainable road transport system.

5.3.1 Performance in 2025/26

5.3.1.1 Revenue Performance

By the end of October 2025, the Directorate generated revenue amounting to MK10,285,748,486.00 against the annual target of MK16,172,362,197.57. This represents a 64 percent performance against the annual revenue target. In the year under review, the Directorate had no funding from vehicle road tax collected as fuel levy (which DRTSS only accounts for), as well as funds from the Roads Fund Administration (RFA) to support a range of road safety interventions.

TABLE 5.9: REVENUE PERFORMANCE (MK' 000)

<u>Revenue Source</u>	<u>2023/24</u> <u>(Target)</u>	<u>2023/24</u> <u>(Actual)</u>	<u>2024/25</u> <u>(Target)</u>	<u>2024/25</u> <u>(Actual)</u>	<u>2025/26</u> <u>(Target)</u>	<u>2025/26</u> <u>(Actual)</u>
Revenue from	11,213	9,280	12,109	12,182	16,172	10,285
Road Traffic and						
Safety Services						
Vehicle Road Tax	5,580	2,009	5,580	0	5,580	0
Collected as						

Fuel Levy						
Contribution from	1,000	1,000	1,000	0	1,000	0
Roads Fund						
Administration						
Total	17,796	2,289	18,189	12,182	22,752	10,285

Source: Ministry of Transport and Public Works

Revenue performance was achieved without receipts from vehicle road tax collected as fuel levy and contributions from the Roads Fund Administration (RFA), which traditionally support enforcement operations and road safety programmes. The absence of these funding streams in the 2024/25 financial year constrained both operational reach and service expansion, thereby limiting the Directorate’s full revenue potential.

Nevertheless, revenue performance benefitted from recent operational improvements and reform initiatives undertaken by the Directorate. Notably, the renewal of weighbridge certification by the Malawi Bureau of Standards (MBS) enabled weighbridge stations to resume full-scale operations following certification lapses experienced in the previous year. This intervention significantly improved enforcement effectiveness and revenue collection from overload penalties.

In addition, the Directorate continued implementing institutional and system reforms aimed at strengthening revenue assurance. These included intensified enforcement activities, deployment of mobile weighing equipment, and preparatory works towards integrating weighbridge systems with the core Malawi Traffic Information System (MalTIS). The Directorate also progressed the establishment and operationalisation of Vehicle Inspection Stations (VIS) in Karonga, Mangochi, and Ngabu (Chikwawa), implemented in collaboration with the Plant and Vehicle Hire and Engineering Services (PVHES) Department. These stations are expected to improve access to Certificate of Fitness (CoF) services and expand the Directorate’s revenue base over the medium term.

Despite these gains, revenue performance continued to be affected by structural challenges, including non-integration of Traffic MalTIS with the core MalTIS, which weakens enforcement of penalties and enables offenders to evade settlement of obligations. Further challenges were noted in monitoring and enforcing statutory levies from insurance companies, number plate importers and embossers, and private vehicle testing service providers.

To mitigate these challenges, the Directorate intensified reforms aimed at system integration, digitization, and revenue assurance, including planned linkage of weighbridge systems, VIS operations, insurance entities, and number plate embossers to the core MalTIS platform, alongside the continued expansion of e-enforcement and mobile MalTIS services.

5.3.1.2 Vehicle Population

As of December 2025, the number of active vehicles in the Malawi Traffic Information System (MalTIS) was 381,945 with a further 31,167 motorcycles.

TABLE 5.10 MOTOR VEHICLE AND MOTORCYCLE POPULATION

<u>Vehicles</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Number of New	50,964	23,280	32,275	17,078	20,427	27,004
Vehicles Registered						
Total Vehicle Population	288,885	312,165	344,440	361,518	382,141	409,745
Total Motorcycle Population	18,839	21,073	24,773	27,766	31,167	40,695

Source: Ministry of Transport and Public Works

Note: Figures cover the period up to 18th December 2025

5.3.1.3 Protection of Road Infrastructure Enhanced

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 2026/27 financial year. The station will be very crucial for the M5 road which is in poor condition and continues to deteriorate.

Construction of Kalinyeke Weighbridge Station under the Roads Fund Administration commenced but has stalled due to financial constraints. This station is being constructed on both sides of the road in line with the regional regulations and the Tripartite Transport and Transit Facilitation Program (TTTFP). 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 and TTTFP.

The Directorate has also procured 4 portable weighing scales using resources from the Southern Africa Trade and Connectivity Project (SATCP) financed by the World Bank.

Table 5.11: Levels of Overloading

<u>Vehicle</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
Weighed	204,587	75,768	146,744	109,846	154,954
Overloaded	-	-	2,954	3,217	4,571
Degree of Overload (Percent)	3.2	3.1	2.01	2.9	2.9

Source: Ministry of Transport and Public Works

*Figures cover the period up to November 2025

5.3.1.4 Establishment of Satellite Offices

The Directorate intends to bring services closer to the people by establishing satellite offices in strategic districts across the country. Four sites were identified in Mzimba, Kasungu, Salima, and Mulanje and these will complement the already existing sites in Mangochi, Karonga, and Ngabu which are currently operational and offering services such as biometrics, entity enrollment, eye test, driver's license renewals, vehicle applications, document issuing and COF issuance.

5.3.1.5 Road Safety Situation

In the first quarter of 2025, Malawi experienced a reduction in road traffic accidents compared to the same period in 2024. 940 road traffic incidents were recorded in 2025, marking a decline from 979 incidents in 2024, reflecting an overall decrease of 4 percent. Among the 940 accidents reported, there were 177 fatalities, 53 serious injuries, 420 minor injuries, 289 cases of property damage, and 1 incident involving an animal. The accidents mentioned above resulted in the deaths of 194 people, which is an increase of 7 percent from the 181 people who lost their lives in 2024. Out of 194 road users killed, 85 were pedestrians, constituting 44 percent. In addition, 55 passengers, 22 pedal cyclists, 21 motorcyclists, and 11 drivers were killed.

TABLE 5.12: ROAD SAFETY STATISTICS

<u>Year</u>	<u>Fatal</u>	<u>Serious</u>	<u>Minor</u>	<u>Damages</u>	<u>Animals</u>
2025	177	53	420	289	1
2024	373	113	974	658	6
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 March 2025

5.3.2 Challenges

The following were some of the challenges faced in the 2024/25 financial year:

- i. Non-linkage of Traffic MaltIS and core MaltIS affects revenue collection as there is revenue lost through unpaid tickets and failure to track offenders.
- ii. Budget expenditures have been negatively impacted by a sharp increase in the cost of services and raw materials required to maintain DRTSS operations.
- iii. Foreign exchange shortages affected consistency in availability of key operational equipment such as security papers and blank cards.
- iv. Delays in procurement processes.

5.3.3 Outlook for 2026

In 2026, the Directorate plans to undertake the following to counter some of the challenges faced as well as improve efficiency and effectiveness of service delivery.

5.3.3.1 Construction of Dwangwa Weigh Station in Nkhotakota

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

5.3.3.2 Dedza-Kalinyeke Weighing Station

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

5.3.3.3 Construction of Other Weighbridges

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

5.3.3.4 DRTSS Satellite Offices (Rehabilitation of Offices)

Works to rehabilitate the identified existing offices in Kasungu, Mzimba, Salima, and Mulanje will commence in the 2026/27 financial year including procurement of various equipment for the stations. The contractors have been identified and are awaiting award of contracts after vetting from Government Contracting Unit and Ministry of Justice.

5.3.3.5 Expansion of E-Enforcement Programme

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

5.3.3.6 Construction of DRTSS Head Office and Lilongwe Regional Offices

Land was identified along the Lumbadzi-Lilongwe Road for the construction of the DRTSS Office Park to accommodate the headquarters and Lilongwe regional office. Currently, the Directorate is working on payments for compensations for the land. In the year 2026/27, the plan is to complete designs for the office buildings and procure a contractor.

5.3.3.7 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.

5.4 Civil Aviation

Reforms in the civil aviation subsector aimed at clearly separating operational, regulatory, and policy functions were substantially completed during the period under review. These reforms were intended to strengthen governance, enhance oversight, and improve the efficiency and quality of air transport services.

The institutional restructuring addressed long-standing limitations in the oversight function that arose from the previous arrangement, where regulatory and operational roles were housed within the same institution. The expected outcome of these reforms is improved compliance with international aviation standards, enhanced safety and security oversight, and more efficient provision of air transport services.

5.4.1 Performance in 2025/26

5.4.1.1 Restructuring of the Air Transport Industry

Following the operationalization of the Civil Aviation Authority (CAA) on 23rd October 2023, the civil aviation subsector now operates under a clearly defined institutional framework. Under this arrangement:

- i. The Civil Aviation Authority (CAA) serves as the regulatory body, responsible for safety oversight, security, economic regulation, and compliance with international civil aviation standards and recommended practices.
- ii. Airport Developments Limited (ADL) acts as the operator, with an expanded mandate to manage, operate, and develop all public aerodromes in the country, including airports, airfields, and airstrips.
- iii. The Department of Civil Aviation (DCA) remains the policy holder and policy maker, responsible for aviation policy formulation, strategic planning, and coordination within the Ministry.

Processes to fully restructure the Department of Civil Aviation (DCA) to focus exclusively on aviation policy functions are ongoing. As part of this transition, there are plans to permanently recruit and deploy human resources to the respective institutions—namely the Civil Aviation Authority (CAA) and Airport Developments Limited (ADL)—in line with their mandates, ensuring that skills and competencies are aligned with operational, regulatory, and policy requirements. This approach is expected to enhance institutional stability, accountability, and efficiency across the civil aviation subsector.

In parallel, the Civil Aviation Authority (CAA) has been developing aviation regulations and associated guidelines to support its role as the national regulator. These regulatory instruments are intended to provide clear, standardized, and internationally aligned guidance to industry

stakeholders, thereby strengthening safety oversight, regulatory compliance, and effective supervision of air transport activities in Malawi.

5.4.1.2 Passenger Traffic in 2025

There was an increase in departing passenger traffic levels in 2025, from that of 2024, between Chileka and Kamuzu International Airports, whereby the total traffic figures increased by 6 percent from 244,664 in 2024 to 260,157 excluding the month of December.

The increase in passenger traffic was driven by higher aircraft movements, increased passenger loads, and the expansion of connectivity through code-sharing agreements, which enhanced access to regional and intercontinental destinations. The passenger numbers are expected to continue increasing in the medium term as Malawi operationalises Bilateral Air Service Agreements (BASAs) recently initialled with countries such as the Democratic Republic of Congo (DRC) and Rwanda. These agreements are expected to facilitate the introduction of additional flights and routes, further strengthening Malawi’s air transport connectivity and passenger throughput.

5.4.1.3 Revenue Performance in 2025

Aeronautical revenues collected between January and November 2025 amounted to MK 14.10 billion, higher than MK 3.80 billion collected over the same period in 2024. This revenue comprises passenger fees and Airport Development Charge (ADCs). The strong revenue growth was primarily driven by increased passenger and aircraft traffic, and enhanced collection of Airport Development Charges (ADCs) for both domestic and international passengers.

The Malawi–South Africa route continued to perform strongly, supported by sustained operations of Airlink, in response to consistently high passenger demand. In addition, continued and stable operations by Ethiopian Airlines and Kenya Airways on key regional and international routes contributed significantly to overall passenger throughput and aeronautical revenue growth.

TABLE 5.13 PERFORMANCE OF CIVIL AVIATION

<u>Item</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Passengers	435,872		244,664	260,157
Freight (KGs)	5,265		294,534	
Number of flights	9,006		9102	9305
Revenue (‘Million)	3,732	5,100	3,822*	14,157*

Source: Ministry of Transport and Public Works

*Figures cover period up to November 2025

5.4.2 Challenges

Foreign exchange shortages continued to pose a significant challenge to the civil aviation subsector. Persistent constraints in the availability of forex, compounded by the unintended effects of currency devaluation, have continued to reduce the attractiveness of the Malawi market to international airlines. Airlines operating in Malawi face ongoing difficulties in remitting revenues and statutory charges, which affects operational planning and route sustainability.

In particular, the remittance of aviation-related fees, including landing and navigation fees, remains a notable concern. These challenges have implications for airline confidence, cost recovery, and the overall financial performance of aviation service providers. Government will therefore continue to engage in dialogue with airlines, financial institutions, and other key stakeholders to explore practical measures that facilitate timely remittance of proceeds and fees, while safeguarding the stability of the aviation sector.

5.4.3 Outlook for 2026

5.4.3.1 Development of the New Mzuzu Airport

The feasibility study for the development of a new Mzuzu Airport, which was initially planned to commence during the 2025/26 financial year with funding from the Government of Malawi and the Arab Bank for Economic Development in Africa (BADEA), did not commence as scheduled due to funding constraints.

Although procurement processes were largely completed, the project stalled following delays in securing the required financing. Consequently, the project is currently under re-evaluation, with efforts underway to reassess the project scope and identify alternative funding sources to enable the implementation of the feasibility study in the medium term.

5.4.3.2 Rehabilitation of Mzuzu Airport

Rehabilitation of the existing Mzuzu Airport, which commenced in 2024, recorded significant progress during the period under review. The extension and upgrading of the runway to accommodate larger aircraft, including Bombardier Q400-type aircraft operated by Malawi Airlines, has been successfully completed.

As part of preparations to resume commercial operations, Mzuzu Airport successfully conducted a flight test on 10th October 2025, operated by Malawian Airlines using a Bombardier Q400 aircraft. This test flight marked a major milestone following extensive rehabilitation works and regulatory inspections aimed at restoring the airport to operational standards after a period of inactivity, and represents tangible progress in fulfilling the Government of Malawi's commitment to reviving regional air transport infrastructure.

The runway rehabilitation is being complemented by the installation of modern communication and network equipment. However, minor works remain outstanding in the terminal building and the VIP lounge. Completion of these remaining works will enable the full conclusion of

the project and facilitate the resumption of scheduled commercial flight operations at Mzuzu Airport.

5.4.3.3 Modernization of Kamuzu International Airport (KIA)

Resources have been allocated towards the modernization and upgrading of Kamuzu International Airport (KIA) to enable the airport to meet international airport certification requirements in accordance with applicable ICAO Standards and Recommended Practices (SARPs). The modernization programme is being implemented in phases, with each phase prioritised based on safety, operational criticality, and certification requirements.

The scope of the modernization programme includes the construction, upgrading, and certification-related improvements of key airport infrastructure and facilities, namely: runways, taxiways, aprons, a passenger terminal building of approximately 30,000 square metres, a VVIP terminal building of approximately 4,000 square metres, a cargo terminal building, an administration block of approximately 8,000 square metres, a fire and rescue station, a control tower, and an inflight catering facility.

During the period under review, the terminal building entrance canopy was successfully completed, marking a key milestone under the phased implementation approach led by Airport Developments Limited. In parallel, the Civil Aviation Authority has been conducting regulatory assessments and oversight activities to address Priority Questions (PQs) identified through certification and compliance evaluations. These assessments are aimed at improving the effective implementation level of safety, security, and operational requirements, thereby progressively advancing Kamuzu International Airport's readiness for international airport certification.

The phased execution of the modernization programme, coupled with targeted resolution of certification-related gaps, is expected to enhance compliance with international standards and support the eventual designation of Kamuzu International Airport as a fully certified international airport.

5.5 Railway Service Sub-Sector

One of the major strategic objectives of the transport sector is to shift cargo and passenger traffic from predominantly road-based transport to rail. In pursuit of this goal, the sector, through the Department of Railway Services is implementing a number of projects aimed at rehabilitating and upgrading the existing railway network across the country.

5.5.1 Performance in 2025

5.5.1.1 Design, Upgrading and Rehabilitation of the Railway Section between Marka and Bangula

The project involves the comprehensive reconstruction of the 72-kilometer railway section from Marka to Bangula in Nsanje district. The reconstruction includes the upgrading of the line to support an increased loading capacity of 20.5 tonnes per axle and the construction of new station buildings at the 4 railway stations located along the railway section. The

overarching goal is to re-establish a critical railway connection between Malawi and the port of Beira in Mozambique.

Financed by the Government of Malawi through a Transport Infrastructure Bond, the project commenced on 26th May, 2022, with an initial completion target of 17th November, 2023. This deadline was revised to 14th October, 2025; however, another extension to the project duration is currently under review. As of October, 2025, physical progress was at 73.4 percent with 30km of track installed from Marka to Nsanje.

5.5.1.2 Rehabilitation of the Nkaya-Mchinji Railway

The project involves rehabilitation of 399 km of the existing railway alignment between Nkaya and Mchinji border and the upgrade of Nkaya-Salima section from 15 ton/axle to 18 ton/axle. The project is being implemented by the railway concessionaire, Central East African Railways (CEAR). Rehabilitation works were completed up to Kanengo and train operations are ongoing along the section.

In 2025, rehabilitation works continued along the railway section from Kanengo to Mchinji Border. Track works were mostly completed as railway connectivity to Mchinji was re-established and trains have the capacity to reach Mchinji station. Currently, outstanding works include minor repair works to culverts and other hydraulic structures which are ongoing and scheduled for completion in 2026.

TABLE 5.14 PASSENGER AND FREIGHT DATA

<u>Indicator</u>	<u>Units</u>	<u>2024</u>	<u>2025 (Target)</u>	<u>2025 (As of November)</u>
Total Passengers (Passengers)	Passengers	540,000	561,000	786,798
Total Freight (General Cargo)	Tonne	607,995	800,000	630,432
Total Freight (Coal from Moatize to Nacala)	Tonne	15,341,671	15,978,000	13,900,000

Source: Ministry of Transport and Public Works

5.5.2 Outlook for 2026

The Department of Railway Services will continue to implement the ongoing works under the rehabilitation of the Marka-Bangula railway project. The rehabilitation of the railway section from Nkaya to Mchinji will also continue with works to be implemented along the Kanengo-Mchinji railway section.

Additionally, in 2026 the Department intends to commence various feasibility and design studies as follows:

- i. Feasibility and design study for the expansion of the railway to the North and possible connection to TAZARA line
- ii. Feasibility and design study for rehabilitation of the railway between Bangula and Limbe

- iii. Feasibility and design study for the construction of a new railway from Blantyre to Lilongwe with dedicated passenger train services

5.6 Water Transport Sub-Sector

The major project in the water transport subsector is the construction of Likoma Port. The project will greatly improve access for communities on the island and complement private-sector investments in tourism.

5.6.1 Performance in 2025

5.6.1.1 Likoma Port Construction

The construction of Likoma Port, which commenced in 2018, and currently, the overall progress of works is at 90.0 percent as of 31st December 2025. The project is currently in its ninth time extension with a target of 31st March 2026.

5.6.1.2 Other Programmes

With support from the World Bank, the Ministry is establishing the Railways and Maritime Regulatory Authority of Malawi (RAMRAM). The consultant has been engaged to commence the assignment.

The Ministry secured a partnership with German investors who had already visited the facilities in the ports and shipyard in 2025. The investors are expected to support skills development through internships, upgrading the training college with the latest state-of-the-art equipment, and possibly replacing Illala with a safe modern vessel.

5.6.1.3 Marine Training College

Completed training of 32 students at an advanced diploma level and a 6 month course in navigation and marine engineering for 40 police officers.

5.6.1.4 Port Operations

In 2025, maintenance works and servicing of light beacons at Mphanga in Chilumba (Karonga), Likoma Island and Namalenje Island in Salima were done. These are flashing lights that guide ships to locate and avoid hazardous and foul areas. Currently, the three light beacons are working.

5.6.1.5 Safety Situation

To ensure the safety of passengers and cargo through the Inland Waters Shipping Act 1995, 742 vessels were inspected and two new vessel designs were approved.

5.6.1.6 Maritime Programme Examination

The Department administered competency certificate examinations for 40 seafarers in December 2024.

TABLE 5.15 PERFORMANCE IN THE WATER TRANSPORT SUBSECTOR

<u>Indicator</u>	<u>2023 (Target)</u>	<u>2023 (Actual)</u>	<u>2024 (Target)</u>	<u>2024 (Actual)</u>
Total passengers	2,910,200	2,173,829	2,901,200	2,301,744
(Passenger/km)				
Total Freight	11,000,000	5,819,781	11,000,000	6,701,519
Tons/km				

Source: Ministry of Transport and Public Works

5.7 Plant and Vehicle Hire and Engineering Services

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

5.7.1 Performance in 2025

5.7.1.1 Revenue Performance

The approved budget for the 2025/26 fiscal year was MK 1.30 billion as projected revenue and the planned expenditure. PVHES collected MK1.12 billion, which is 90.1 percent of the annual revenue budget of MK1.30 billion. However, the actual revenue utilized was MK1.15 billion.

5.7.1.2 Technical Performance

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

TABLE 5.16 TECHNICAL PERFORMANCE

<u>Indicator</u>	<u>2024/25</u> <u>Actuals</u>	<u>2025/26</u> <u>Target</u>	<u>2025/26</u> <u>Actual</u>	<u>Performance</u> <u>(Percent)</u>
Number of Vehicles and Plant Inspected	1,315	6,000	3,373	56.2
Number of Vehicles Commissioned	351	400	421	107.25
Number of Vehicle Number Plates Embossed	863	2,000	1,139	56.95
Number of Plant and Vehicles Maintained	142	2,500	457	18.28
Number of Mechanical Assets Valued	497	8,000	377	4.71
Average Third Quarter-Year Performance				30.51

Source: PVHES as at 30th November 2025

Number plate embossing performed well at over the 50.0 percent at third quarter expected target. It should be noted that PVHES ventured into number plate embossing to diversify its

revenue generation streams. However, due to the limited capacity of workshops, mechanical asset valued and motor vehicle maintenance performed poorly.

5.7.2 Challenges

The following were some of the challenges faced in the 2025/26 financial year:

- i. High technical vacancy rates in all sections within the Department
- ii. Meagre revenue generation in the Hiring Section due to obsolete plants and equipment and lack of workshop tools
- iii. Difficulties in monitoring operations due to lack of automated operations system
- iv. Lack of recapitalization financier
- v. Dilapidated workshop and office infrastructure
- vi. Huge sum of debts accumulated with both Government MDAs and the private sector affecting cash flows and hence operations

Addressing the challenges, the government should expedite the recapitalization process to enhance business operations of PVHES in hiring and vehicle maintenance that will also see local construction contractors are well supported and, quality and cost saving repair services are provided to government fleet. With improved revenue generation, other challenges highlighted above can easily be mitigated.

5.7.3 Outlook for 2026

Initiatives aimed at rehabilitating, maintaining and equipping workshops will continue in 2026. These initiatives sustain service provision to the public whilst also generating revenue for the department.

Chapter 6

MINING

6.1 Overview

Malawi 2063 prioritizes mining as a key driver for economic development, aiming to propel the country towards upper-middle-income status by 2063. Malawi has significant mineral resources including uranium, rare-earth elements, graphite, rutile, coal, phosphates, limestone, and gemstones and several major mining projects are in progress or planned. Despite its enormous potential, the mining sector currently contributes only 1.0 percent to the national income.

This chapter delves into the performance of Malawi's mineral sector in 2025/26 fiscal year, analyzing mineral production volumes, domestic sales value, and exports. It also provides an optimistic outlook for future production, sales, and potential investment opportunities, outlining initiatives planned by the government and other stakeholders.

6.2 Performance of the Sector in 2025/2026 Financial Year

6.2.1 Institutional Strengthening and Policy

The operationalization of the Mining and Minerals Regulatory Authority (MMRA) marks a significant milestone in strengthening sector regulation. During the fiscal year, the Authority issued 1,222 licenses, finalized subsidiary regulations, upgraded the Mining Cadastre system towards an online platform, and enhanced financial accountability systems. These reforms reinforce regulatory efficiency and investor confidence. The Malawi Mining Investment Company (MAMICO) has continued building institutional capacity, undertaking geological surveys, feasibility studies, and investor engagement to advance mineral development opportunities. Meanwhile, over 50.0 percent of the required analytical equipment has been procured for the National Mineral Laboratory Complex. Upon completion, the laboratory will strengthen mineral testing, valuation, and certification capacity, thereby enhancing transparency and governance in the sector.

Progress was also made in reviewing the Artisanal and Small-Scale Mining Policy, strengthening cooperative capacity, and advancing geological exploration. Surveys identified promising deposits of rare earth elements, graphite, limestone, copper, and other strategic minerals, while ongoing research supports industrial minerals and fertilizer production. Regulatory and safety oversight was enhanced through legislative reviews, environmental monitoring, inspections, and mine safety campaigns.

Despite these advancements, challenges persist, including illegal mining, mineral undervaluation, smuggling, export of raw minerals, limited value addition, infrastructure gaps, and funding constraints. However, ongoing investments in roads, railways, and power infrastructure are expected to improve the sector's operating environment in the medium term.

6.3 Revenue Collections and Projections

Table 6.1 shows revenue estimates for the 2025/26 financial year and projections for the 2026/27 and 2027/28 financial years. As of 20th January 2026, the Department of Mining had collected MK 70,066,850. In total, the Department was projected to collect MK665, 447,821 in the 2025/26 financial year. The deviation from the actual and projected revenue is primarily derived from the export ban of precious minerals and raw minerals by the Government. In the 2026/27 and 2027/28 financial years, the Department of Mining is expected to collect MK120,149,889 and MK130,000,000 in revenues, respectively due to the lift on export ban on minerals from the country. Further to this, the Mining and Minerals Regulatory Authority is projected to collect MK2, 218,641,620 and MK2,518,641,620 in the 2026/27 and 2027/28 financial years respectively.

TABLE 6.1 REVENUES

<u>Cost centre</u>	<u>2025/26</u> <u>Estimates</u>	<u>2026/27</u> <u>Projections</u>	<u>2027/28</u> <u>Projections</u>
Ministry of Mining	70,066,850.00	120,149, 889	130,000,000
Mining and Minerals Regulatory Authority		2,218,641,620	2,518,641,620
Total	453,714,424.58	3,439,323,057	3,983,461,345

Source: Ministry of Mining

6.4 Mineral Production

Table 6.2 shows the mineral production levels and the respective monetary values for 2025/26 and projections and estimates for 2026/27 and 2027/28. The details of major mineral production levels during the period under review are explained in the subsequent subsections.

TABLE 6.2 MINERAL PRODUCTIONS AND MONETARY VALUES (2025/26)

<u>Production Type</u>	<u>Quantity</u> <u>(Tonnes)</u>	<u>2025/26</u> <u>(Actual)</u> <u>Value</u> <u>(K'million)</u>	<u>Quantity</u> <u>(Tonnes)</u>	<u>2026/27</u> <u>(Estimates)</u> <u>Value</u> <u>(K'million)</u>	<u>Quantity</u> <u>(Tonnes)</u>	<u>2027/28</u> <u>(Projection)</u> <u>Value (K'million)</u>
Coal	77,801.45	3,090.30	81,691.52	3,244.81	85,776.10	3,407.05
Cement limestone	324,456.4 5	6,448.00	340,679.27	6,770.40	357,713.24	7,108.92
Iron Ore	13,510.02	56.54	14.19	59.37	14.90	62.34
Other Uranium Concentrates	0	0	95	165	120	181
Phosphate	0	0	3	1,523.25	7	5,282.24
Rock aggregate	0.66	9,052.91	0.69	9,505.56	0.72	9,980.84
Gold (assayed)*	0	0	0.001	120	0.0001	132
Precious & Semi- Precious Stones	0	1,028.9	1407.52	1,131.7	1548.30	1,244
Dimension/ Ornamental Stones	0	100	0.000176	121	0.000194	133

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

<u>Production</u>	<u>2024/25 Actual</u>	<u>2025/26 Actual</u>	<u>Percentage</u>
<u>Type</u>	<u>Quantity (Tonnes)</u>	<u>Quantity (Tonnes)</u>	<u>Change</u>
Coal	64,250.8	77,801.45	139.43
Cement Limestone	515,448.20	324,456.45	-37.05
Iron Ore	2,944.64	13,510.02	358.80
Uranium Concentrates	0	0	0
Phosphate	0	0	0
Rock Aggregate	318,729.74	656,343.93	383.76
Gold (Assayed)	0.06	0	
Precious and Semi-Precious Stones	793	0	0
Dimension/Ornamental Stones	2,241.0	0	0

Source: Ministry of Mining

* 0.1 tonnes before assaying

6.4.1 Coal Production

The country has over 22 million tons of proven coal reserves, with the most viable coalfields being Livingstonia and Ngana in the northern region. The producing mines currently are Kasikizi, Kaziwiziwi, Mchenga, and Chombe coal mines. Total production in 2025 was of 77,801.45 tonnes; a significant increase from 64,250.80 tonnes in 2024 (139.43 percent). The increase in coal production is due to the growing demand for coal as an industrial energy source.

6.4.2 Uranium Oxide Production

After several years of inactivity caused by low global uranium prices, Lotus Resources, the new holder of the mining and exploration rights, carried out technical preparations to reopen the Kayelekera Mine. Following a favorable feasibility study and the establishment of agreements with both the Government of Malawi and the local community, the company began production in August 2025. During the reporting period, a total of 37,929 kilograms (37.93 metric tonnes) of uranium oxide (U₃O₈) were produced and drummed.

6.4.3 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. During the period under review, the companies produced 324,456.45 tonnes from the 515,448.20 tonnes of limestone produced in the previous year, representing a 37 percent decrease in production

compared to the previous reporting period. On the other hand, iron ore production increased by approximately 359 percent, with 13,510.02 tonnes from 2,944.64 tonnes produced in 2024.

6.4.4 Rock Aggregate Production

Quarrying remained an active sub-sector, driven by abundant granitic rock deposits and sustained demand from the construction industry. Operations comprise commercial quarries supplying the open market and project-based quarries established to support national infrastructure projects. All quarries are subject to prescribed royalties and statutory fees.

During the year under review, 47 quarries were operational, of which 36 were commercial and 11 project-based. Total rock aggregate production increased significantly to 656,344 tonnes in 2025 from 135,675 tonnes in 2024 representing a 383.8 percent.

The growth reflects the transition of several quarries from development to full production, alongside increased demand arising from expanded public infrastructure projects and continued growth in private sector construction activities. The shift toward durable concrete-based building materials has further supported sustained demand for aggregates.

6.4.5 Gold

Alluvial gold deposits occur in several districts, including Balaka, Neno, Machinga, Mangochi, Kasungu, Nkhatabay, Nkhotakota, and parts of the Lower Shire. However, no significant medium- to large-scale gold discoveries have been made to date. Consequently, gold production in Malawi remains entirely within the artisanal and small-scale mining (ASM) sub-sector.

Given gold's high international value, recent years have seen recurring "gold rush" episodes, drawing increasing numbers of Malawians into informal mining and trading activities. As a result, gold miners have become a key focus of the Government's formalisation agenda. In 2021, the Reserve Bank of Malawi (RBM), through its subsidiary Export Development Fund (EDF), launched the Gold Buying Initiative to purchase gold directly from ASMs in major production areas. As mandated under the Reserve Bank Act (2018), RBM is authorised to acquire gold and other financial assets. As of November 2025, EDF had purchased 537 kilograms of gold at a total cost of MK129 billion.

6.4.6 Precious and Semi-Precious Stone Production (Gemstones)

Malawi hosts a diverse range of coloured gemstones, largely mined by artisanal and small-scale operators. Production data collection remains constrained due to limited compliance among miners, unmonitored local trading, and gemstone smuggling. As a result, monitoring is largely limited to registered cooperatives and licensed exporters.

In 2025, gemstone production increased to 2,476 tonnes from 1,280 tonnes in 2024 a 93.5 percent rise driven by higher global demand and increased output from small- and medium-scale operators. Key gemstones produced include aquamarine, amethyst, citrine, garnet, rhodolite, and ruby.

Despite rising production, value addition remains minimal, with most gemstones exported in raw form. Limited domestic capacity in cutting, polishing, grading, and jewelry manufacturing continues to constrain revenue and foreign exchange earnings. Under the RBM/EDF Gemstone Initiative (launched in 2023), gemstones valued at MK1.6 billion have been procured to date, supporting formalisation and market stabilisation efforts.

6.4.7 Export Sales of Minerals

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

TABLE 6.4 MINERAL EXPORTS 2024/25 ACTUAL VS 2025/26 ACTUAL

<u>Production Type</u>	<u>Quantity (Tonnes)</u>	<u>2025/26 (Actual) Value (K'million)</u>	<u>Quantity (Tonnes)</u>	<u>2026/27 (Estimates) Value (K'million)</u>	<u>Quantity (Tonnes)</u>	<u>2027/28 (Projection) Value (K'million)</u>	
Coal	0.02	0.03	33,000	31,567	33,650	31,590	
Uranium Cake	37.93	10,700.00	105	62,000	152	98,456	
Gemstones	0	0	1,820.00	1,462,589	2,240.14	1,800,222	
Water Samples	0	0	2,450.0	631	2,680.0	689.79	
Calcitic Lime Products	40	3,815	175	13,350	291.0	15,257	
Rock Chip Samples	1.80	2,665	25	32,676	33	43,133	
Soil Samples	215.69	21,013	33	16,049	37	17,995	
Rock Samples	0.31	0.62	11	280.68	17	433.78	
Rutile Concentrates	0.04	0.78	8	20,800	11	27,700	
Dimension/ Stones	Ornamental	0	0	71	181.25	2.5	231.25

Source: Ministry of Mining

TABLE 6.5 MINERAL EXPORTS 2024/25 ACTUAL VS 2025/26 ACTUAL

<u>Production Type</u>	<u>2024/25 Actual Quantity (Tonnes)</u>	<u>2025/26 Actual Quantity (Tonnes)</u>	<u>Percentage Change</u>
Coal	0	32,495	100
Uranium Cake	0	37.930	100
Dimension/Ornamental Stones	2,241.5	0	-100
Gemstones	793	0	-100
Calcitic Lime Products	478.00	40	-91.6
Rock Chip Samples	21.2	1.80	-91.5
Soil Samples	20.0	215.69	90.7
Water Samples	0	0	-

Source: Ministry of Mining

Mineral exports were primarily destined for South Africa, Australia, Mozambique, China, the USA, and Canada/France (uranium). Products included graphite and rutile concentrates, agricultural minerals (lime and dolomite), heavy mineral sands, uranium, and gemstones. South Africa remained the principal export destination.

6.4.8 Export Destinations and Trends

The mining sector has been an active contributor to the country's foreign trade, with a variety of minerals and soil samples exported to multiple countries. The exports range from raw soil and rock samples to processed mineral concentrates and agricultural mineral products. This report highlighted the main destinations and types of minerals exported.

6.4.8.1 South Africa: The Largest Importer

South Africa emerges as the principal importer of Malawian minerals. The country imported a wide range of products, predominantly soil samples, graphite pre-concentrates, rutile concentrates, and rock samples. Soil samples were exported in large quantities, ranging from small consignments of 125 kg to bulk shipments of 200,000 kg. Graphite pre-concentrates were also a significant export, with quantities ranging from 16 kg to over 3,400 kg. Rutile and ilmenite concentrates, carbonatite rock chips, tailings samples, and various rock chip samples were also exported. This diverse range of exports indicated South Africa's strong demand for research samples from Malawi. The volume and frequency of shipments underline South Africa's status as Malawi's key trading partner in the mineral sector.

6.4.8.2 Australia

Australia imported graphite pre-concentrates, rutile concentrates, and syenites from Malawi. Graphite exports included both small and large shipments, ranging from 16 kg to 710 kg, while rutile concentrates were exported in smaller quantities of 3.5 kg. Syenites and gypsum, though less in volume, were part of specialized mineral exports. The focus on graphite reflects Australia's industrial need for carbon-based materials, which are essential in battery production, lubricants, and other technological applications.

6.4.8.3 Mozambique

Mozambique received mainly calcitic powder, superfine dolomite, poultry grit, and superfine calcitic lime. The exported quantities were substantial, with shipments ranging from 40,000 kg to 600,000 kg, particularly for superfine calcitic lime and dolomite. These exports highlight Mozambique's demand for minerals used in agriculture and industrial processing, such as poultry feed supplements and soil conditioning materials, demonstrating Malawi's role as a supplier of essential raw materials for regional agricultural industries.

6.4.8.4 China

Exports to China were largely composed of heavy mineral sands, soil samples, and rock samples, with additional shipments of red clay and marble rock chips. Quantities varied from small samples of 6.7 kg to larger consignments exceeding 380 kg. China's imports indicate an interest in both mineral research and raw materials for industrial applications, particularly in ceramics, construction, and mineral processing industries.

6.4.8.5 United States of America

The USA received specialized exports such as air samples and stone specimens, including 20 kg and 80 kg shipments of air samples and a 9.07 kg shipment of stone specimens. This was mainly for research and analytical purposes rather than industrial-scale use.

6.4.8.6 Japan and Other Countries

Japan imported soil samples and coal/sandstone samples, while other countries, including Kenya, Canada, France, the United Kingdom, Germany, India, Turkey, Egypt, Poland, and Zimbabwe, received smaller consignments of soil, rock, and mineral samples. Canada and France also received uranium (yellow cake), highlighting Malawi's contribution to the global nuclear material supply chain.

Gemstones and dimension stones continued to be exported primarily to Australia, Canada, China, Egypt, France, Germany, India, Japan, Kenya, Mozambique, Poland, South Africa, Turkey, United Kingdom, USA and Zambia.

6.5 New Mining Operations and Licenses

TABLE 6.6 NEW MINING AND PROSPECTING LICENSES ISSUED IN 2025/26

<u>Type Of Licenses</u>	<u>Number Of Licenses</u>	<u>Status</u>
1 Exploration Licence	199	Active
2 Large Scale Mining Licence	2	Active
3 Medium Scale Mining Licence	94	Active
4 Small-Scale Mining Licence	375	Active
5 Reserved Mineral Licence	467	Active
6 Export Permits	438	October 2024 to October 2025
7 Non-Exclusive Prospecting Licences	83	Active
8 Reconnaissance Licences	0	Active
9 Retention Licences	42	Active
Total	1,700	

Source: Mining and Minerals Regulatory Authority

6.6 Petroleum (Exploration and Production)

The Department of Mining is responsible for the upstream petroleum sector. This involves exploration and drilling (production) of petroleum. The middle stream and downstream sector which involves refining, transporting, packaging, storing and marketing petroleum and its products. This is handled by the National Oil Company of Malawi (NOCMA) and the Malawi Energy Regulatory Authority (MERA). The department continued to undertake stakeholder consultations on the Petroleum and Production Act.

6.7 Mining Investment Opportunities

6.7.1 Mineral Potential of the Country

Malawi has a diverse mineral endowment including coal, uranium, oil, and gas, rare earth elements (REEs), bauxite (a source of aluminum), titanium-bearing heavy mineral sands, zircon, niobium and tantalum, graphite, rock aggregates, limestone, gold and semi-precious stones. A number of recently discovered mineral deposits offer opportunities for growth in exports, revenues, and sustainable social and economic development.

There are seven advanced projects in Malawi at the pre-feasibility or definitive feasibility stage. These projects could represent important “anchor investments” for the development of transformative infrastructure that would benefit communities and other sectors of the economy in Malawi. There is reasonable potential for several deposits to become large-scale and mechanized mining operations in Malawi, provided they secure the necessary financing. The Government of Malawi recognizes the largely untapped potential of the mining sector to generate fiscal revenues, export earnings, and employment opportunities. More information on current known mineral resources is shown in Table 6.7.

TABLE 6.7 MOST MINERAL DEPOSITS IN MALAWI

Project	Ownership	Brief Overview	Stage	Product	Current Production Date	Project Start Date
Kasiya	Sovereign Metals Ltd	Kasiya is the world's largest natural rutile deposit and second-largest graphite deposit. Backed by Rio Tinto, it's advancing toward development following a strong PFS and successful mining trials	Pre-Feasibility Study (PFS) Complete, PFS Optimization Ongoing.	Rutile, Graphite	11/24/2027	
Malingunde	Sovereign Metals Ltd	The Malingunde graphite project in Malawi is a planned open-cut mine targeting high-quality, low cost flake graphite from soft saprolite-hosted deposits	Moving Towards PFS	Graphite	3/30/2028	
Songwe Hills	Mkango Resources Ltd	Songwe is a permitted rare earths project with a completed DFS. Lotus has signed an MDA with the GoM.	DFS Complete, MDA signed	Rare Earth Elements	09/02/2027	
Kanganhunde	Lindian Resources	Kangankunde is a historic rare earths project with early exploration dating to 1907.	PFS Complete, Awaiting DFS	Rare Earth Elements	1/19/2028	
Kanyika	Globe Metals and Mining	Kanyika is a niobium project with a completed feasibility study, mining license, and approvals.	DFS Complete	Niobium, Tantalum	02/05/2026	
Kayerekera	Lotus Resources Ltd	Kayelekera is a brownfield uranium project with past production. Lotus targeting a full restart by Q4 2025.	DFS CompleteS	Uranium	09/11/2025	
Makanjira	MAWEI Mining	Makanjira is a mineral sands project with confirmed reserves and permits.	Feasibility Study Stage	Heavy Mineral Sands	01/04/2029	

Source: Ministry of Mining

6.8 Major Planned Programmes/Projects to be Implemented in 2026/27 Financial Year and Their Planned Achievements

In the 2026/27 financial year, Government will undertake a number of interventions to foster productivity, transparency, and accountability of the sector so that it contributes significantly to inclusive wealth generation and economic growth in line with the 2063 Vision. The Department of Mining has outlined several key programmes and projects for this financial year which include:

- i. Operationalize the Malawi Mining Investment Company (MAMICO)
- ii. Conduct Geological Mapping: Detailed maps and reports will be produced at various scales to highlight potential mineralization of critical and high-value minerals
- iii. Conduct Mineral Exploration & Evaluation: New mineral deposits will be discovered and mapped, with high-value minerals delineated and quantified
- iv. Carry out Applied Geoscientific Research and Laboratory Services: Efforts will focus on achieving import substitution, promoting production and export through secondary industries, and procuring exploration equipment, including drilling rigs
- v. Conduct Geo-Information Sciences: GIS, Remote Sensing, and GDMIS: All GDMIS workstations will be connected to the documentation centre, and maps and information will be managed effectively. Services offered by GSD will be publicized
- vi. Enhance Artisanal and Small-Scale Mining Administration: Twelve new cooperatives will be formalized, and local miners will be trained in sustainable mining practices and mineral value addition
- vii. Enhance the Hosting and Support Service of the Mining Cadastre System: Update and upgrade the system to enhance transparency and accountability in awarding and managing mineral tenements/licenses
- viii. Conduct Mineral Processing Research and Analytical Laboratory Services: Critical laboratory equipment will be procured, enabling most mineral analyses to be conducted locally
- ix. Carrying Out Mining Investment Promotion: Malawi's minerals and projects will be showcased at forums such as the Malawi Mining Investment Forum, diaspora events, and Africa Mining Indabas
- x. Undertake Devolution of the Ministry's Function to the District Council: Management guidelines and standards will be developed, and core functions will be delegated to district councils

Chapter 7

ENERGY

7.1 Electricity

The electricity subsector is anchored by the Ministry responsible for energy which provides policy direction, planning and oversight. The Electricity Generation Company (EGENCO), Malawi Limited, and Independent Power Producers (IPPs) provide the grid-connected generation capacity while the Electricity Supply Cooperation of Malawi (ESCOM) Limited is responsible for transmission, distribution and supply of electricity to end-users. The Malawi Energy Regulatory Authority (MERA) regulates tariffs, licenses operators and oversees the quality of services in the energy sector.

7.1.1 Electricity Generation

In 2025, there was a reduction in electricity production from hydropower under EGENCO compared to 2024. This was mainly due to a loss of 31 megawatts (MW) from Tedzani III because of damages to the generator stator that led to it becoming defective in December 2024. The unit was restored on the 19th of December 2025 and there will be an improvement in power generation in 2026. The reduced power generation in the year is also attributable to the absence of 6.4 MW from Kapichira II due to a failure of its 36 MVA generator transformer between January and May 2025. Tables 7.1a, 7.1b, and 7.2 show generation trend of electricity in Malawi from January to December 2025 and from 2013 to 2025.

TABLE 7.1a ELECTRICITY GENERATION IN KWH (JANUARY TO JULY 2025)

<u>Energy Generated (Kwh)</u>	<u>Jan-25</u>	<u>Feb-25</u>	<u>Mar-25</u>	<u>Apr-25</u>	<u>May-25</u>	<u>Jun-25</u>	<u>Jul-25</u>
Nkula A	18,754,200	16,325,700	19,346,200	17,132,900	20,443,500	18,433,900	19,487,100
Nkula B	51,165,900	46,501,910	49,970,360	42,099,320	46,530,220	52,253,600	55,377,520
Tedzani I & Ii	23,908,800	18,525,240	23,546,820	25,336,740	25,860,300	22,183,920	24,130,140
Tedzani Iii	19,081,400	16,844,000	18,681,200	18,636,400	17,649,800	16,352,800	19,268,800
Tedzani Iv	6,421,050	3,526,050	6,088,630	8,832,710	9,134,165	7,982,000	8,292,000
Kapichira	50,993,200	48,053,400	50,455,400	52,704,950	54,197,250	69,263,200	72,828,600
Wovwe	2,513,200	2,160,940	2,329,710	2,359,240	2,305,660	2,371,100	2,502,660
Kanengo	773,200	770,260	873,700	1,215,040	1,547,580	1,762,049	1,142,994
Lilongwe A	-	-	-	-	-	-	-
Likoma Diesel	64,970	46,300	54,590	48,150	55,370	52,410	58,320
Likoma Solar	71,401	76,286	81,124	136,359	138,255	135,284	139,280
Chizumulu Diesel	35,308	34,237	36,802	37,105	32,707	34,774	35,609
Chizumulu Solar	0	17,732	17,974	0	0	0	0
Luwinga	393,180	323,580	380,160	495,480	790,260	781,560	445,740
Mapanga	730,040	601,720	916,470	1,510,450	1,610,810	996,910	122,150
Total	174,905,849	153,807,355	172,779,140	170,544,844	180,295,877	192,603,507	203,830,913

Source: EGENCO

TABLE 7.1b ELECTRICITY GENERATION IN KWH (AUGUST TO DECEMBER 2025)

<u>Energy Generated (Kwh)</u>	<u>Aug-25</u>	<u>Sep-25</u>	<u>Oct-25</u>	<u>Nov-25</u>	<u>Dec-25</u>	<u>2025 Total</u>
Nkula A	19,639,500	18,701,400	20,258,200	17,615,900	17,332,300	223,470,800
Nkula B	55,478,820	49,898,060	55,814,200	50,849,320	48,362,820	604,302,050
Tedzani I & Ii	22,354,380	24,112,320	25,980,900	24,098,340	21,786,360	281,824,260
Tedzani Iii	19,488,200	18,798,600	17,397,400	18,581,800	25,540,600	226,321,000
Tedzani Iv	9,499,000	10,043,000	11,128,000	8,326,000	8,345,000	97,617,605
Kapichira	67,884,600	73,551,600	72,659,800	71,572,800	71,363,800	755,528,600
Wovwe	2,716,740	2,624,320	2,724,030	2,287,190	2,264,770	29,159,560
Kanengo	1,206,730	1,218,730	1,413,870	926,790	951,220	13,802,163
Lilongwe A	-	-	-	-	-	0
Likoma Diesel	49,320	56,120	66,710	75,830	85,280	713,370
Likoma Solar	153,776	165,625	181,275	95,886	81,082	1,455,633
Chizumulu Diesel	19,320	16,158	15,828	16,944	18,451.12	333,243
Chizumulu Solar	56,903	22,671	25,707	21,912	21,087	183,986
Luwinga	486,780	384,900	409,740	392,220	318,180	5,601,780
Mapanga	735,620	875,600	692,230	758,090	504,800	10,054,890
Total	199,769,689	200,469,104	208,767,890	195,619,022	196,975,750	2,250,368,940

Source: EGENCO

TABLE 7.2 ELECTRICITY GENERATION IN KWH (2013 TO 2025)

<u>Energy Generated (kWh)</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Nkula A	184,162, 600	187,685, 300	116,837, 700	126,263, 300	9,134,45 0	71,298,9 00	166,791, 500	124,424, 800	140,793, 300	221,499, 500	200,377, 300	190,901, 500	223,470, 800
Nkula B	610,248, 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	533,664, 240	604,302, 050
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	198,589, 920	281,824, 260
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	391,634, 600	226,321, 000
Tedzani Iv	0	0	0	0	0	0	0	0	62,368,0 43	101,472, 430	62,006,1 70	52,681,2 40	97,617,6 05
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	31,330,6 00	535,084, 089	757,086, 600	755,528, 600
Wovwe	19,785,7 70	22,124,3 38	21,470,7 20	28,978,4 00	29,353,7 80	34,305,1 30	32,661,7 70	32,105,7 00	19,771,7 60	25,970,8 80	27,244,6 00	25,725,4 10	29,159,5 60
Kanengo	0	0	0	4,557,93 6	5,760,24 5	5,659,38 3	14,708,5 79	17,031,5 39	9,598,79 0	10,127,0 40	5,297,47 0	4,126,86 0	13,802,1 63
Lilongwe A	0	0	0	0	3,340,41 6	5,381,16 7	1,430,69 4	0	0	0	0	0	0
Likoma	0	0	0	506,887	891,264	900,469	786,356	945,329	368,786	474,856	1,600,54 3	1,649,49 9	2,169,00 3
Chizumulu	0	0	0	118,617	203,863	188,983	210,865	93,753	5	979,715	353,424	378,663	517,229
Luwinga	0	0	0	0	0	3,445,50 7	5,062,93 3	251,040	60,705	124,741	1,270,44 0	1,829,76 0	333243
Mapanga	0	0	0	0	0	627,804	1	0	163,824	190,542	5,590,15 0	2,657,31 0	10,054,8 90
Total	1,864,52 5,670	1,969,50 0,438	1,952,33 1,820	1,855,76 8,882	1,817,51 0,738	1,682,80 6,023	1,784,62 2,588	1,865,94 4,751	2,177,71 0,133	1,734,01 3,694	1,791,94 5,508	2,160,92 5,602	2,250,36 8,940

Source: EGENCO

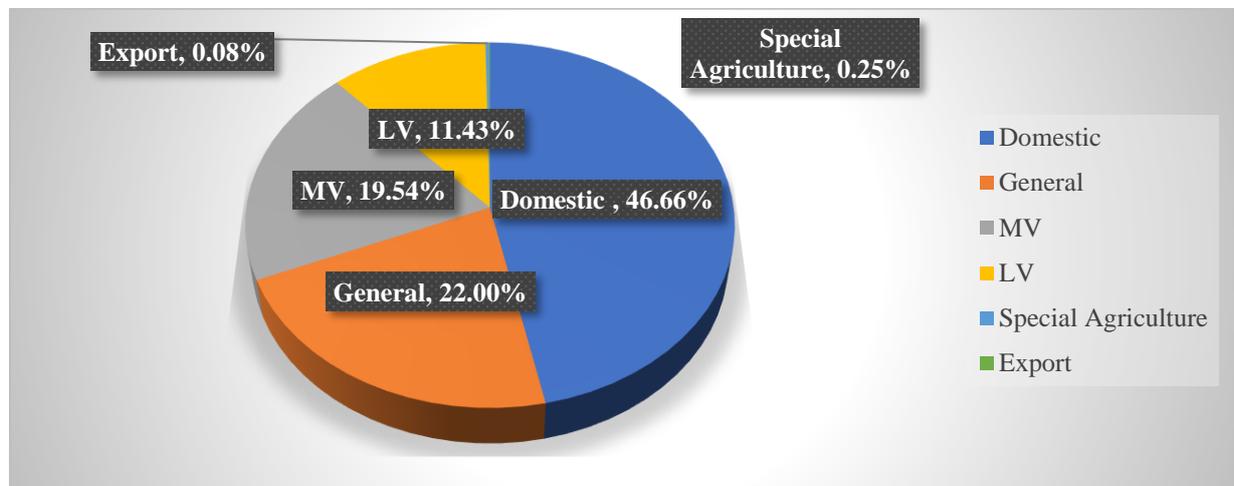
7.1.2 Electricity Distribution and Sales

In the 2024/25 financial year, ESCOM sold 2,397.00 GWh of electricity compared to 2,151.3 GWh in 2022/23⁵. This was due to increase in electricity generation and consumers (Table 7.1). While generation reached 2,535.17 GWh, 138.17 GWh was not sold. This is attributable to system losses and delays in new connections due to challenges in the procurement of connection materials. Nonetheless, the customer base increased from 642,051 to 753,894, a 17.4 percent increase.

7.1.2.1 Electricity Sales by Customer Category

In terms of sales by customer category, domestic customers accounted for 46.7 percent of sales while the general category took 22 percent. Industries in the low voltage (LV) and medium voltage (MV) categories accounted for 11.4 percent and 19.5 percent respectively. The exports to neighbouring countries and special agriculture categories each represented less than 1 percent of sales.

FIGURE 7.1 ELECTRICITY CONSUMPTION



Source: ESCOM Limited

⁵ The report present data up to 2024, not 2025, due to time lag between report's production schedule and ESCOM's report preparation time.

TABLE 7.3 ELECTRICITY GENERATION AND CONSUMPTION (2013-2024)

<u>Year</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Installed Hydro Capacity (MW)	285.85	351	351	351	351	351	351	369	401.85	401.85	467.05	467.05
Maximum (Peak) Demand (MW)	279.73	323.91	335.26	328.26	322.56	317	299.6	348.53	329.65	368.02	375.69	405.38
Energy generation (GWh)	1,828.2	1,906.51	1,975.0	1,976.99	1,808.64	1,792	1,887	1,826	2,171.3	2,240.5	2,342.53	2,535.17
Number of Consumers	238,211	269,469	312,857	344,953	395,923	413,816	439,187	523,793	557,104	622,851	642,051	753,894
Consumption Domestic (GWh)	577.65	614.20	699.03	766.3	693.33	642.6	568.2	643.5	644.03	773.23	910,75	985.00
General (GWh)	214.96	183.26	150.30	117.4	62.2	156.6	292.5	289.3	334.02	364.34	477.83	520.00
Energy Demand (GWh)	613.82	639.27	620	620	552.84	620	620	620	745.91	796.5	821.54	860.00
Export (GWh)	23.82	23.62	21.85	24.43	20.43	19.3	19.9	18.94	15.29	20.87	11.3	15.78
Total Consumption (GWh)	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	2,242.09	2,397.00

Source: ESCOM Limited

7.1.3 Electricity Tariff Developments

MERA approved a 50.8 percent electricity tariff increase effective 1st September 2023. This adjustment raised the average electricity tariff from MK104.46 per kWh to MK157.50 per kWh which will be implemented gradually over a four-year period. Rather than applying the increase at once, MERA approved a phased approach, with the tariff increase spread across four annual tranches. This is demonstrated in Table 7.4:

TABLE 7.4 2023-27 BASE TARIFF TRANCHES

<u>Item</u>	<u>Unit</u>	<u>Base Year</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>Total/Average</u>
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: ESCOM Limited

In the first year, an 18 percent increase raised the average tariff from MK104.46/kWh to MK123.26/kWh, effective 1st September 2023. Before the second 16 percent tranche could apply to MK123.26/kWh, a 44 percent kwacha devaluation in November 2023 triggered a 40.9 percent automatic tariff adjustment formula (ATAF) adjustment, raising tariffs to MK173.70/kWh by December 2023. The second tranche was then implemented on the updated base of MK173.70/kWh at 16 percent thereby raising the tariff to MK201.49/kWh in February 2025. The tariff is now in its third year, during which ESCOM is eligible for a further 12 percent adjustment from MK201.49/kWh to MK225.67/kWh, subject to regulatory approval.

In addition to the base tariff adjustments, MERA conducts monthly tariff reviews under the ATAF, allowing tariffs to respond to changes in the exchange rate and inflation (consumer price index), ensuring that the real value of approved tariffs is maintained. Under ATAF rules, tariff adjustments are only triggered when the calculated change exceeds ± 5 percent. During the period under review, ATAF outcomes remained below this threshold hence electricity tariffs were maintained at an average of MK201.49/kWh throughout the year as shown in Table 7.5.

TABLE 7.5 ATAF OUTCOMES DURING THE YEAR 2025

<u>Month</u>	<u>Exchange Rate</u> <u>(MK/\$)</u>	<u>CPI</u>	<u>ATAF</u> <u>(%)</u>	<u>Outcome</u>	<u>Average</u> <u>(MK/kWh)</u>	<u>Tariff</u>
January 2025	1,751.00		196.6	1.87	173.70	
February 2025	1,751.00		216.1	4.04	201.49	
March 2025	1,751.00		226.3	0.94	201.49	
April 2025	1,751.00		226.3	0.00	201.49	
May 2025	1,751.00		236.8	0.93	201.49	
June 2025	1,751.00		229.9	-2.91	201.49	
July 2025	1,751.00		229.9	-2.91	201.49	
August 2025	1,751.00		235.7	0.83	201.49	
September 2025	1,751.00		241.0	1.30	201.49	
October 2025	1,751.00		247.5	1.87	201.49	
November 2025	1,751.00		253.0	2.35	201.49	
December 2025	1,751.00		258.6	2.85	201.49	

Source: MERA

7.2 Malawi Rural Electrification Programme

The purpose of the Malawi Rural Electrification Programme (MAREP) is to increase access to electricity for the rural and peri-urban communities with the objective of transforming the rural economy, thereby contributing to the Government's agenda on poverty reduction. The Programme, implemented in phases, began in the 1980s with ESCOM Ltd as the implementing agent using a combination of public and donor resources. Following electricity sector reforms in 1998, ESCOM was commercialized as a commercial entity, leading the Department of Energy Affairs to take over MAREP implementation funded through energy sales levy under the Rural Electrification Fund.

In Phase 3, the program installed a 4.5 MW Wovwe hydro power plant in Karonga district. In Phase 4 (when the Department of Energy took over) 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 and 849 sites were electrified under Phase 8 and its extension.

Currently, implementation of Phase 9 is underway. It will electrify 460 sites across the country’s 27 districts with the exclusion of Likoma which is fully electrified.

7.2.1 Progress of MAREP Phase 9 Power Line Construction

Under MAREP Phase 9, the Ministry of Energy and Mining engaged nine contractors to construct 390 sites and ESCOM to construct 70 sites. Initial eight-month contracts (from December 2023 to August 2024) achieved only 55 percent progress due to foreign exchange driven material shortages, leading to extensions in December 2024 and then June 2025 approved by the Public Procurement and Disposal of Assets Authority (PPDA).

As of 31st December 2025, the project reached 79 percent completion with 349 sites fully completed and 57 sites under construction. Construction of 54 sites is yet to commence. Work in 7 districts, namely: Chiradzulu, Phalombe, Blantyre, Mwanza, Mulanje, Machinga, Dowa, and Chitipa is complete, with remaining sites spread across 19 districts. Table 7.6 presents the sites that have been completed.

TABLE 7.6 MAREP PHASE 9 COMPLETED AND COMMISSIONED SITES

TABLE 7.6A NORTHERN REGION

<u>District</u>	<u>Site Name</u>
Chitipa	Chisansu PS, Msongolela PS, Mwenje, Kavomolo, Kamiramphande PS, Kafola Village, Chisankhwa TC, Ibugulira, Kasaghala, Bukanga
Mzimba	Baula TC, Bwabwa TC, Kapoli, Mayula, Mkamaumoza TC, Thunduwike, Emvuyeni, Kandezu, Mchirawengo, Luvwere PS, Zombwe, Kalwera PS, Box Hunga, Emthuzini, Rukulu, Choma, Vwandamire, Vyeyo PS, Chindindindi TC, Makulande, Luviri TC, Njuyu TC, Chigoga, Lukwelukwe, Kamchoncho TC, Thale, Chasefu TC, Chibandauka TC, Kamphambe, Mathandani PS, Manyenzezi PS, Buhera TC, Vazala, Thumbi, TC, Hola
Nkhata-Bay	Chigwere, Biya, Kachenga, Chizi, Kangoyi PS, Kangoyi 1 and 2, Muzgola, Goneka, Kawanga, Mathamando, Thanula, Chitungulu.
Rumphi	Chozoli PS, Jalira SS, Chiyekete Vge, Chitanga PS, Lupalamizi, Bombo PS, Khombwa PS, Luhono, Ruviri SS, Bululuji, Phondero, Chiweta PS, Mzale, Bwanyongo, Jalira GSS
Karonga	Ngerenge CDSS, Chikutu PS, Musumbe HC, Uliwa Limestone Cooperative, St. Monica, Kaporo PS, Chwere, Muwula PS, Kisindire PS, Zindi Village, Kakolya, Kalasi, Kachere (New Likoma), Fwira PS, Mwakisulu

TABLE 7.6b CENTRAL REGION

<u>District</u>	<u>Site Name</u>
Kasungu	Chisazima TC, Kamwala TC, Chimaliro, Kapyanga, Kamdidi, Carmel T-off, Chaima TC and PS, Kamwala TC, Lusito TC, Milenje TC, Mitula TC, Mziza TC, Kapando, Kambulu
Lilongwe	Mchitanjiru, Tikumane, Chitukula, Mbetayasamba, Chimbalanga, Namilaza, Chowo, Chimbalanga, Namulera, Lemwe, Chatsala, Katsumwa, Sanjiko, Kacheta, Phata, Chambwe, Phereni, Mkwende, Banje, Kampambanya, Tonde, Kapudzama, Chinkhoko, Matapila, Ming'ongo, Nthondo
Mchinji	Pitala PS, Gomani, Liwerezi MDF Farm, Chimwankhuku PS, Kafulama PS, Kammera PS, Kapezi TC, Lipunga TC, Matuwamba TC, Mwase PS, Pitala PS, Namizana Boarder, Gomani, Poko PS
Nkhotakota	Khuyu, Katete TC, Kapando 1 &2, Chimungu, Ngaa Fisheries, Dambolawana, Mapala 1&2, Likuchi, Chididi CDSS, Mphangano 1 & 2
Salima	T/A Kalonga, Chana/Chapita PS, Kaphirintiwa, Matumba, Mgwere, Msanza, Naluva, Kalole, Thembwe, Changoma PS, Jalufu, Kantchenteche, Msindikiza, Yambe
Dowa	Chuzu TC, Chuzu PS, Njatizani, Nalunga, Manondo PS, Mkhobola, Kachulu PS, Mkwinda, Mpalamkhwali, Nkhonochina Village, Gawamadzi, Katengeza PS, Kanyemba, Kathako PS, Ngoyi/Chimseu, kabwinja, Kaufa, Tendekuti, Maweru
Dedza	Kaname TC, Chimamba TC, Chimbidzi TC, Kaphuka, Kabango, Chilasamungo TC, Kaboola TC, Buwa PS, Katewe CDSS, Kadzabwino PS, Mkomera PS, Mwenje TC, Phokera, Kapala, Mwalawamphande (Kanolo TC), Kapiriuta, Bema
Ntcheu	Sitolo Vg, ChimataJobe
Ntchisi	Nkhala TC, Tchale, TA Malenga HQR, Msanudliza, Mwinama

TABLE 7.6c SOUTHERN REGION

<u>District</u>	<u>Site Name</u>
Balaka	Chidalala TC, Mzimundirinde TC
Mangochi	Nkope Admarc, Mpita TC & PS, Kasankha, Kalenjeka, Namkhwali CDSS, Kanyenga Village, M'bwana Village, Luchichi TC, Liwesa, Mtimabi, Malamya, Fort Maguire
Mulanje	Chigwembere, Chanje PS, Dzanyama Village, Zipangani, Mitumbira Village, Basale Village, Lumala Village, Golden Village, Gumulira Village, Liwawala Village, Maliyera 1 & 2 Village, Mangondo Village, Ekhamuno Village, Mpachika village
Chiradzulu	Makande T-off, Chandimbo, Chelewani, Chisombezi Court, Khukhumula TC/Namache, Makuwa CDSS, Mbulumbudzi PS, Mbunda TC, Samikwa PS, Chanza PS
Chikwawa	Nyasa TC, Mbiya PS, Thabwa, Chingondo, Kajuni, Mphonde CDSS, Chapomoka PS, Kambondera, Kutulo 1 & 2, M'bande, Mpama, Mphedza Village & EPA, Nchacha 1 & 2, Nkhongono TC, Nkudzi TC & PS, Pende PS, Phanda PS, Tsapa TC, Kanzimbi
Blantyre	Bondo PS, Makumano PS, Nsambamwali PS, Mzedi village, Mwayi PS, Chilingani 1 PS, Chilingani 2 PS, Chipwepwete PS, Kandiwo TC, Kandiwo PS, Mbendera Village, Chigumukire, Namalondwe PS
Machinga	Joho TC, Lazaro TC, Mataka TC, Chindamba, Chinyasa TC, Jahito TC, Katundu PS, Kaugule PS, Mmenyeni TC, Nambilanje TC, Makumba TC
Zomba	Mluwira, Chilumpha village, Namikango TC, Namikango TC 2, Kathebwe village, Likhomo village, Machinjiri HC, Malonje PS, Mombo village, Chilunga/Chinunga, Umodzi CDSS
Phalombe	Chisungulu CDSS, Makumbi, Mureka Village, Mwangala, Maholiya TC, Gogodera, Gwetsani TC, Milonga PS, Lihaka TC, Nyambalo TC, Miseu 4 TC
Nsanje	Nguluwe, Mbenje, Osiyana, Chabulumunda, Kusala, Lundu, Mpembamoyo TC, Nguluwe TC, Mwabvi, Osiyana, Kagunje TC
Neno	Chikungulu PS, Kamoto, Nazanga PS
Mwanza	Kanduku 2, Chatha, Ilemba, Kawiriza village, Dickson, Chipondeni, Dzilima village, Lusineya, Malowa TC, Kagonamwake

7.2.2 Supply and Delivery of MAREP Phase 9 Additional Materials

The supply and delivery of additional power line construction materials for MAREP Phase 9 was finalized. However, the process faced challenges due to foreign currency shortages, resulting in some suppliers being unable to complete their deliveries. Despite these constraints, 90 percent of the required materials were successfully delivered.

7.2.3 Review of MAREP Masterplan

The Ministry conducted a data collection exercise to gather energy demand information for updating the MAREP Master Plan. The Master Plan serves as the source of sites to be electrified per phase. This update involved reassessing all remaining un-electrified sites from the original Master Plan due to changes in demand over the years, and assessing new sites identified by district councils. The reviewed MAREP Master Plan is scheduled for completion in the first quarter of the 2026/27 financial year.

7.3 Development of Mini-Grids

7.3.1 60kw Mwansambe Mini-grid

The United Nations Development Program (UNDP) funded Access to Clean and Renewable Energy (ACRE) project which ended in December 2025. Through the project, the Ministry of Energy has managed to develop and commission a 60 kWp solar powered mini-grid at Mwansambe in Ntcheu district in 2025. The mini-grid has connected 190 households, 11 commercial users, a clinic and two primary schools to electricity. Through a Project Initiation Plan (PIP), a bridging program between the ACRE and the incoming new energy program, the Ministry will further expand the Mwansambe mini-grid, targeting an additional households and productive users of energy, thereby contributing to the country's target of 70 percent electrification by 2030. Apart from this, the ACRE project managed to support the development of a 46 kWp solar powered Mini-grid at Chisi Island in Zomba which was commissioned in 2024, thereby connecting 95 households to the electricity.

7.3.2 Feasibility Studies for 30 Potential Mini-grid Sites

The Ministry, with funding from the International Solar Alliance (ISA) conducted feasibility studies for 30 potential mini-grid sites across Malawi. The sites have been mapped and are available for public use upon request from the Ministry.

7.4 Petroleum

7.4.1 Fuel Importation

During the year under review (2025), Malawi's total petroleum imports increased significantly to 739.7 million litres up from 585.5 million litres in 2024, representing a 26 percent increase. In

terms of individual products, petrol imports rose markedly by about 27 percent, from 316.7 to 402.2 million litres from 2024 to 2025. Similarly, diesel imports increased by approximately 29 percent, from 249.7 million litres in 2024 to 322.5 million litres in 2025. Conversely, paraffin imports declined to zero in 2025, from 270,000 litres in 2024. This reflected the continued structural decline in paraffin consumption as households increasingly shift to alternative energy sources. Overall, the 2025 fuel import trends point to growth in petrol and diesel demand as detailed in Table 7.7.

TABLE 7.7 FUEL IMPORTS (LITRES) 2015 to 2025

<u>Year</u>	<u>Petrol</u>	<u>Diesel</u>	<u>Jet A-1</u>	<u>Paraffin</u>	<u>Avgas</u>	<u>Total</u>
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	273,288,621	-	472,207	-	482,814,777
2019	247,234,190	256,553,903	5,570,403	365,037	175,644	509,899,177
2020	292,741,866	308,453,219	1,865,837	687,949	214,357	603,963,228
2021	251,860,749	195,517,244	4,794,936	780,359	44,271	452,997,559
2022	263,806,486	238,903,420	-	304,849	-	503,014,755
2023	296,659,684	262,186,723	11,666,995	340,618	115,939	570,969,959
2024	316,675,000	249,658,000	18,913,000	270,000	-	585,516,000
2025	402,162,021	322,458,949	15,011,217	0	32,608	739,664,794

Source: MERA

7.4.2 Fuel Import Per Route

Malawi imports petroleum products through several regional corridors, with the Beira, Dar es Salaam, and Nacala routes serving as the main channels. In 2025, the Dar es Salaam route was the primary import corridor, handling approximately 61 percent of total petroleum imports. This was followed by the Beira route, which accounted for about 29 percent, and the Nacala route, which contributed roughly 8 percent of total imports. Overall, the distribution of fuel imports by route in

2025 reflects Malawi's continued reliance on Dar es Salaam route for petroleum imports, as detailed in Table 7.8.

TABLE 7.8 MALAWI FUEL IMPORTS PER ROUTE 2010 – 2024

<u>ROUTES AND VOLUMES (Litres)</u>								
<u>Year</u>	<u>Beira</u>	<u>Nacala</u>	<u>Dar-es-Salaam</u>	<u>Mbeya</u>	<u>Masasa</u>	<u>Tanga</u>	<u>Mtwala</u>	<u>Total</u>
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	241,070,522	5,260,913	236,826,687	-	-	-	-	483,158,122
2019	246,610,788	1,978,980	258,636,865	-	2,672,544	-	-	509,899,177
2020	303,240,278	6,413,392	294,309,558.00	-	-	-	-	603,963,228
2021	221,606,225	5,340,972	226,050,361.67	-	-	-	-	452,997,559
<u>ROUTES AND VOLUMES (Litres)</u>								
<u>Year</u>	<u>Beira</u>	<u>Nacala</u>	<u>Dar-es-Salaam</u>	<u>Mbeya</u>	<u>Masasa</u>	<u>Tanga</u>	<u>Mtwala</u>	<u>Total</u>
2022	148,796,036	12,402,854	339,402,645	2,413,221	-	-	-	503,014,755
2023	165,505,719	19,870,363	373,810,964	-	-	-	-	559,187,045
2024	198,523,600	28,998,540	360,480,000	-	4,161,000	-	-	592,163,140
2025	214,344,448	58,180,202	449,377,818	-	14,598,891	3,120,287	43,148	739,664,794

Source: MERA

7.4.3 Fuel Import Market Shares

Fuel importation in Malawi is mainly undertaken by the NOCMA and Petroleum Importers Limited (PIL). NOCMA is a wholly Government-owned company, while PIL represents a consortium of private fuel importers. During the year under review (2025), NOCMA was the dominant fuel importer, accounting for about 75 percent of total fuel imports. PIL contributed

approximately 22 percent, while other oil marketing companies, including Puma and smaller private players, collectively accounted for about 3 percent of total imports.

7.4.4 Petroleum Pricing

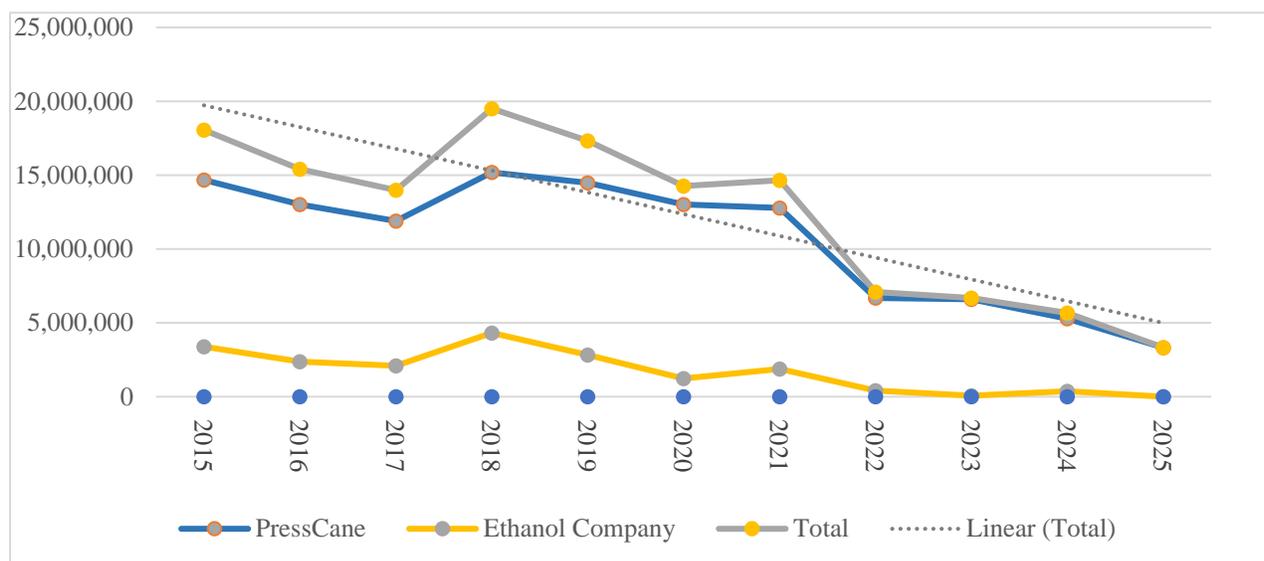
Petroleum pump prices in Malawi are determined using the Automatic Pricing Mechanism (APM), which links pump prices to procurement costs and exchange rate movements with a ± 5 percent trigger band. The formula is managed under a multi-sector Energy Pricing Committee (EPC), which meets once every month to assess changes in the parameters that constitute the In-Bond Landed Cost (IBLC) and the value of the Malawi Kwacha against the US Dollar.

Fuel prices remained generally stable in 2025, largely due to relatively lower international Free-On-Board (FOB) prices compared to 2024 and the non-implementation of APM adjustments. As a result, pump prices remained unchanged from January 2025, when petrol was priced at MK 2,530 per litre, diesel at MK 2,734 per litre, and paraffin at MK 1,910 per litre. However, in October 2025, pump prices were adjusted upwards following a combined increase in international oil prices and the foreign exchange shortages. This adjustment resulted in petrol prices increasing to MK 3,499 per litre and diesel to MK 3,500 per litre, while the price of paraffin remained unchanged at MK 1,910 per litre.

7.4.5 Fuel Ethanol

Malawi's fuel ethanol industry is anchored by two producers, PressCane Limited and Ethanol Company Limited (EthCo). Both play a strategic role in supporting the country's fuel-blending programme and reducing reliance on imported petroleum products. In 2025, PressCane Limited produced 3.33 million litres of fuel ethanol compared to 5.53 million litres in 2024, all of which were supplied to oil marketing companies (OMCs), while EthCo did not produce any fuel ethanol due to a fire that damaged cooling equipment at its fuel-ethanol distillery section and adverse weather conditions that prompted a premature distillery stoppage. Figure 7.2 present fuel ethanol production and sales trends over 2015 to 2025, highlighting a gradual decline in output over recent years.

FIGURE 7.2 FUEL ETHANOL PRODUCTION



Source: MERA

Figure 7.2 illustrates the downward trend in total fuel ethanol supply from 2018 to 2025. This contraction reflects structural, operational, and market pressures, with narrowing margins from 2019 compelling producers to prioritise higher-margin outputs for business viability and strategic investments.

TABLE 7.9a FUEL ETHANOL PRODUCTION (2015 to 2019)

	<u>Year</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Production	PressCane	14,671,560	13,025,144	11,892,849	15,186,420	14,491,022
	Ethanol Company	3,394,034	2,380,993	2,084,146	4,319,783	2,828,803
	Total	18,065,594	15,406,137	13,976,995	19,506,203	17,319,825
Sales	Press Cane	15,943,710	14,047,557	11,707,063	15,256,434	14,512,407
	Ethanol Company	3,417,417	2,426,067	1,938,423	4,374,657	2,655,830
	Total	19,361,127	16,473,624	13,645,486	19,631,091	17,168,237

Source: MERA

TABLE 7.9b FUEL ETHANOL PRODUCTION (2020 – 2025)

	<u>Year</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Production	PressCane	13,025,090	12,782,616	6,673,266	6,602,459	5,280,597	3,328,665
	Ethanol Company	1,241,560	1,880,651	415,987	70,082	379,505	-
	Total	14,266,650	14,663,267	7,089,253	6,672,541	5,660,102	3,328,665
Sales	Press Cane	12,911,500	12,512,500	6,987,642	6,377,000	5,156,568	3,299,000
	Ethanol Company	1,267,411	1,628,716	354,090	589,805	375,475	-
	Total	14,178,911	14,141,216	7,341,732	6,966,805	5,532,043	3,299,000

Source: MERA

Ethanol production has been declining with 2025 production falling significantly below historical averages. This decline is attributable to the following persistent and interrelated challenges:

- i. **Feedstock constraints**, driven by lower-than-projected molasses availability. Unexpected and prolonged rainfall in the Lower Shire Valley disrupted sugarcane crushing operations, while foreign-exchange shortages constrained feedstock imports.
- ii. **Energy supply disruptions**, including intermittent national grid outages and fuel shortages affecting standby generators. These constraints also affected coal availability for steam generation.
- iii. **Strategic re-prioritisation**, where resources were deliberately redirected toward completing capital projects currently under mechanical erection, investments expected to materially strengthen fuel ethanol output in the near term.

Despite these short-term setbacks, the sector has maintained strong investment momentum. PressCane Limited has advanced to the mechanical construction phase of a syrup-processing mill, scheduled for commissioning in the third quarter of 2026. The facility will introduce syrup as an alternative feedstock, significantly improving feedstock flexibility by supplementing molasses as

fuel-ethanol feedstock. In parallel, EthCo is progressing with planning for a similar installation, targeted for completion in 2027. Once operational, these facilities are expected to stabilize production cycles, reduce seasonality risks, and lift capacity utilization, which currently stands at approximately 68 percent for PressCane and 59 percent for EthCo.

Despite the recent production declines, fuel ethanol remains a cornerstone of Malawi's energy-diversification and import-substitution strategy, as ethanol continues to be blended with petrol at a ratio of 20 to 80. Over the past decade, the use of ethanol is estimated to have delivered over USD100 million in savings, while enhancing fuel security and supporting domestic value addition. Looking ahead, 2026 will mark the start of production recovery, supported by improved weather, stable energy supplies, and PressCane's syrup-mill commissioning with continued enforcement of blending mandates by MERA remaining critical to unlocking potential medium-term growth.

7.5 A Selection of Energy Sector Projects Currently in Progress

7.5.1 7.5.1 Mpatamanga Hydropower Project

The Mpatamanga Hydropower Project is a flagship initiative to expand Malawi's national power generation capacity and ensure long-term electricity supply security. Currently, preparation and construction of resettlement houses for affected persons is in progress. Procurement processes for engineering, procurement and construction contracts covering civil works, electromechanical works, and associated transmission infrastructure are currently underway and expected to be completed by May 2026, enabling financial closure and project mobilization. Construction of main works is scheduled to begin in 2027 with completion targeted for mid-2031. Government has secured a USD350 million grant from the World Bank's International Development Association to support implementation.

7.5.2 The Mozambique-Malawi Interconnector Project

This project aims at connecting Malawi's grid to Mozambique's grid through a 400kV transmission line. This will enable power imports and future exports within the Southern African Power Pool (SAPP). The project targets 50 MW imports in the initial phase with possibility of additions to support mining, agriculture, and manufacturing. In the future the interconnector could also be used

to export power to SAPP. Currently, progress is at 98.2 percent on the Malawi-side and 95 percent overall. The main remaining activities are on the Mozambican side involving completion of river-crossing towers on the Zambezi. Commissioning is scheduled for the end of April 2026.

7.5.3 Installation of a 20 MW Battery Energy Storage System (BESS)

The 20 MW battery energy storage system at Kanengo Substation in Lilongwe aims to stabilize the power system by managing grid instability from solar integration and supporting peak hour resupply. Financed through a USD24 million grant from the Global Energy Alliance for People and Planet, the project enhances renewable energy management and grid reliability. Installation is progressing well with civil works with completion at approximately 70 percent, major equipment delivered, and commissioning targeted for March 2026.

7.5.4 Construction of a 50 Megawatts Salima Nanjoka Solar Power Plant

In efforts to diversify electricity mix, EGENCO is developing a grid-connected solar facility with integrated 2.5 MWh battery storage in Salima district. Installation of the initial 10 MW phase has been completed, with commissioning expected in April 2026. Successive phases (10 MW + 30 MW) will achieve full capacity by 2029.

7.5.5 E-Mobility Project

Government is promoting electric vehicle adoption as part of the transition to clean energy in the transport sector. Import duty on all electric motor vehicles and related components has been removed to encourage uptake. To date, Malawi has registered 280 electric motorcycles and over 30 electric vehicles, with four motorcycle charging stations constructed through a partnership between SVG and Total Energies. Draft policy recommendations, regulations, and a national e-mobility regulatory framework have been developed to guide future implementation and investments.

7.5.6 Malawi Electricity Access Project (MEAP)

Government through the Ministry of Energy with support from the World Bank implemented MEAP from 2020 to December 2025 with a total budget of USD100 million in credit and grants. The project aimed to increase electricity access through both grid and off-grid solutions, with ESCOM Limited handling the on-grid component and the Ministry managing off-grid

implementation. ESCOM successfully exceeded the target of connecting 180,000 households through low voltage extensions and service transformer upgrades, completing 180,150 connections, achieving 100.1 percent, while the Ministry distributed 255,742 solar home systems against a revised target of 262,542 households, achieving 97 percent.

Chapter 8

INDUSTRY AND TRADE

8.1 Overview

Industry and trade is aligned with Malawi 2063's pillars of industrialisation, export-led growth, and private sector-driven development. This alignment extends to the Malawi 2063 First 10-Year Implementation Plan (MIP-1); the second National Export Strategy (NES II); and the National Economic Recovery Plan which emphasizes investments in the agriculture, tourism, mining and manufacturing (ATMM) sectors. The performance of the trade and manufacturing sector in 2025 therefore has direct implications for national transformation, job creation, and external sector sustainability. This chapter presents a comprehensive overview of the trade and manufacturing sector's performance in 2025, while providing forward-looking estimates for 2026.

8.2 Manufacturing Sector Performance in 2025

8.2.1 Overall

In 2025, Malawi's manufacturing sector registered a modest growth of 1.8 percent, a recovery from the near-stagnant 0.2 percent recorded in 2024. This improvement was largely supported by a partial rebound in agricultural production, according to the 2025 National Accounts and Balance of Payments (NABOP) Report.

Nevertheless, the sector faced persistent structural constraints that limited its potential. Acute foreign exchange shortages severely restricted the importation of essential raw materials, intermediate goods, spare parts, and machinery, leading to reduced capacity utilization and operational disruptions across subsectors. Additional challenges included intermittent fuel supply, unreliable electricity provision, and elevated inflation, which drove up production costs, squeezed profit margins, and dampened demand for manufactured products. Despite these headwinds, there were modest contributions from ongoing infrastructure improvements and Government initiatives associated with the ATMM sectors.

In addition to output effects, these constraints also had implications for employment and enterprise performance. High operating costs, input shortages, and subdued demand limited the ability of

firms, particularly small and medium enterprises, to expand production, hire additional workers, or invest in upgrading technologies. This constrained the sector’s contribution to job creation and slowed progress toward formalisation and productivity growth.

Capacity utilisation across several manufacturing subsectors remained below optimal levels due to intermittent electricity supply, foreign exchange rationing, and logistical bottlenecks. This limited productivity gains and reduced the competitiveness of locally produced goods relative to imports, particularly in energy-intensive and import-dependent industries.

8.2.2 The Index of Industrial Production

The Index of Industrial Production (IIP) measures changes in the volume of goods and services produced across an economy’s industrial sectors over time. For Malawi, the index is benchmarked to the base year 2019, with January 2019 serving as the reference period for the volume index.

Malawi’s industrial production demonstrated a remarkable average year-on-year growth of 41.7 percent between the third quarters of 2023 and 2024, a substantial acceleration compared to the modest 3.2 percent increase recorded during the same period between 2022 and 2023. This surge was largely propelled by the manufacturing sector, which expanded by 47.8 percent, significantly outpacing the more moderate growth of 2.5 percent in utilities (water and electricity).

Within manufacturing, tobacco and food processing emerged as the primary contributors to the production increase. In a year-on-year comparison, production in the first half of 2024 remained subdued relative to the same periods in 2023, with declines of 14.3 percent in quarter 1 and 12.8 percent in quarter 2. Nonetheless, quarter 3 in 2024 marked a strong reversal, registering a 41.7 percent increase compared to quarter 3 in 2023, underscoring a robust recovery in industrial activity as the year progressed.

TABLE 8.1 VOLUME OF INDUSTRIAL PRODUCTION

<u>Month Year</u>	<u>Average IPP Index (2019=100)</u>	<u>Growth Rates (Quarter on Quarter)</u>	<u>Growth Rates Year on Year (Third Quarter of 2024 on Third Quarter of 2023)</u>
Q2 2023	79.2	-20.7	27.3
Q3 2023	100.5	27	3.2

<u>Month Year</u>	<u>Average IPP Index (2019=100)</u>	<u>Growth Rates (Quarter on Quarter)</u>	<u>Growth Rates Year on Year (Third Quarter of 2024 on Third Quarter of 2023)</u>
Q4 2023	115.6	15	12.7
Q1 2024	85.6	-26	-14.3
Q2 2024	87.6	2.4	-12.8
Q3 2024	142.4	62.5	41.7

Sources: Reserve Bank of Malawi

8.3 Policy Interventions

8.3.1 Development of Special Economic Zones

Government policy has centred on using Special Economic Zones (SEZs) as a primary instrument to attract investment and accelerate industrial growth. A parallel focus has been on value chain development, with targeted investments to establish value addition centres across districts for priority commodities like rice, palm oil, dairy products, and meat. The model of pursuing public-private joint ventures for park development and management is being formalised and evidence-based planning is being strengthened through sector-specific studies.

8.4 Major Achievement in 2025

8.4.1 Establishment of Special Economic Zones

Significant progress has been made in advancing Malawi's industrialisation agenda. The development of Magwero Industrial Park in Lilongwe, the country's largest at 467 hectares, is advancing steadily, with final joint venture arrangements nearing completion to guide its financing and management. In Blantyre, the Chigumula Industrial Park is at an advanced stage. With water works finished and road construction at 85 percent completion, it is positioned for investor occupation by the third quarter of 2026.

8.4.2 Establishment of Mchinji Value Addition Centre

Government has actively invested in value addition, exemplified by the Mchinji Value Addition Centre, which has reached the roofing stage with an investment of MK 450 million (USD 257,000), and the completion of several processing facilities, including a MK 50 million (USD 28,600) plant

for the Mzuzu Coffee Cooperative Union and three projects in Blantyre. These are Kachere Mango, Kwezeni Meat, and Kunthembwe Cooking Oil which are collectively worth MK 72 million (USD 41,100).

8.5 Challenges Facing the Manufacturing Sector in 2025

The sector continues to face substantial headwinds such as inadequate financial resources for compensating land and deploying critical utility infrastructure (electricity and water) within the SEZs, leading to delays in fully servicing land for investors. Beyond the zones, the broader industrial sector grapples with the high cost of industrial infrastructure and inconsistent access to reliable utilities, which collectively stifle productivity, increase operational costs, and slow the overall pace of industrialisation and private sector growth. Additional risks include climate-related shocks that affect agricultural raw material supply, continued volatility in global fuel and fertilizer prices, delays in power generation projects, and slower-than-expected improvements in foreign exchange availability. These risks could dampen investment, weaken production growth, and constrain export performance if not adequately managed.

8.6 Expected Performance of the Manufacturing Sector in 2026

A significant focus for the manufacturing and industrial sector in 2026 will be on advancing critical infrastructure projects. Final joint venture arrangements for the Magwero Industrial Park are anticipated to be concluded, which will unlock financing and accelerate its construction phase, paving the way for investor engagement. Concurrently, at the Chigumula Industrial Park, construction is projected to be substantially completed, with roadworks finalized, positioning the site to be ready for investor occupation starting in the third quarter of 2026.

In parallel, value addition initiatives are expected to yield tangible results such as the construction of the Mchinji Value Addition Centre which is slated for near-completion, transitioning it toward operational readiness. Furthermore, there are several recently commissioned projects in Blantyre. Specifically, the Kachere Mango, Kwezeni Meat, and Kunthembwe Cooking Oil facilities are expected to become fully operational, contributing directly to enhanced local processing capacity and value chain development. Collectively, these efforts in 2026 are geared toward solidifying the

physical and operational foundation necessary for sustained industrial growth and increased private sector participation.

Realisation of these expectations will depend on timely completion of infrastructure, sustained macroeconomic stabilisation, improved foreign exchange inflows, and continued policy implementation. Any slippages in these areas could moderate the pace of recovery.

8.6.1 Trade Performance in 2025

Malawi’s trade performance in the first half of the 2025/26 fiscal year presents a mixed outlook, characterized by moderate growth in imports, a slight contraction in exports, and a widening trade deficit. As shown in Table 8.2, in 2025, Malawi’s total imports were valued at USD1.82 billion, representing a 7 percent increase from USD1.70 billion recorded during the same period in 2024. Conversely, total exports declined by 5 percent, from USD525.70 million in 2024 to USD499.80 million in 2025. Consequently, the trade deficit widened by 12 percent, from USD1.18 billion to USD1.32 billion.

Exports during the period remained dominated by tobacco, sugar, tea, and legumes. Thus, the export base remains narrow and susceptible to price volatility in primary commodities. The widening trade deficit underscores the urgency of shifting from an import-dependent growth model toward a more export-oriented and value-added structure.

Import growth was primarily driven by fuel, fertilizer, and machinery, which mirrors global price trends and higher domestic demand linked to the industrialization and agricultural modernization efforts. While this trend widened the trade deficit, it also signals ongoing investments in productive sectors that support the country’s medium-term growth objectives.

TABLE 8.2 2024 VS 2025 TRADE STATISTICS

<u>Indicator</u>	<u>2024</u>	<u>2025</u>	<u>Percent Change</u>
Imports (USD)	1,703,234,254	1,824,125,559	7 percent
Exports (USD)	525,671,540	499,751,627	-5 percent
Trade Balance	(1,177,562,714)	(1,324,373,932)	12 percent

Source: National Statistics Office (NSO)

8.6.2 Merchandize Trade Overall Performance

8.6.2.1 Export Analysis

Malawi's total export revenue during the first half of the 2025/26 fiscal year amounted to USD490.10 million, representing a slight decline of 5 percent from the same period in 2024. The country's export performance continues to be shaped by a narrow commodity base, heavily concentrated on agricultural products that accounted for 93.4 percent of total exports.

8.6.2.2 Major Export Commodities

Tobacco remained Malawi's dominant export, generating USD322.20 million and accounting for 65.7 percent of total exports. Other key exports included: coffee, tea, mate, and spices with a percentage share of 7.4. Edible vegetables and certain roots and tubers make up a percentage share of 6.9, edible fruits and nuts with a percentage share of 4.1, residues and animal feed with a percentage share of 2.5, and sugar and sugar confectioneries with a percentage share of 2.3 percent.

Emerging products such as oil seeds, macadamia nuts, and manufactured goods also contributed to diversification efforts, although their overall shares remain small. This pattern underscores Malawi's continued dependence on traditional agricultural exports, with limited participation in higher-value manufacturing and processed goods. Table 8.3a outlines Malawi's top 10 exported commodities.

TABLE 8.3a MALAWI'S KEY EXPORT COMMODITIES (2025)

<u>Product Description</u>	<u>Value (USD)</u>	<u>Percent of Total Exports</u>
Tobacco and manufactured tobacco substitutes	322,188,193	65.7
Coffee, tea, mate and spices	36,194,336	7.4
Edible vegetables, certain roots and tubers	33,736,389	6.9
Edible fruit and nuts; peel of citrus fruit or melons	20,106,844	4.1
Residue and waste from the food industries; prepared animal fodder	12,422,650	2.5
Sugars and sugar confectionery	11,492,789	2.3
Oil seed, oleaginous fruits; miscellaneous grains, seeds and fruit: industrial or medicinal	10,961,023	2.2

<u>Product Description</u>	<u>Value (USD)</u>	<u>Percent of Total Exports</u>
Meat and edible meat offal	6,586,443	1.3
Wood and articles of wood; wood charcoal	4,837,600	1.0
Plastics and articles	3,864,200	0.8
Others	27,678,313	5.6
Total Exports	490,068,782	100

Source: National Statistics Office (NSO)

8.6.2.3 Export Market Reach and Product Diversity

Between 2021 and 2025, Malawi’s export markets declined from 103 to 96, reflecting a contraction in market reach. Similarly, the number of product categories exported dropped from 88 in 2021 to 84 in 2025. This trend signals the need to intensify efforts to expand product variety and enhance competitiveness through value addition, quality assurance, and trade facilitation. Strengthening industrial linkages and leveraging investment in agro-processing could support the transition from raw commodity exports to processed and branded goods that fetch higher returns in global markets.

TABLE 8.3b MALAWI’S TRADING PARTNERS AND EXPORT PRODUCTS

<u>Year (Apr-Sep)</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Export Markets	103	103	92	95	96
Export Products	88	84	79	86	84

Source: National Statistics Office (NSO)

8.6.2.4 Import Analysis

During the first half of the 2025/26 fiscal year, Malawi recorded total imports amounting to USD1.82 billion, reflecting a 7 percent increase compared to USD1.70 billion in 2024. This growth underscores the economy’s continued dependence on imported goods, and the rising demand for productive inputs, capital goods, and essential commodities to support industrialization and agricultural modernization.

8.6.2.5 Major Import Commodities

Imports were dominated by mineral fuels and oils, which accounted for 19.9 percent of total imports, valued at USD 362.00 million. Other significant import categories included: machinery and mechanical appliances with a percentage share of 8.7; vehicles with a percentage share of 7.8; fertilizers with a percentage share of 6.1; electrical machinery and equipment with a percentage share of 5.3 percent; and pharmaceuticals with a percentage share of 5.2. These trends indicate Malawi's structural dependence on imported energy, industrial machinery, and agricultural inputs. However, they also reflect productive investments that are essential for supporting growth in manufacturing, infrastructure, and commercial agriculture.

TABLE 8.3c MALAWI'S KEY IMPORT COMMODITIES (2025)

<u>Product Description</u>	<u>Value In USD</u>	<u>Percent in Total Imports</u>
Mineral fuels, oils and products of their distillation	362,016,923	19.9
Nuclear reactors, boilers, machinery and mechanical appliance; spare parts	157,652,244	8.7
Vehicles other than railway or tramway rolling-stock; spare parts and accessories	141,728,215	7.8
Fertilizers	110,801,409	6.1
Electrical machinery, equipment and spare parts; sound recorder	97,147,665	5.3
Pharmaceutical products	94,751,132	5.2
Plastics and similar articles	86,395,227	4.7
Other made-up textile articles; sets; worn clothing and worn textile articles; rags	63,397,340	3.5
Tobacco and manufactured tobacco substitutes	56,292,758	3.1
Animal or vegetable fats and oils and their cleavage products	48,217,788	2.6
Others	602,409,995	33.1
Total imports	1,820,810,696	100

Source: National Statistics Office (NSO)

8.6.2.6 Import Market Trends

Between 2021 and 2025, the number of Malawi’s import partners expanded from 138 to 149, reflecting an increasing diversification of import sources. The number of imported product categories has remained relatively stable at around 96, underscoring the consistency of demand for a broad range of industrial, consumer, and agricultural inputs. While the growing import diversity enhances supply chain resilience, it also accentuates Malawi’s foreign exchange vulnerability and underscores the urgency of import substitution, local production enhancement, and export-led growth strategies.

TABLE 8.3d MALAWI’S TRADING PARTNERS AND IMPORT PRODUCTS

<u>Year (Apr-Sep)</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Import Markets	138	135	147	146	149
Import Products	96	96	94	96	96

Source: National Statistics Office (NSO)

8.7 Trade Agreements

Malawi is actively advancing its regional and continental trade integration through a multi-layered approach to trade agreements and facilitative frameworks. A central focus has been on finalizing Simplified Trade Regimes (STRs) with key neighbours Tanzania and Mozambique. These agreements are designed to lower procedural barriers for small-scale traders, with a particular emphasis on supporting women engaged in informal cross-border trade by streamlining documentation and reducing tariffs on selected goods. Concurrently, Government is progressing with negotiations on mutual recognition agreements to harmonize product standards and conformity assessments with trading partners, which is critical for reducing technical barriers and improving the market acceptance of Malawian exports abroad.

At the continental level, Malawi is working to domesticate its commitments under the African Continental Free Trade Area (AfCFTA). This process involves aligning national laws and policies with the agreement to enable Malawian businesses to access the vast pan-African market. Government has outlined plans to fully operationalize the AfCFTA, including participation in the Guided Trade Initiative, which will facilitate initial trade transactions under the agreement's

framework. These strategic efforts are complemented by on-the-ground infrastructure investments, such as the operationalization of One-Stop Border Posts (OSBPs), which are a practical manifestation of Malawi's commitments under regional agreements within the COMESA and SADC blocs.

Looking forward, Malawi's trade agreement agenda also includes modernizing its legal framework to encompass digital trade. The planned submission of an E-Commerce Bill to Parliament and the finalization of a Trade in Services Strategy will broaden the scope of Malawi's trade policy beyond goods, preparing the economy for more comprehensive and contemporary trade engagements. However, the full realization of benefits from these agreements faces challenges, including delays in finalizing STR instruments, capacity constraints within implementing agencies, and the need for sustained investment in digital trade systems. Successfully addressing these hurdles will be essential for Malawi to reduce trade costs, enhance export competitiveness, and ensure that trade gains are inclusive, especially for small businesses and cross-border traders.

8.7.1 Policy Interventions

The government's reform strategy is multi-faceted, focusing on both physical and digital trade infrastructure. Policy efforts include the nationwide scaling of coordinated border management and the OSBP model to streamline customs procedures. Digitally, the core policy intervention is the implementation of the National Single Window to automate and expedite trade documentation. Concurrently, work is ongoing on Mutual Recognition Agreements to harmonise standards with trading partners, and plans are in place to domesticate AfCFTA commitments and operationalise the Guided Trade Initiative.

8.7.2 Major Achievements in 2025

In the year 2025, the government of Malawi negotiated various trade agreements aimed at improving availability of Malawi's goods and services across the borders. The following are some of the interventions:

- i. Implementation of Simplified Trade Regime (STR)

Diplomatically, progress has been secured on Simplified Trade Regimes with Tanzania and Mozambique, aimed particularly at supporting women engaged in cross-border trade. In

complementing this initiative, Mchinji Border Market is being constructed through the COMESA initiative which is 20 kilometers from Mchinji Border Post and is expected to address critical trade infrastructure gaps by providing market shelters, warehouses, shops, offices, and sanitary facilities.

ii. Establishment of One Stop Border Posts

Notable strides have been taken to modernise Malawi's trade environment and enhance its export competitiveness. Operationally, OSBPs at Mchinji, Dedza, and Mwanza are now functional, with construction progressing well at Songwe, significantly reducing clearance times.

iii. Establishment of a National Electronic Single Window

A major digital milestone is the complete development of the Electronic National Single Window System, which is currently in the onboarding and training phase for relevant institutions. Complementing this, the Malawi trade portal has been upgraded and launched, providing a transparent, single source for all trade related regulations and procedures.

8.8 Challenges Facing the Trade Sector in 2025

Despite progress, key impediments remain. Inadequate funding threatens the full operationalisation and sustainability of the new digital trade systems. The finalisation and implementation of simplified trade regime instruments with neighbouring countries are proceeding slower than anticipated. Furthermore, capacity gaps within various border agencies and standards institutions hinder the effective roll-out and enforcement of new trade facilitation measures, limiting the potential gains from these reforms. These constraints disproportionately affect small businesses, informal traders, and women-owned enterprises, limiting their ability to benefit from regional and continental trade opportunities. Addressing these challenges is therefore critical not only for trade performance, but also for inclusive growth.

8.9 Policy Priorities for 2026

Government priorities for 2026 will focus on five key areas: accelerating the operationalisation of SEZs and value addition centres; strengthening export diversification with targeted support to agro-processing and light manufacturing; ensuring the full rollout and sustainability of digital trade

systems including the National Single Window; deepening implementation of AfCFTA and regional trade agreements to expand market access; and improving coordination between trade, industry, energy, and agriculture policies to reduce production costs and enhance competitiveness.

These priorities are intended to support a transition toward a more diversified, resilient, and export-oriented economy that can generate jobs, strengthen foreign exchange earnings, and support Malawi's long-term development objectives.

Chapter 9

EDUCATION, SCIENCE AND TECHNOLOGY

9.1 Overview

The education sector under the Human Capital Development pillar in the Malawi 2063, envisions Malawians to be a highly knowledgeable people with access to quality education. 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 to 2030) guide programming in the education sector in alignment to the Malawi 2063 First 10-Year Implementation Plan-1. The implementation of NESIP is also aligned with the fourth Sustainable Development Goal (SDG) whose focus is to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

The subsequent sections highlight key developments registered in the education sector in the 2024/25 financial year. It sets out key sector indicator performance and sector achievements including budget performance as well as the implementation of development projects.

9.2 Key Indicator Performance and Achievements

9.2.1 Primary Education Subsector

Primary education in Malawi is foundational for children's development and national progress. To ensure equitable access and quality, Government has established key legal and policy frameworks, including the Education Act (2013), the National Education Policy (2016), the Free Primary Education Policy, and the National Education Standards and Readmission Policy. The Directorate of Basic Education (DBE), working with MDAs, development partners, civil society, and communities, leads efforts to overcome barriers and promote inclusive, high-quality education, guided by the NESIP and the MIP-1.

The primary education sub-sector seeks to enhance access and equity, while also improving the quality and relevance of education in primary schools nationwide. Year-on-year performance of the sub-sector is assessed through trends in selected outcome- and output-level indicators under the NESIP. Table 9.1 presents key indicators used by the Ministry to monitor progress in the implementation of primary education programmes and projects.

TABLE 9.1 SUMMARY OF KEY PRIMARY SCHOOL PERFORMANCE INDICATORS

<u>Key Performance Indicator</u>	<u>2025</u>	<u>2024</u>	<u>Percentage Change</u>
Enrolment (Public)	5,319,463	5,222,759	1.85
Percentage of Special Needs Enrolment (Primary)	4	4	0.00
Gender Parity Index	1.04	1.04	0.00
Pupil-Permanent-Classroom Ratio	104	105	-0.95
Repetition Rate	25	26	-3.85
Completion Rate	4	4.5	-11.11

Source: Ministry of Education 2025 Education Management Information System (EMIS)

9.2.1.1 Improved Equitable Access and Participation in Primary Education

9.2.1.1.1 Gender Parity Index

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

GPI in the primary education sector in 2025 remained at 1.04, underscoring the continued effectiveness of targeted educational support for girls. The GPI has consistently exceeded the NESIP target of 1.02, reflecting an advantage for girls in primary school enrolment.

9.2.1.1.2 Enrolment in Public Schools

Total enrolment figures in public schools underwent a decline in 2021 down to 4.96 million due to the COVID-19 pandemic. This trajectory persisted, with a further decrease to 4.94 million in

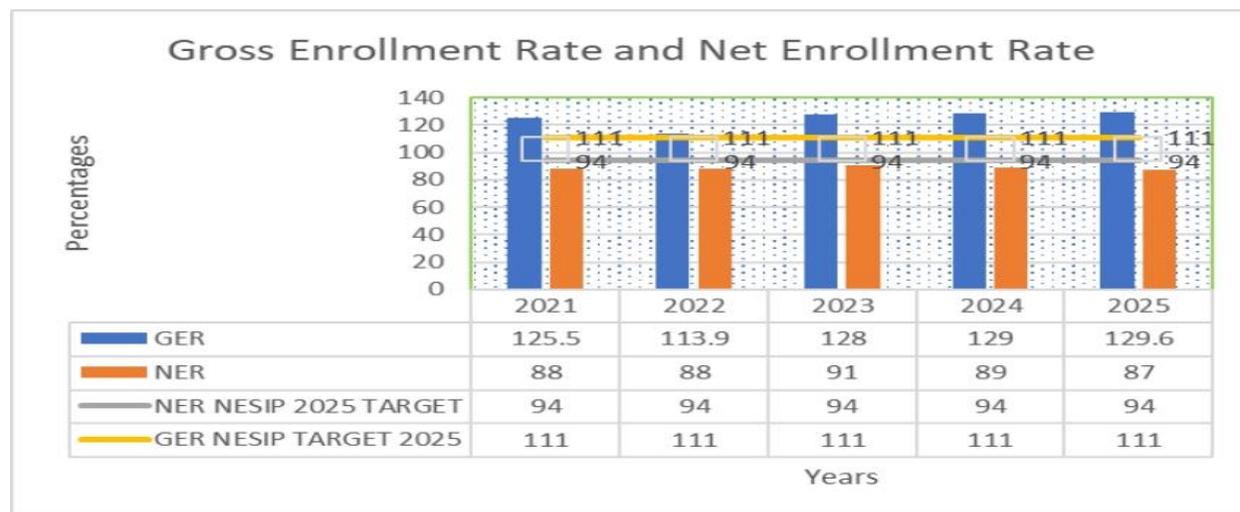
2022. However, this was followed by subsequent improvements in 2023 and 2024 to 5.1 million and 5.2 million respectively. In 2025, enrolment figures in public schools continued to improve to 5.3 million.

9.2.1.1.3 Net Enrolment and Gross Enrolment Rates

The Net Enrolment Rate (NER) measures the proportion of children of official primary school age (6 to 13 years) who are enrolled in school. It is the most accurate indicator of organized, on-time school participation. It is a more refined indicator of school and enrolment coverage and explains the proportion of students enrolled in terms of official age group. The Gross Enrolment Rate (GER) is defined as the total enrolment regardless of age expressed as a percentage of the eligible official school-age population. It shows a general level of participation in primary education. It is commonly known as a crude measure of access to school. Mostly the indicator is above 100 because of its methodological nature of calculation as it includes both under and over-aged pupils.

The NER, as illustrated in the Figure 9.1, experienced a further decline in 2025 to 87 percent down from 89 percent in 2024 reflecting impacts of weather shocks that disrupted learning and reduced attendance in various parts of the country. This reduction is further below a NESIP target of 94 percent which suggests persistent challenges in maintaining school attendance at the correct age. However, with improved community sensitization and foundation learning interventions, it is anticipated that NER will improve in 2026.

FIGURE 9.1 TREND AND ANTICIPATED TARGERS OF NER AND GER BETWEEN 2021 AND 2025



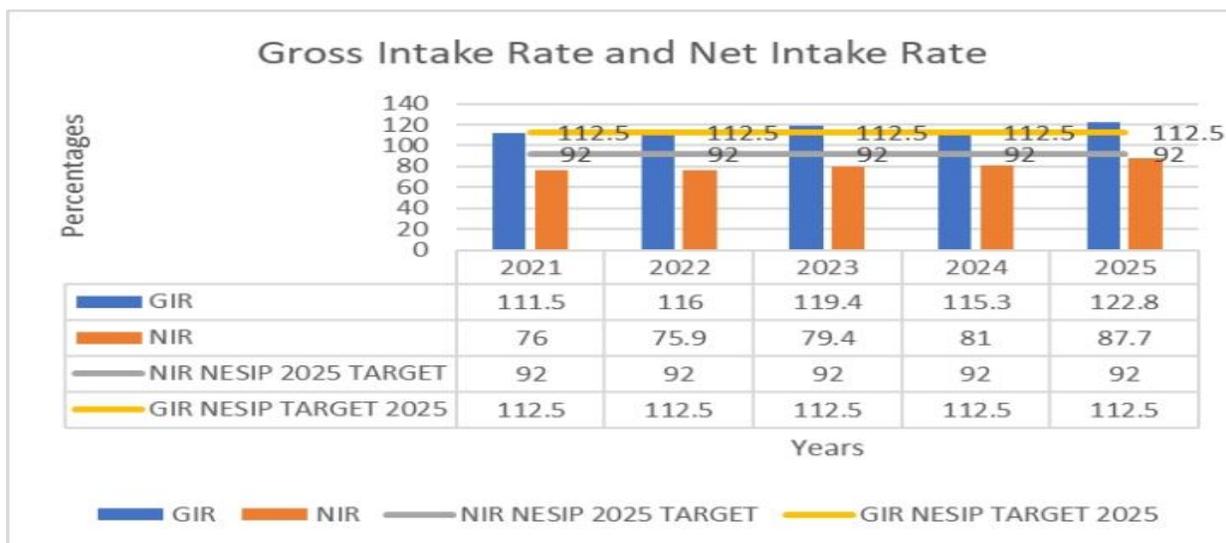
Source: EMIS 2025

In 2025, the GER for primary education in Malawi continued to increase for both genders. Specifically, GER for girls increased from 130 percent in 2023 to 132 percent. For boys, it rose from 126 percent to 127 percent, highlighting a gender gap in enrolment that requires targeted attention. GER remains above 100 percent at 129.6 percent in 2025, slightly up from 129 percent in 2024, indicating inefficiencies in the education system such as the presence of overage and underage students. This suggests challenges in achieving age-appropriate enrolment and retention. The current GER values are significantly above the NESIP 2025 targets of 111 percent for girls and 107 percent for boys, emphasizing the need for coordinated strategies among stakeholders to promote age-appropriate student enrolment in primary education, and enhance internal efficiency in alignment with NESIP targets. Interventions under NESIP, including community sensitization and improved foundational learning, are expected to restore and improve GER and NER by 2026.

9.2.1.1.4 Gross Intake and Net Intake Rates

Both the Net Intake Rate (NIR) and the Gross Intake Ratio (GIR) are critical indicators for assessing the entry of new learners into Standard 1 in primary schools. While NIR provides a precise measure of children enrolling at the official entry age of six years, GIR captures a broader perspective, accounting for all students entering Standard 1 regardless of age. Together, these indicators help track both access and age-appropriate enrolment in the primary sub-sector.

FIGURE 9.2 TREND AND ANTICIPATED TARGETS OF NIR AND GIR



Source: EMIS 2025

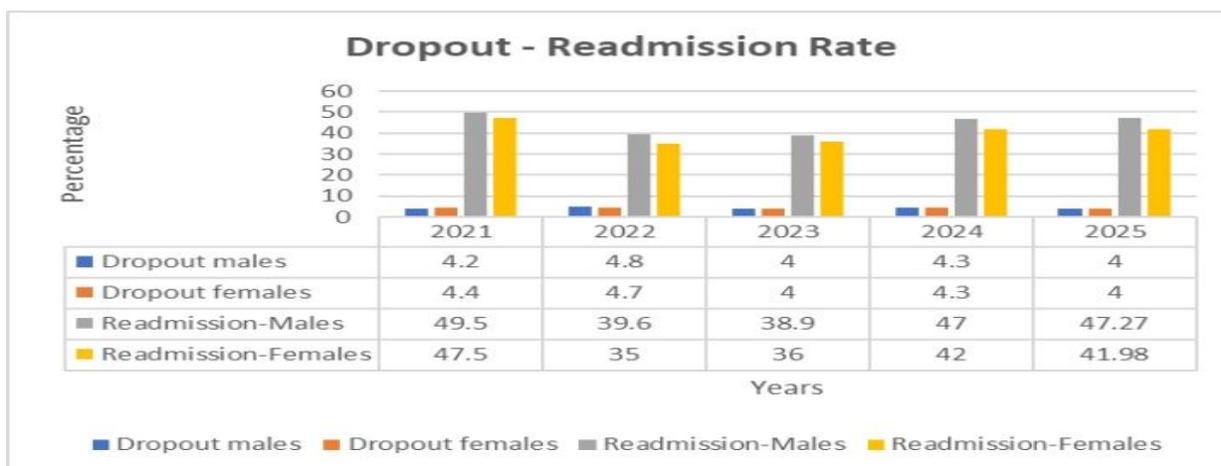
Figure 9.2 shows that primary intake experienced a slight decline in 2021, primarily due to disruptions from the COVID-19 pandemic. School closures, learning interruptions, and challenges with remote learning contributed to delays in timely enrolment. This period highlighted the vulnerability of school intake to external shocks and the need for resilient education systems.

The rising NIR indicates that a growing proportion of children are entering Standard 1 at the official age of six, suggesting improvements in timely school entry. Meanwhile, the increase in GIR reflects a persisting challenge related to overage and underage enrolments, pointing to progress towards more age-appropriate schooling. This trend underscores the effectiveness of interventions aimed at improving both access and age compliance in primary education.

9.2.1.1.5 Dropout Rate and Percentage of Dropouts Re-admitted

The UNESCO Institute for Statistics defines dropouts as learners who do not complete an academic year and are no longer enrolled in the next school year. To promote access and equity in education and also reduce dropout rates, a Readmission Policy was developed to ensure that learners who left school can be allowed to return and continue their education. The percentage of students readmitted in the current year compared to the dropout rate in the previous year is known as the readmission rate.

FIGURE 9.3 READMISSION AND DROPOUT RATE TREND AND PROJECTIONS



Source: EMIS

Figure 9.3 illustrates trends in dropout and readmission rates for male and female learners between 2021 and 2025. Overall, dropout rates for both sexes remained consistently low and stable throughout the period, while readmission rates were substantially higher but showed noticeable fluctuations.

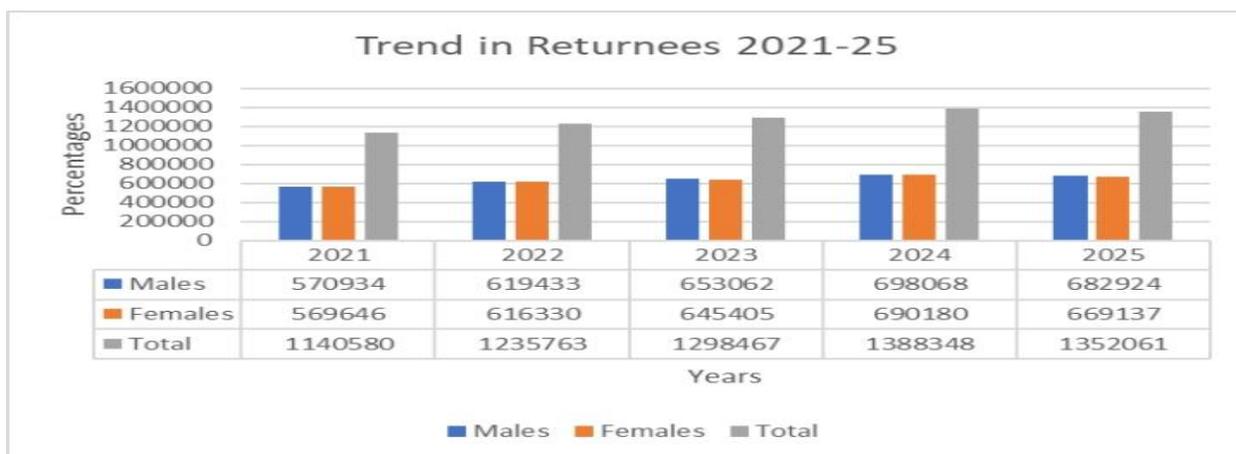
Dropout rates for males ranged narrowly between 4.0 and 4.8 percent, while female dropout rates followed a similar pattern, fluctuating between 4.0 and 4.7 percent. The close alignment between male and female dropout rates suggests minimal gender disparity in school dropout over the five-year period. A slight decline is observed from 2022 onwards, with both sexes stabilizing at around 4.0 percent by 2023 and remaining steady through 2025, indicating improved retention.

The observed decline in re admissions between 2021 and 2023 may reflect improved retention and completion within the school system, while the subsequent increase from 2024 suggests increased identification and reintegration of dropouts.

9.2.1.1.6 Repetition Rate

Repetition rate measures the proportion of students who have remained in the same grade for two or more consecutive years either by leaving the class prematurely or returning for a second or third time. Repeating a class means a pupil is using more public resources than allocated.

FIGURE 9.4 TREND IN RETURNEES BETWEEN 2021 AND 2025



Source: EMIS

Figure 9.4 indicates a steady rise in returnees from 2021 to 2024, increasing from 1,140,580 to a peak of 1,388,348, followed by a slight decline to 1,352,061 in 2025. Both males and females show similar upward trends, with males consistently recording marginally higher numbers, indicating a narrow gender gap and relatively equitable re-entry. The modest decline in 2025 may reflect improved system efficiency and the positive effects of retention and dropout reduction strategies, while underscoring the need to sustain efforts addressing the causes of repetition and temporary withdrawal. Overall, the trend highlights progress in learner recovery and re-integration, while also pointing to the need for sustained interventions to address the underlying causes of repetition and temporary withdrawal from school.

9.2.1.1.7 Primary School Completion Rate

The primary completion rate provides insight into the internal efficiency and its ability to minimize waste. High completion rates are indicative of a system that effectively supports student learning and facilitates seamless curriculum progression. Conversely, lower completion rates highlight potential inefficiencies and gaps in the system, often reflecting significant challenges that prevent learners from completing their primary education.

The analysis of the 2019 to 2025 primary school completion rates suggests certain difficulties in achieving the NESIP 2025 target of 60 percent. In 2025, the average completion rate stands at 44

percent with male completion rate at 42 percent and females at 46 percent dropping from the 2024 rates of 43 percent and 46 percent respectively.

9.2.1.1.8 Number of Low-Cost Community Led Classrooms Constructed

Community-led classrooms engage local communities in addressing the shortage of school infrastructure by involving them in planning, construction, and management. These initiatives, driven by community members, help create accessible learning environments. Collaboration with the government facilitates cost-sharing, resource mobilization, and active participation in building and maintaining the facilities.

Compared to the NESIP target of 20,000 facilities by 2025, progress in community-led schools has been limited. Annual classroom construction increased from 627 in 2020 to 1,188 in 2023. At this rate, the achievement falls short of the 20,000-community-school NESIP target for 2025. The primary education subsector has secured resources for 7,500 cost-effective classrooms, representing approximately 37 percent of the target. Additional resources and efforts will be needed to close the NESIP mid-term target gap.

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

9.2.1.2.1 Pupil Teacher Ratio and Pupil Qualified Teacher Ratio

When both qualified and untrained teachers are considered, analysis of the Pupil–Teacher Ratio (PTR) and the Pupil–Qualified Teacher Ratio (PqTR) provides important insights into learner–teacher distribution and the availability of competent teachers in the primary education system. The PTR includes all teachers, regardless of qualification status. Over time, the PTR has shown a generally positive trend, declining from 69:1 in 2013 to 62:1 in 2024. This indicates improved staffing levels. However, a slight fluctuation was observed in 2025, when the PTR increased marginally to 63.9:1.

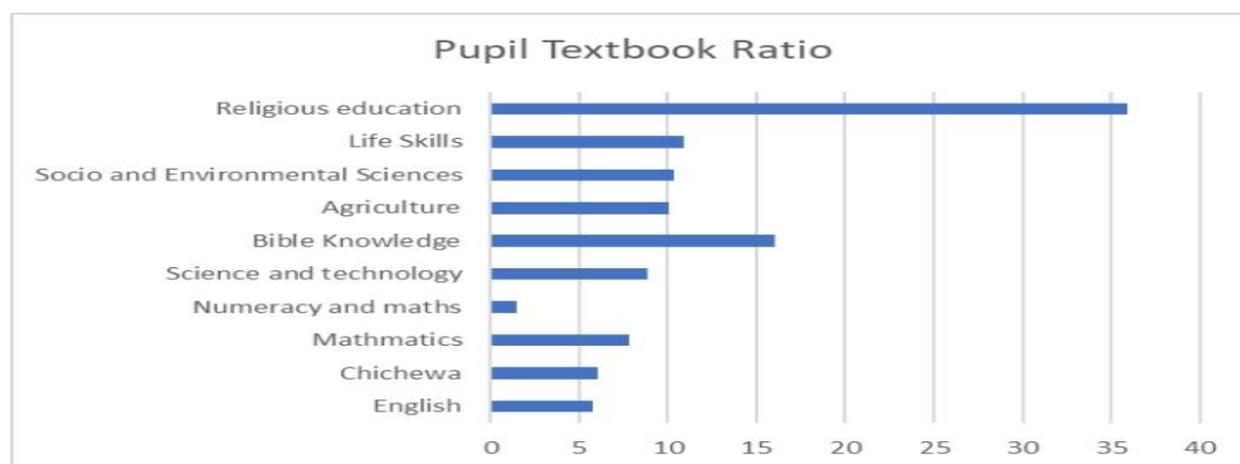
Similarly, the PqTR has improved over the period, although with some fluctuations. The ratio declined from 76:1 in 2013 to 65:1 in 2024, before rising slightly to 67.1:1 in 2025. Despite this temporary increase, the overall downward trend is expected to continue in subsequent years,

largely due to the large-scale teacher recruitment undertaken in 2025. Overall, these trends reflect steady progress in increasing the proportion of qualified and trained teachers in primary schools, which is critical for improving the quality of instruction and learning outcomes.

9.2.1.2.2 Pupil Textbook Ratio

The number of textbooks available in primary schools contributes to the quality performance of learners. NESIP targets an achievement of 2:1 pupil textbook ratio for English, Chichewa and Mathematics by 2030. The ratio is calculated individually for each subject across all standards, providing a detailed understanding of the availability and distribution of textbooks to the number of learners for each subject. This provides valuable insights into potential resource gaps. The percentage of learners who share a single textbook for each subject and standard is displayed in Figure 9.5:

FIGURE 9.5 TEXTBOOK SHARING PERCENTAGE BY SUBJECT



Source: EMIS

The learners’ access to textbooks is still a challenge as stipulated in Figure 9.5. The average pupil textbook ratio for all subjects range from 35.9 for Religious Education to 1.4 for Numeracy and Mathematics. For example, the mathematics textbook ratio is at 7.8, English at 5.7, while Chichewa at 6.0 and science and technology is at 8.9. In the 2024/25 academic year the government with support from development partners printed and distributed mathematics textbooks for standard 1 and 2 with the aim of reducing the ratios.

9.2.1.2.3 Primary Pupil: Permanent Classroom Ratio

The provision of adequate infrastructure in schools continues to be a challenge in the education sector. 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 51,631 in 2024 to 53,405 in 2025. The PpCR has continued to decline from 115.3 to 104.0 between 2021 and 2025. However, there was a slight increase in the classroom ratio in 2024 (105.0). The rising enrolment figures place additional strain on existing infrastructure, exacerbating the issue of overcrowded classrooms.

9.2.1.2.4 Primary School Leaving Certificate of Education Pass Rate

The 2025 Primary School Leaving Certificate Examination (PSLCE) results show continued improvement in learner achievement, with the national pass rate reaching 87.50 percent, narrowly below the NESIP target of 88 percent. This represents an increase of about one percentage point from 86.2 percent in 2024. Of the 247,958 candidates who sat for the examination, 216,972 passed, indicating strengthened learning outcomes at the primary level. Performance improved for both male and female learners. However, a gender gap remains, with males outperforming females by 6.1 percentage points. Mzuzu and Zomba Cities recorded the highest pass rates while Mkazomba Primary School emerged as the top-performing school nationally. Overall, the results reflect the positive effects of ongoing quality-enhancement interventions while underscoring the need for targeted measures to further support female learner performance.

9.2.1.2.5 Percentage of Children Achieving Minimum Proficiency in Literacy and Numeracy at Standard 2, 4 and 8

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

For English in Standard 4, learner proficiency increased from 30 percent in 2023 to 43 percent in 2024, indicating steady progress towards the NESIP benchmark of 50 percent. Chichewa performance in Standard 4 reached the NESIP target in 2024, rising from 38 percent in 2023 to 50 percent, reflecting notable gains in early-grade literacy outcomes nationwide. At the Standard 3 level, both English and Chichewa recorded modest but consistent improvements between 2023 and 2024, suggesting gradual strengthening of foundational literacy skills.

In mathematics, Standard 3 learners demonstrated marked improvement, with proficiency levels increasing from 22 percent in 2023 to 32 percent in 2024. In contrast, mathematics proficiency in Standard 4 declined slightly over the same period, from 26 to 23 percent, highlighting persistent challenges in numeracy progression at the upper lower-primary level and underscoring the need for targeted instructional support and remediation to move towards the NESIP target of 80 percent.

Overall, the results point to meaningful national progress in literacy and emerging gains in numeracy for Standards 3 and 4. However, uneven performance, particularly in Standard 4 mathematics, signals the need for focused interventions in teaching practices, learning materials, and learner support to consolidate and sustain improvements in learning outcomes.

9.2.2 Secondary Education Subsector

Malawi's secondary education policy context is anchored in strategic national frameworks, notably the NEP, which provides the overarching policy direction for secondary schooling, and the NESIP, which operationalizes this policy through targeted strategies to expand access, improve quality, strengthen governance, and promote inclusivity. Building on these frameworks, Government has introduced a major reform toward free secondary education from 2026, aimed at removing most school-related fees to reduce financial barriers and increase participation, particularly among disadvantaged learners.

The Secondary Education sub-sector seeks to enhance access and equity, while also improving the quality and relevance of education in primary schools nationwide. This will be achieved through continued infrastructure development alongside strengthened education inputs, including appropriate technologies, learning materials, and a competent teaching workforce. Emphasis is placed on teacher performance (particularly in STEM) and on decentralization through active

involvement of district authorities and communities. As the bridge between primary and tertiary (technical and vocational) pathways, an efficient and effective secondary education sub-sector is critical to overall system performance.

Year-on-year performance of the sub-sector is assessed through trends in selected outcome- and output-level indicators under the NESIP. Table 9.2 presents key indicators used by the Ministry to monitor progress in the implementation of secondary education programmes and projects.

TABLE 9.2 SECONDARY SCHOOL INDICATORS

<u>Key Performance Indicator</u>	<u>2025</u>	<u>2024</u>	<u>Percentage Change</u>
Gross Enrolment Rate	129.8	129	0.62
Net Enrolment Rate	87	89	2.25
Gender Parity Index	0.99	0.99	0.00
Pupil Teacher Ratio	63.9	64	-0.16
Pupil Qualified Teacher Ratio	67.1	65	3.23
Bursary Beneficiaries (Male)	10961		-
Bursary Beneficiaries (Female)	21964		-
Dropout rate	25977	27208	-4.52
Readmitted learners	3385	903	274.86
Number of classrooms	7983	7742	3.11

Source: EMIS 2025

9.2.2.1 Increased Equitable Access to Secondary Education

9.2.2.1.1 Number of New Public Secondary Schools Constructed

Government, in collaboration with development partners, has undertaken a programme to construct 284 secondary schools nationwide. In 2022, 30 urban community day secondary schools (CDSSs) were upgraded, while 30 new rural CDSSs constructed and opened in January 2023. During the 2023/24 fiscal year, construction of 51 additional schools commenced, and eight rural CDSSs were completed by the end of 2023. However, a significant number of schools, particularly those under the USAID-funded SEED project, remain incomplete, despite most having reached advanced stages of construction. As a result, the sub-sector did not achieve the NESIP mid-term target of completing 235 schools by 2025.

9.2.2.1.2 Number of Classrooms Constructed in Existing Schools

Substantial progress has been made in expanding classroom infrastructure. The number of permanent secondary school classrooms increased from 7,115 in 2021 to 7,983 in 2025, representing a 12.2 percent increase. This growth reflects sustained Government investment aimed at improving access and supporting higher transition rates from primary to secondary education.

9.2.2.1.3 Number of Beneficiaries for Bursaries for Needy Students

Bursaries remain a critical mechanism for reducing financial barriers to secondary education. During the year under review, 78,723 students applied for bursaries, of whom 55.4 percent were female and 44.6 percent male. However, only 32,925 students received support, resulting in a coverage rate of 41.8 percent; an improvement from 36 percent in 2024. The persistent gap between demand and supply highlights growing reliance on bursaries and underscores the need for more predictable and adequately financed bursary schemes.

9.2.2.1.4 Gender Parity Index

In 2025, the GPI for secondary education remained at 0.99, indicating that girls' participation continues to lag slightly behind that of boys. Disaggregated data reveal a marginal female advantage in lower secondary (Form 1: 1.02 and Form 2: 1.03), followed by declining parity in upper grades (Form 3: 0.97 and Form 4: 0.94), suggesting increasing attrition of girls at higher levels.

9.2.2.1.5 Gross and Net Enrolment Rates

NER increased from 16.8 in 2024 to 18.8 percent in 2025, while the GER rose from 27.5 to 29.3 percent over the same period. Despite these gains, current enrolment levels remain well below the threshold for universal secondary education, highlighting ongoing challenges in expanding both age-appropriate and overall participation.

9.2.2.1.6 Primary to Secondary Transition Rate

The primary-to-secondary transition rate increased from 49.7 in 2024 to 53.8 percent in 2025. Female learners recorded a slightly higher transition rate of 54.8 percent than males, 52.8 percent. This reflects consistent year-on-year improvements for both groups.

9.2.2.1.7 Dropout Rate

The overall secondary school dropout rate declined slightly from 4.96 percent in 2023/24 to 4.8 percent in 2024/25. However, female dropout rates remained higher (5.7 percent) than male rates (4.0 percent). Forms 1 and 2 recorded the highest dropout rates, indicating early attrition. The main cause of dropout had been the inability to pay school fees accounting for nearly half of all dropouts. Pregnancy and early marriage also remain significant contributors, particularly among female learners.

9.2.2.2 Improved Quality and Relevance of Secondary Education

Progress under this objective has been mixed. While curriculum reform processes experienced delays, Malawi Institute of Education (MIE) completed key preparatory activities, including needs assessments, bench-marking studies, surveys, and a national symposium. In 2024, conceptualization of the new secondary school curriculum was finalized. Efforts to improve the Student-Qualified Teacher Ratio (SqTR), particularly in STEM subjects, remain a priority. Although ratios remain high, the recruitment of 2,681 secondary teachers and promotion of 2,258 primary teachers in 2024 represents a major step toward improving teacher availability.

9.2.2.2.1 Percentage of Schools with SqTR Greater than 40:1

Approximately 32 percent of secondary schools recorded a SqTR above 40:1, while about 3 percent lacked qualified teachers entirely in 2025. The NESIP mid-term target of keeping this proportion below 40 percent has therefore been achieved.

9.2.2.2.2 Secondary Student-Qualified Teacher Ratio by Subject

Improvements were recorded across all core subjects. Mathematics SqTR declined from 288 to 238, English from 218 to 192, physical science from 722 to 642, and chemistry from 987 to 924

between 2024 and 2025. These trends reflect steady progress in addressing teacher shortages, particularly in STEM fields.

9.2.2.2.3 Secondary Student-Classroom Ratio

The overall Student-Classroom Ratio stood at 66, while the Student-Permanent Classroom Ratio averaged 69. These figures indicate continued pressure on infrastructure and reinforce the need for sustained classroom construction to move toward the recommended standard of 40:1.

9.2.2.2.4 Virtual Science Laboratories (MiLab)

Virtual science laboratories were expanded to 55 CDSSs, through a partnership with Mzuzu University, enhancing access to STEM simulations and analytical sciences.

9.2.2.2.5 Curriculum Reform and Assessment Practices

A major milestone was achieved with the development of continuous assessment guidelines for secondary education. Once approved, these will allow continuous assessment scores to contribute to national examination results. Implementation is currently pending Government approval.

9.2.2.2.6 Malawi School Certificate of Education (MSCE) Pass Rate

The 2025 MSCE pass rate increased to 58.4 percent, up from 54.8 percent in 2024. Candidate numbers also rose significantly to 194,584, the highest in recent years. While gender disparities persist, female performance improved and special needs education candidates performed above the national average.

9.2.2.3 Improved Governance and Management of Secondary Education

Governance reforms recorded notable progress. By 2025, about 76 percent of public secondary schools had established Boards of Governors, surpassing the NESIP target of 70 percent. The roll-out of Secondary School Improvement Plans expanded to 25 districts, though implementation remains constrained by several challenges. Some of which are: limited financing, limited intake capacity affecting enrolment and transition rates, and inadequate laboratories and libraries in most CDSSs. Advances were also made in decentralization through school-based data collection, tablet procurement, and automation of examination administration and results dissemination.

9.2.3 Higher Education Subsector

The sector's priorities are expanding equitable access, improving quality and labour-market relevance, and strengthening institutional governance. The Ministry and its stakeholders recognize that traditional construction approaches alone are unlikely to achieve the target of establishing seven new universities by 2030, given the capital-intensive nature of conventional infrastructure development. There is therefore a need to priorities alternative strategies that can accelerate progress and ensure equitable access to higher education beyond 2030.

In response, the Ministry is adopting innovative, technology-driven approaches to expand access to higher education. Central to this effort is the establishment of the Open University of Malawi (OUM), which will broaden participation through flexible and distance-based learning modalities. In parallel, the Ministry is strengthening existing universities by expanding academic programmes, enhancing faculty capacity, improving infrastructure, and diversifying academic offerings. Strategic partnerships with the private sector and international universities are also being leveraged to align curricula, improve quality, and promote the sharing of resources and expertise.

At the same time, public higher education institutions continue to expand their physical infrastructure through investments under the Public Sector Investment Programme (PSIP), the Skills for a Vibrant Economy (SAVE) Project, and other funding sources. Notably, the Government of Japan has supported the expansion of Domasi University of Education, which has been completed and handed over to the Government of Malawi.

Year-on-year performance of the sub-sector is assessed through trends in selected outcome- and output-level indicators under the NESIP. The following analysis presents key indicators used by the Ministry to monitor progress in the implementation of higher education programmes and projects.

9.2.3.1 Increased Equitable Access for Students in Higher Education

9.2.3.1.1 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 males against 16,543 for females. 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 higher education institutions (HEIs) is at 0.88 based on the total enrolment of 6,534 female students and 7,390 for males. The GPI score for ODeL students in private universities was 0.56 as opposed to 0.88 for generic students.

9.2.3.1.2 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 and 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 continues to increase from 63,533 in 2023 to 74,414 in 2024 surpassing the NESIP target of 45,500 by 2025.

Private HEIs have been pivotal in expanding opportunities, especially for those seeking flexible or diverse education options. However, from 2023 to 2024, a slight decline was observed in female enrolment, which dropped from 14,272 to 13,332. Male enrolment also decreased, from 14,206 in 2023 to 11,887 in 2024. This decline could be attributed to many factors such as affordability issues, reduced scholarship opportunities, or challenges in balancing other responsibilities, which tend to impact private HEI students more significantly. Despite this setback, private HEIs continue to play a crucial role in diversifying access and catering to students who may not be reached by public institutions.

9.2.3.1.3 Percentage of Girls and Disadvantaged Students Enrolled and Retained in Different Programmes Including STEM

One of the NESIP's 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 2024 already exceeds the mid-term target for 2025 of 40 percent.

Further analysis of the data indicates low participation of learners with special needs within the broader category of disadvantaged students. Available records show that a total of 133 learners with special needs were enrolled in public and private higher education institutions during the 2020/21 fiscal year, while 112 special needs education (SNE) students were recorded in the

2021/22 fiscal year, reflecting a decline in enrolment. However, the trend reversed in subsequent years. In the 2022/23 fiscal year, 202 SNE learners were recorded, increasing to 331 learners in the 2023/24 fiscal year. This represents an increase of approximately 63 percent compared to the previous year, suggesting a notable improvement in access to higher education for learners with special needs.

9.2.3.1.4 Total Number of Students Offered Loans

The indicator measures the total number of needy, vulnerable, and deserving students in public and private higher education institutions who are awarded government student loans within the reporting year. The NESIP midterm target for 2021 was set at 17,065 loan beneficiaries, while the 2030 end-line target is 32,500 beneficiaries.

During the reporting period, the number of students offered loans continued to increase. In 2024, a total of 25,978 students received loans, representing a 15.9 percent increase from 22,423 beneficiaries recorded in 2023. Of the total beneficiaries in 2024, 24,245 were enrolled in public institutions and 1,733 in private institutions. The 2021 NESIP midterm target had already been exceeded, with 18,424 students supported in that year. Current performance indicates steady progress toward achieving the 2030 end-line target.

Loan approval rates in 2024 were high for both males (93.7 percent) and females (92.8 percent). The small difference between approval rates suggests that the loan approval process is largely gender-neutral. While the GPI shows an imbalance in the overall number of beneficiaries, this is likely attributable to variations in application rates rather than systemic bias in loan allocation.

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

During the 2020 to 2030 period, the Ministry seeks to improve the skills, quality, and labour-market relevance of higher education. In line with NESIP, key interventions include accreditation of both public and private HEIs; upgrading academic staff qualifications to Postgraduate and Doctoral levels; promoting research output and publication; supporting business, innovation, and technology incubation centres; establishing centres of excellence; and strengthening quality assurance systems, including the operationalization of institutional quality assurance units. Year-

on-year performance of the sub-sector is assessed through trends in selected outcome- and output-level indicators under NESIP.

9.2.3.1.6 Number of Research Areas Published

The Ministry recognizes research as a critical enabler of evidence-informed policy formulation and decision-making, as well as a key driver of innovation and knowledge generation. In this regard, universities play a central role in expanding the national knowledge base and enhancing the relevance of higher education to industry and the labour market.

Table 9.3 below presents selected indicators used by the Ministry to monitor progress in improving skills development, quality, and relevance of higher education for the labour market.

TABLE 9.3: TREND RESEARCH AREAS PUBLISHED AND PROPORTION OF RESEARCH CATEGORIES

<u>Publications</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total	615	617	211	473

Source: EMIS

9.2.3.1.7 Number of Business Innovation and Technological Incubation Centres Established

The establishment of Business Innovation and Technology Incubation Centres is a key strategy to enhance the skills, quality, and relevance of higher education for industry and the market. These centres play a vital role in fostering entrepreneurship, driving innovation, and creating a supportive ecosystem for start-ups. The Ministry aims to establish a total of seventeen such centres between 2020 and 2030. As of end year 2025, eight centres have been successfully set up in higher education institutions, as detailed in Table 9.4.

TABLE 9.4 BUSINESS INNOVATION AND TECHNOLOGICAL CENTRES

<u>No</u>	<u>Business Innovation and Technological Centre</u>	<u>Host University</u>
1	University Innovation Pod (UniPod)	MUBAS
2	Business Incubation Centre	MUBAS

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

Source: Department of Higher Education

The total number of established business innovation and technological centres shows that the Ministry slightly fell short of meeting a target of nine such centres by 2025.

9.3 Budget Performance

The 2025/26 total approved budget provision for Vote 250 was MK359 billion of which MK120 billion was for Personnel Emoluments (PE), MK45.3 billion was for Other Recurrent Transactions (ORT), and MK193.9 billion was for Development Budget (out of which MK173.2 billion was for Development Budget Part I and MK220.8 billion was for Development Budget Part II).

The 2025/26 total approved budget provision for Vote 250 was revised downwards by 3 percent from MK359 billion to MK347 billion during Mid-Year Budget Review. PE budget was revised upwards from MK120 billion to MK143 billion and ORT budget was revised upwards from MK45.3 billion to MK59.9 billion. The ORT upward revision included MK1.9 billion EU Budget Support, MK4 billion foundation learning and MK10.5 billion free secondary education; Development Budget Part I was revised downwards from MK173 billion to MK130 billion and Development Budget Part II was revised downwards from MK20.75 billion to MK13.7 billion. Table 9.5 is a highlight of 2025/26 Education Vote 250 Budget Performance.

TABLE 9.5 2025/26 VOTE 250 EXPENDITURE ANALYSIS AS OF 31ST DECEMBER 2025 (IN MK 'MILLION)

<u>Budget Category</u>	<u>2025/26 Budget Estimates</u>	<u>2025/26 Budget Revised</u>	<u>2025/26 Funding</u>	<u>2025/26 Expenditure</u>	<u>Funding Utilization</u>	<u>Budget Utilization</u>
Recurrent Budget						
PE	120,021,135,412	143,051,492,720	99,491,927,007	99,491,927,007	100%	70%
ORT	45,338,660,249	59,896,741,582	31,418,263,630	25,067,725,371	80%	42%
Of which TLMs	5,356,091,454	5,356,091,454	1,608,000,000	1,492,911,680	93%	28%
Recurrent Total	165,359,795,661	202,948,234,302	130,910,190,637	124,559,652,378	95%	61%
Development						
Part I	173,164,140,045	130,495,868,542	37,195,150,356	37,195,150,356	100%	29%
Part II	20,750,000,000	13,702,073,807	5,654,525,720	5,612,002,573	99%	41%
Development Total	193,914,140,045	144,197,942,349	42,849,676,076	42,807,152,929	100%	30%
Vote 250 Total	359,273,935,706	347,146,176,651	173,759,866,713	167,366,805,307	96%	48%

Source: Integrated Financial Management Information System (IFMIS)

The 2025/26 financial year's funding and expenditure figures only covers nine of the year's twelve months. Out of the revised Vote 250 budget, PE resources amounting to MK99.5 billion were funded as at 31st December, 2025 and MK 99.5 billion was spent representing a budget and funding utilization of 70 percent and 100 percent, respectively.

Out of the revised Vote 250 ORT budget of MK59.9 billion, a total of MK31.4 billion was funded and a total of MK25 billion was spent, implying that there was a budget and funding utilization of 42 percent and 80 percent respectively.

On Government funded Development Budget resources, a total of MK5.65 billion and a total of MK5.6 billion was spent representing a budget and funding utilization of 41 and 99 percent respectively.

On Development Partners funded Development Budget resources, a total of MK37.2 billion was spent against a budget of MK130 billion, representing a budget and funding utilization of 29 and 100 percent respectively.

9.4 Key Implementation Challenges

The Ministry faced a number of challenges in implementing its activities and programs in this year under review as follows:

- i. Fuel scarcity which impacted on delivery of construction materials especially on construction of classrooms under MERP
- ii. Shortage of foreign exchange delayed importation of construction materials hence extended construction period
- iii. Material price fluctuations
- iv. Delayed funding on the part of Development Part II projects

9.5 Science, Technology and Innovation (2025 Financial Year)

The Government of Malawi remains committed to advancing Science, Technology, and Innovation (STI) as a key driver of sustainable development and economic transformation. During the 2025/26 fiscal year, Government continued to promote the role of STI through collaborative efforts with stakeholders, contributing to societal well-being, industrial competitiveness, and national economic growth. Some of the notable achievements include the following;

- i. Publication of a research paper on Assessment of Lead Exposure Risks from Commonly Used Consumer Products in Malawi
- ii. Convening of the first-ever National Innovation Conference (NIC)
- iii. Provided state of research and innovation grants
- iv. Enhanced visibility of the National Innovation Portal (NIP).

Chapter 10

TOURISM

10.1 Overview

Tourism continues to serve as a cornerstone of global economic growth. The sector contributed approximately 6.7 percent to global GDP in 2025, reflecting a gradual return to the average growth trajectory observed prior to the pandemic. By contrast, in 2024, tourism accounted for 9.1 percent of global GDP with the subsequent decline largely attributed to uncertainties surrounding trade tariffs and escalating geopolitical tensions that constrained expansion. Despite these challenges, tourism's performance remains robust compared to the broader economy which is projected to grow at only 2.5 percent annually.

The sector is expected to generate USD 11.7 trillion globally, representing 10.3 percent of the world economy. Employment impacts are equally significant as tourism is forecasted to support an additional 14.4 million jobs. This would raise its total contribution to 371 million jobs worldwide, representing 10.9 percent of all global employment. A key milestone anticipated in 2025 is the full recovery of international visitor spending which is projected to exceed pre-pandemic levels by 8.6 percent, reaching nearly USD 2.1 trillion. Domestic visitor spending is also expected to rise substantially, climbing 13.6 percent above 2019 levels to approximately USD 5.6 trillion. Annually, international and domestic visitor expenditures are forecasted to grow by 10 and 5.1 percent respectively.

In Malawi, tourism is strategically prioritized under the long-term development blueprint, Malawi 2063, in recognition of its transformative contribution to socioeconomic development, job creation, and poverty reduction. Beyond its direct impacts on GDP, foreign exchange earnings, and employment; the sector provides unique livelihood opportunities for women, youth, and other vulnerable groups, while stimulating indirect gains through supply chain linkages with agriculture, trade, and services.

Prior to the COVID-19 pandemic, Malawi's tourism sector was on a positive growth trajectory. However, since 2021 the sector has demonstrated a steady recovery, reflecting both domestic resilience and renewed international interest.

10.2 Performance of the Tourism Sector in Malawi

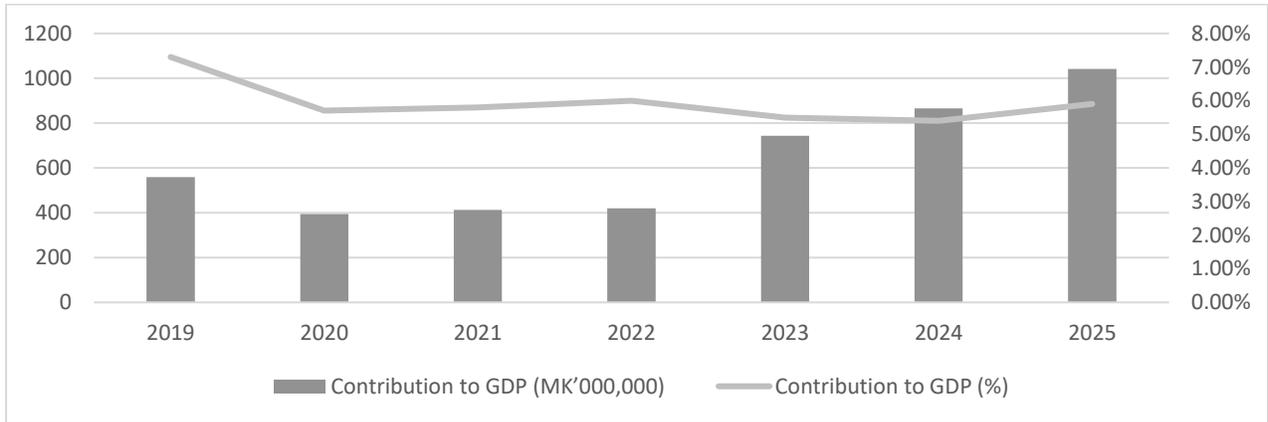
The performance of the Malawi's tourism sector in 2024 and 2025 demonstrates notable progress, signalling a steady recovery from the adverse impacts of the COVID-19 pandemic.

10.2.1 Contribution of Travel and Tourism to GDP

Figure 10.1 shows the contribution of the travel and tourism sector to GDP between 2019 and 2025. After declining to MK394.7 billion in 2020, the sector’s contribution to GDP in real terms rebounded to MK478.1 billion, marking the beginning of a sustained upward trend. By 2024, the sector’s total contribution had risen to MK865.2 billion, with projections indicating further growth to MK1 trillion in 2025.

This performance underscores the resilience and steady progress of the tourism industry, which has not only regained momentum but has also surpassed the MK559.1 billion contribution recorded in 2019 prior to the pandemic.

FIGURE 10.1 CONTRIBUTION OF THE TRAVEL AND TOURISM SECTOR TO GDP

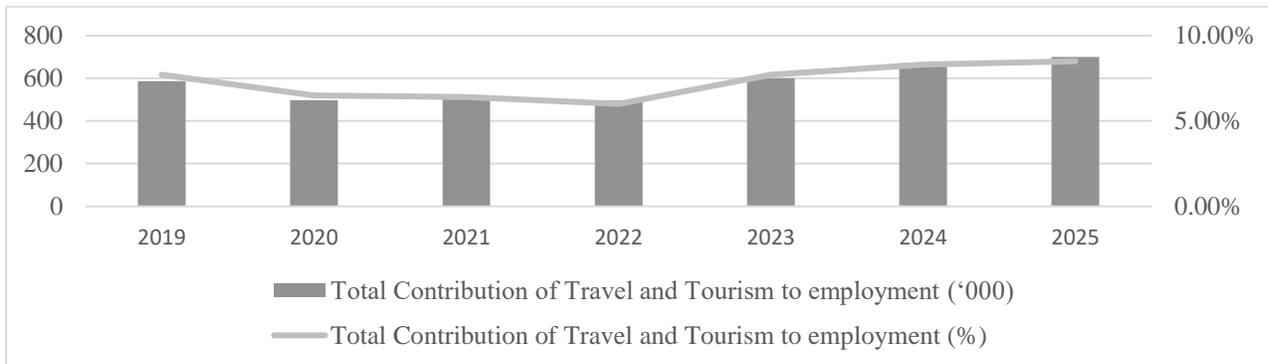


Source: Department of Tourism

10.2.2 Contribution of Travel and Tourism to Employment

The tourism sector contribution to employment rose to 670,000 representing 8.3 percent of total employment. The sector is expected to support 700,000 jobs in 2025.

FIGURE 10.2 CONTRIBUTION OF TRAVEL AND TOURISM TO EMPLOYMENT

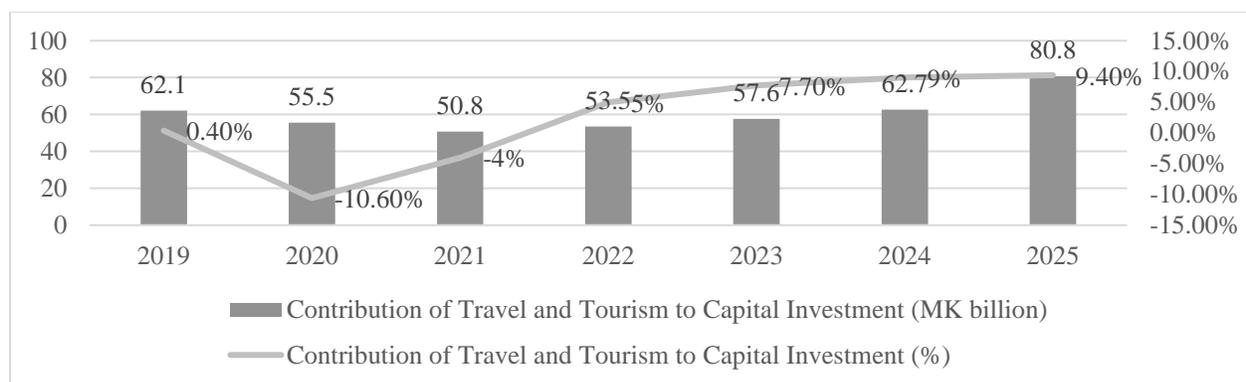


Source: Department of Tourism

10.2.3 Contribution of Travel and Tourism to Investment

Investment in the tourism sector was projected at MK80.8 billion in 2025 from MK62.7 billion in 2024, representing a 9.4 percent increase in the sector’s share of total investment. Investments are expected to expand further as projects outlined in the Malawi National Investment Masterplan continue to be promoted to both domestic and international investors, positioning tourism as a strategic pillar for sustainable development. Figure 10.3 illustrates the contribution of travel and tourism to investment between 2019 and 2025.

FIGURE 10.3 CONTRIBUTION OF TRAVEL AND TOURISM TO INVESTMENT



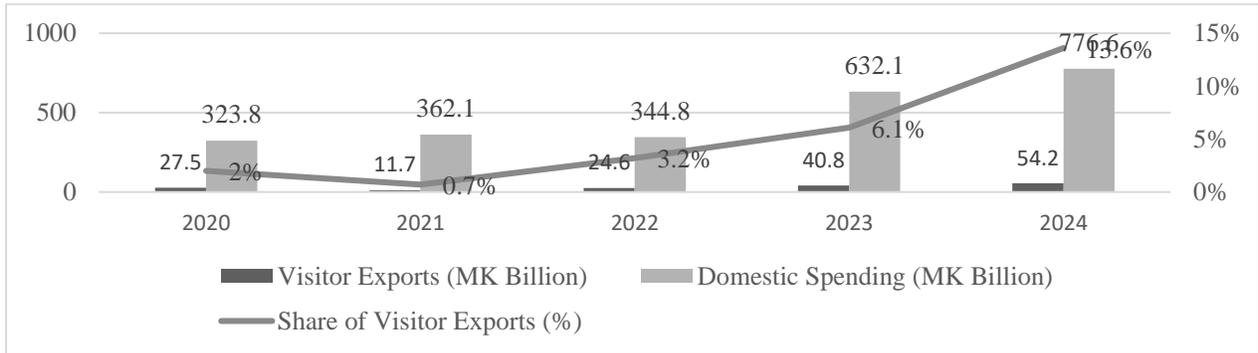
Source: Department of Tourism

10.2.4 Tourism Spending

Tourism spending has shown remarkable recovery following the disruptions caused by COVID-19. Visitor exports rose significantly, constituting 13.6 percent of total exports in 2024, compared to just 2 percent in 2020. In real terms, visitor exports increased from MK27.5 billion in 2020 to MK54.2 billion in 2024, underscoring the sector’s regained competitiveness in the international market.

Simultaneously, domestic tourism expenditure expanded substantially, rising from MK323.8 billion in 2020 to MK776.6 billion in 2024. This growth highlights the resilience of domestic demand and its critical role in sustaining the sector during the recovery period. Overall, the performance illustrated in Figure 10.4 demonstrates the sector’s strong rebound, with both international and domestic spending reinforcing tourism’s contribution to economic growth and foreign exchange earnings.

FIGURE 10.4 TOURISM EXPORT AND DOMESTIC TRAVEL AND TOURISM SPENDING

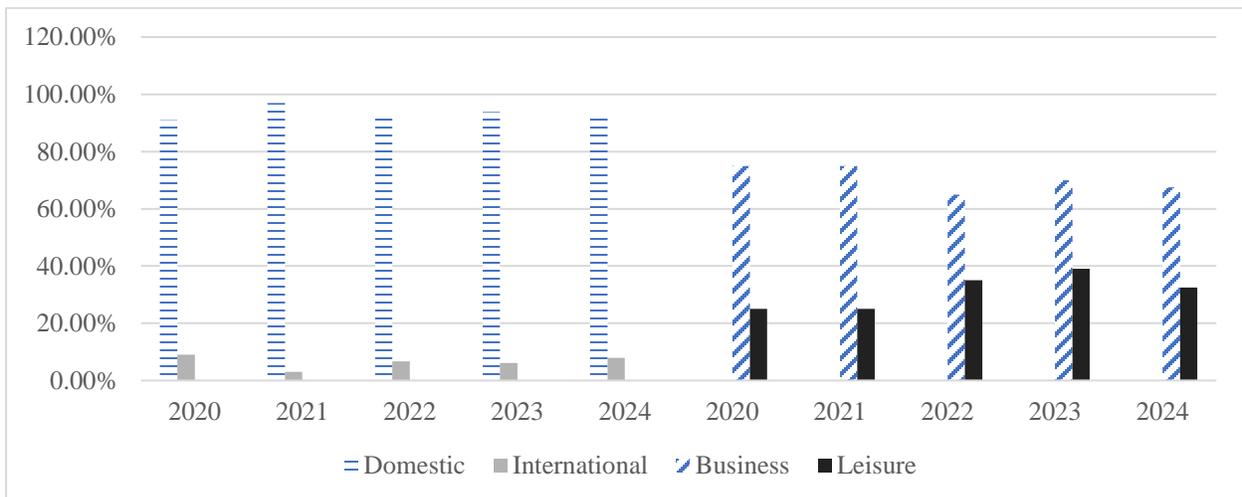


Source: Department of Tourism

An analysis of tourism expenditure patterns reveals that the majority of tourist spending during the period 2020 to 2024 was driven by business-related activities which accounted for an average of 70 percent of total tourism spending. This underscores the sector’s strong reliance on business travel as a key driver of demand.

Figure 10.5 further illustrates the distribution of spending between domestic and international visitors and the relative shares of leisure and business travel. The data highlights the importance of diversifying tourism offerings to strengthen the leisure segment while sustaining business travel as a critical pillar of sector growth.

FIGURE 10.5 DOMESTIC VERSUS INTERNATIONAL SPENDING AND LEISURE VERSUS BUSINESS SPENDING



Source: Department of Tourism

10.3 Challenges Affecting the Tourism Sector

10.3.1 Limited Zoned Land for Tourism Investment

Demand for tourism investment is growing, particularly in districts along Lake Malawi and other areas with high potential. The National Tourism Investment Masterplan identifies 103 project sites for systematic development, yet many of these sites are not formally zoned, limiting the sector's ability to attract investors. In addition, non-competitive investment incentives, including high interest rates, continue to discourage both local and foreign direct investment in priority tourism areas.

10.3.2 Poaching and Illegal Wildlife Trade

Poaching and illegal wildlife trade remain among the most pressing threats to Malawi's conservation and tourism agenda. These activities undermine biodiversity, erode the value of protected areas, and compromise the country's ability to position itself as a premier eco-tourism destination. While law enforcement in protected areas is being intensified, persistent illegal exploitation of wildlife resources continues to challenge conservation efforts and the sustainability of tourism.

10.3.3 Underdeveloped Tourism Products and Infrastructure Deficiencies

Malawi's diverse natural, cultural, and man-made attractions remain underdeveloped. Such include sites linked to cultural, colonial, and religious heritage, as well as the lakeshore, mountains, and protected area destinations. Poor transport and infrastructure, including inadequate roads, airports, and public transport systems, further deter tourists. The quality of services and facilities often falls below international standards, weakening Malawi's competitiveness as a regional tourism destination. Without significant investment in product diversification and infrastructure upgrades, the sector risks lagging behind neighbouring countries with more developed offerings.

10.3.4 Limited Marketing of the Brand Malawi

Despite being known as "the Warm Heart of Africa", Malawi remains relatively unknown in the global tourism market. The country offers unparalleled natural beauty, rich cultural heritage, diverse wildlife, and secluded destinations that differentiate it from more crowded regional competitors. However, limited marketing efforts, both domestic and international, have constrained visibility. Challenges include inadequate budgets for sustained campaigns, limited participation in major travel exhibitions, weak presence in digital and media platforms, competition from more established African destinations, misconceptions about safety and security, and insufficient involvement of local communities in tourism promotion. These factors collectively hinder Malawi's ability to fully take advantage of its brand identity and attract a larger share of global visitors.

10.3.5 Climate Change and Environmental Degradation

Climate variability, including floods, droughts, and cyclones, poses a growing threat to natural attractions such as Lake Malawi and protected areas. Rising temperatures and shifting rainfall patterns affect biodiversity, water levels, and eco-tourism sustainability. Environmental degradation from deforestation, pollution, and unsustainable land use further undermines the quality of tourism sites.

10.3.6 Limited Access to Finance for Tourism Enterprises

Much of Malawi's private sector is made up of small and medium-sized tourism enterprises (SMEs) which are firms that face difficulties accessing affordable financing. High interest rates and limited tailored financial products constrain innovation and expansion, reducing participation of local entrepreneurs (particularly women and youth) in tourism value chains.

10.3.7 Skills Gaps and Human Capital Development

The sector faces a shortage of skilled personnel in hospitality, tour guiding, marketing, and eco-tourism management. Training institutions often lack resources to meet international standards, resulting in weak professional service delivery that reduces competitiveness and visitor satisfaction.

10.3.8 Digitalization and Technology Gaps

Limited adoption of digital platforms for marketing, booking, and payments reduces visibility and competitiveness. Weak internet connectivity in tourism hotspots constrain innovation prevent the seamless digital experience global travellers increasingly expect.

10.4 Lessons Learnt

Despite the challenges facing the sector, Malawi continues to benefit from price competitiveness and a reputation for safety and security. These are conditions that can be strategically leveraged in marketing efforts to strengthen the country's positioning as a preferred destination. Key lessons emerging during the reporting period include the following:

- i. **Collaboration and Coordination:** active participation in major national, regional, and global tourism events has proven essential in clearing bottlenecks, fostering partnerships, and advancing sector development
- ii. **Community Engagement:** involving local communities in tourism development and marketing, particularly through the devolution of tourism functions to local councils, can help address persistent challenges such as poaching, while also strengthening the promotion of Malawi's brand

- iii. **Digital Transformation:** the digitalization of tourism processes and the adoption of Artificial Intelligence tools can enhance efficiency, improve service quality, and expand the reach of Malawi’s marketing campaigns
- iv. **Public–Private Partnerships (PPPs):** strengthened and innovative PPPs provide a gateway to scaling up investment in tourism infrastructure and products, thereby unlocking the sector’s full potential

10.5 Strategic Interventions

To address the challenges outlined and capitalize on the lessons learnt, the following strategic interventions are proposed:

- i. **Land and Investment:** fast-track zoning of identified sites and introduce competitive incentives to attract investors
- ii. **Wildlife Protection:** intensify law enforcement, adopt modern monitoring technologies, and expand community-based conservation
- iii. **Product and Infrastructure Development:** diversify tourism products, upgrade transport and service infrastructure, and enforce quality standards
- iv. **Brand Marketing:** scale up domestic and international campaigns, strengthen digital presence, and promote community-driven branding
- v. **Climate Resilience:** integrate adaptation strategies, promote green financing, and safeguard biodiversity
- vi. **Tourism Financing:** develop tailored financial instruments for SMEs, expand access to capital, and establish a Tourism Investment Fund
- vii. **Skills Development:** enhance training institutions, introduce specialized programs, and foster public–private training partnerships
- viii. **Policy Coordination:** establish a national coordination unit, strengthen monitoring frameworks, and promote multi-stakeholder dialogue
- ix. **Digitalization and Innovation:** expand digital platforms, improve ICT infrastructure, and adopt AI tools for service delivery and marketing

10.6 Projected Performance of the Tourism Sector

The projected performance of the tourism sector for the fiscal year 2026/27 is presented in Table 10.1. These estimates are premised on the assumption of continued stability in the macroeconomic environment and other enabling factors that influence tourism investments in Malawi.

The projections highlight sustained growth in the sector’s contribution to GDP, employment, investment, and foreign exchange earnings, reflecting the resilience of tourism as a driver of socio-economic development. With ongoing recovery from the COVID-19 pandemic and the implementation of strategic interventions outlined in the National Tourism Investment Masterplan, the sector is expected to consolidate its role as a key pillar of the Malawi 2063 vision.

TABLE 10.1: PROJECTED PERFORMANCE OF THE TOURISM SECTOR IN 2026/27

<u>Indicator</u>	<u>Projection (Percent)</u>	<u>Success Factors</u>	<u>Risks and Assumptions</u>
Growth of tourism direct contribution to GDP	8	Increased tourist spending	Malawi's vulnerability to external shocks
Growth of total contribution of travel and tourism to employment	10	Stable macroeconomic environment	Malawi's vulnerability to external shocks
International visitor spending	9	Intensified destination promotion	Availability of funds to promote extensive marketing campaigns
Domestic visitor spending	40.5	Intensified destination promotion	Availability of funds to promote tourism

Source: Department of Tourism

Chapter 11

LOCAL GOVERNMENT AND RURAL DEVELOPMENT

11.1 Overview

Local Government Authorities (LGAs) remain key to effective local governance and local economic transformation in Malawi. As the primary interface between the Central Government and communities, LGAs are central to the delivery of public goods and services, development of local infrastructure and facilitation of economic activities at community level. LGAs' performance, therefore, has a direct bearing on employment creation, private sector participation, and overall community welfare.

During 2025/26 financial year, local economic development efforts continued to be guided by the Malawi 2063, with particular emphasis on advancing the objectives of the Urbanisation Pillar. The Ministry of Local Government, Unity and Culture (MLGUC) steered the implementation of local development interventions through a context-sensitive approach that recognises the differing mandates, resource bases, and capacities of rural and urban councils. This approach focused on deepening the role of LGAs as engines of spatially balanced and inclusive growth.

Government investment in local government infrastructure remained strong during the period under review. Financing was mobilised through a combination of Government resources and external development assistance. Key funding streams included the Public Sector Investment Programme (PSIP), District Development Fund (DDF), Infrastructure Development Fund (IDF), Constituency Development Fund (CDF) and sector specific dedicated grants. Additional support was secured through development partners, financed instruments such as performance-based grants under the Governance to Enable Service Delivery (GESD) project and the Regional Climate Resilience Programme (RCRP), as well as project-based initiatives including the Transforming Agriculture Through Diversification and Entrepreneurship (TRADE) Programme. These resources supported the implementation of a wide range of infrastructure and service delivery projects, leading to measurable improvements in access to basic services and strengthened local economic activity across councils.

In parallel, the Ministry continued to advance policy and institutional reforms aimed at improving coordination and accountability at the devolved level. Progress was made in operationalising the revised National Decentralisation Policy (2024), with increased focus on strengthening local infrastructure development, promoting local economic development initiatives, and improving municipal service delivery. These reforms are intended to enhance coherence across sectors and ensure more effective utilisation of public resources at local level.

This chapter provides a synthesis of key achievements recorded during the 2025/26 financial year, highlighting the performance of programmes and projects implemented within the local

government system and their contribution to infrastructure development, local economic growth, and improved service delivery.

11.2 Performance in the 2025/26 Financial Year

11.2.1 Major Achievements During the 2025/26 Financial Year

- i. Facilitated the devolution of seven sectors, namely: Environment and Natural Resources, Fisheries, Information, Tourism, Industry, Mining, and Energy.
- ii. Supported seven secondary cities in the preparation of their master plans. These secondary cities included Monkey Bay, Liwonde, Karonga, Chipoka, Nkhatabay and Kasungu.
- iii. Reviewed all the Local Government System Handbooks that guide the functioning of Local Government Authorities in Malawi. The handbooks include the Constituency Development Fund (CDF) and Water Resources Fund Guidelines; the Guidebook on the Local Government System in Malawi; the Guidebook for Conducting Local Authority Business; the Condition of Service for Councillors and Other Members; the Code of Conduct of Elected and Non-Elected Council Officials; and the Terms of Reference for Council Standing Committees.
- iv. Supported the finalization of the Local Development Plans in nine LGAs.
- v. Disseminated reviewed DDF guidelines to all 28 district LGAs.
- vi. Identified and supported the operationalisation of the Mwanza Local Authority Revenue Management Information System (LoRMIS) under Public Sector Reforms and the Integrated National Financing Framework (INFF). The system is used for issuing e-tickets for various municipal service and online business registration.
- vii. Continued the dissemination of the National Decentralisation Policy (2024) to six local authorities.
- viii. Coordinated the implementation and finalisation of the Investing in Early Years Project (IEYP) for productivity and growth in collaboration with other Project Implementing Entities (PIEs).
- ix. Constructed health, education and water and sanitation facilities in Mangochi and Nkhotakota districts under the Mangochi Basic Service Programme Phase (MBSP) III supported by the Embassy of Iceland.
- x. Constructed and rehabilitated roads infrastructure, commodity storage facilities and water points under the Transforming Agriculture through Diversification and Entrepreneurship

(TRADE) Programme in 11 districts with the aim of increasing value chain commercialisation and enhance the resilience of rural poor and smallholder producers.

- xi. Introduced the Decentralisation Lab to act as a platform of engagement with MDAs to identify gaps and challenges affecting decentralisation.
- xii. Operationalised Karonga Town Council. However, since its functional review has not yet been approved, the Ministry, through the Local Government Service Commission, redeployed staff from other councils to fill key positions.
- xiii. Conducted Local Authority Performance Assessment (LAPA) in all the 28 district councils which formed the basis for disbursing Performance-Based Grants (PBG) under the GESD and RCRP.

11.2.2 Progress on Programs and Projects

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

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.

TABLE 11.1 PROGRESS ON RURAL GROWTH CENTRES

<u>Name of RGC</u>	<u>Structures</u>	<u>Outstanding Works</u>	<u>Progress to Date</u>	<u>Annotations</u>
Nambuma (Works pertaining to Phase 2)	- Health Centre	- Community Hall	Works in progress (70 percent overall completion rate)	The health centre is completed and is now operational
	- Community Hall	- Community library		
	- Community Ground	- Community ground		
	- Community Library			
Chitekese (Works pertaining to Phase 2)	- Community Library	- Community Library	Works in progress (70 percent completion rate)	Works have stalled due delays in processing payments to the contractor
	- Community Hall	- Community Hall		
	- Bus Depot	- Bus depot		
	- Perimeter fence			

<u>Name of RGC</u>	<u>Structures</u>	<u>Outstanding Works</u>	<u>Progress to Date</u>	<u>Annotations</u>
	– Community ground			
Chapananga	<ul style="list-style-type: none"> – Market kiosks – Market sheds – Bus depot – Drainage works 	<ul style="list-style-type: none"> – Installation of ESCOM Transformer and refuse collector 	<ul style="list-style-type: none"> Works in progress (98percent completion rate Phase I). 	<ul style="list-style-type: none"> Market was handed over to the council but electricity is not yet connected. Phase II (community hall, library and ground) is awaiting approval of addendum
Mkanda	<ul style="list-style-type: none"> – Market kiosks – Market sheds – Bus depot 	<ul style="list-style-type: none"> – Filling of pits in the markets – Electricity connection – Water connection 	<ul style="list-style-type: none"> Works in progress (98percent completion rate). 	<ul style="list-style-type: none"> Officially handed over to council as the Ministry is engaging ESCOM on power connection

Source: MLGUC, 2025

11.2.2.1 Markets Development Programme (Urban and Rural Markets)

The Ministry is constructing five markets as follows: Namitambo in Chiradzulu, Nsanje Boma and Tengani in Nsanje, Mphanje in Thyolo and Kapiri in Mchinji. These markets are aimed at providing modern market amenities to improve local commerce and boost council revenues

As shown in Table 11.2, Namitambo, Nsanje, Tengani and Mphanje markets are at 90, 85, 98 and 50 percent respectively due to delays in approval of addendum necessitated by rising costs of materials. However, Nsanje Boma market is in use. Tengani market is not operational as electricity and water are yet to be connected. Kapiri market is yet to commence as there is an outstanding court injunction obtained by some community members against commencement of the project.

TABLE 11.2 PROGRESS ON MARKET DEVELOPMENT

<u>Name of Market</u>	<u>Components</u>	<u>Outstanding Works</u>	<u>Progress to Date</u>	<u>Annotations</u>
Namitambo Market	- Market Shades	Finishing works	The following have been constructed: - 5 Market Shades - 5 Market shops - 1 Slaughterhouse - 1 Butchery Shops - 1 shop - 1 Fence - 4 double door VIP toilets - 4 toilets	Overall physical progress is at 90%
	- Market Shops			
	- Slaughterhouse use			
	- Butchery			
	- Revenue Collection Office			
	- Fence			
	- Pit latrines			
	- Toilets			
Construction of Nsanje Boma Market	- Market Shades	Slaughter house, toilets and bus depot	The following have been constructed: - Market Sheds in use - Market Shops not in use, awaiting electricity connection. - Slaughter House not in use - Butchery Shops in use - Toilets but not in use - RCO shop but not in use - Bus Depot is at 55% - Perimeter Fence	Overall physical progress is at 85% completion rate. Works have stopped and contractor is not on site.
	- Market Shops			
	- Slaughter House			
	- Butchery Shops			
	- Toilets/Pit latrine			
	- Revenue Collection Officer (RCO) shop			
	- Bus Depot			
	- Perimeter Fence			
Construction of Tengani Market	- Market Sheds	- Perimeter fence	The following have been constructed: - 2 Market shades - 16 Market shops The project stalled at 60% completion rate and is facing vandalism.	Overall physical progress is at 98% Works have stopped and Contractor Abandoned site a long time ago.
	- Market Shops			
	- Toilets/Latrines			
	- RCO shop			
	- Bus Depot			
	- Perimeter Fence			

<u>Name of Market</u>	<u>Components</u>	<u>Outstanding Works</u>	<u>Progress to Date</u>	<u>Annotations</u>
Mphanje Market	<ul style="list-style-type: none"> - Market shades - Market shops - Toilets shops - slaughter house - Butchery - Revenue collection office - Fence - Pit latrines - Toilets 	<ul style="list-style-type: none"> - Roofing, - plastering, - flooring, - benches, - windows, drains, - electricity, - painting 	<ul style="list-style-type: none"> - All shades are at gable level - Two market blocks are at gable level - Slaughter house is at window level - Butchery is at window level - Revenue collection office is at ring beam level 	Overall physical progress is at 50%
Construction of Kapiri market	<ul style="list-style-type: none"> - Market shades - Market shops - Toilets shops - slaughter house - Butchery - Revenue collection office - Fence - Pit latrines - Toilets 	<ul style="list-style-type: none"> - Market shades - Market shops - Toilet shops - Slaughter house - Butchery - Revenue collection office - Fence - Pit latrines - Toilet shops 	<ul style="list-style-type: none"> - No progress 	Yet to commence because there was an injunction against the construction but the injunction was lifted earlier this year.

Source: MLGUC, 2025

11.2.2.2 Construction of Stadia and Community Grounds

The Ministry continued construction of stadia in M’mbelwa, Ntcheu, Thyolo, Zomba, Lilongwe and Mwanza district councils. These projects are of great value to the local authorities as they contribute to increased revenue generation while helping sports development.

TABLE 11.3 CONSTRUCTION PROGRESSION

<u>Name of Stadium</u>	<u>Structures</u>	<u>Outstanding Works</u>	<u>Progress to Date</u>	<u>Annotations</u>
M’mbelwa	<ul style="list-style-type: none"> - Construction of fence - Construction of dressing rooms - Pitch improvement 	<ul style="list-style-type: none"> - extension of the VIP stands on both sides - outlet drain awaiting compensation of the affected people - netball, volleyball and basketball courts 	Progress is estimated at 90% as all other works are completed and it is at finishing stage.	Progress has been slow this financial year due changes in project scope brought by the Department of Budlings
Thyolo	<ul style="list-style-type: none"> - Construction of perimeter fence - Construction dressing rooms - Pitch Improvement - Elevation of stands 	<ul style="list-style-type: none"> - Structural framework completion for the complex Building - Interior fit-out and facilities installation - Exterior finishing and landscaping 	The construction works are at 80.6% completion rate	Funding has been a problem to the extent that the project paused since 2024 and its still at 80.6% completion rate
Ntcheu	<ul style="list-style-type: none"> - Construction of perimeter fence - Construction dressing rooms - Pitch Improvement - Elevation of stands 	<ul style="list-style-type: none"> - Water connection - Electricity connection - borehole - Gate-house - Tickets office - Fence and boundaries - Ablution Block - Crescent Stands - Middle Stands 	The construction works is at 100% percent completion rate	

<u>Name of Stadium</u>	<u>Structures</u>	<u>Outstanding Works</u>	<u>Progress to Date</u>	<u>Annotations</u>
Zomba	<ul style="list-style-type: none"> - Construction of perimeter fence - Construction of dressing rooms - Pitch improvement - Elevation of stands 	<ul style="list-style-type: none"> - Dressing rooms under plumbing, electrical and locker installation - spectator stands - second lift not completed - running track not fully done - floodlights not done - carpark not fully completed 	Construction works completed and functional	Handed over for use.
Mwanza	<ul style="list-style-type: none"> - Construction of Perimeter Fence - Construction of dressing rooms - Pitch construction - Elevation of stands 	<ul style="list-style-type: none"> - scoreboard - technical area booths - running track finishes - VIP access points - Wire fence extension to restrict spectators from reaching VIP area - Completing landscaping works - Access and parking area kerbs - Tunnel modification - Media section 	Completed and functional	Handed over for use
Nsundwe	<ul style="list-style-type: none"> - Construction of perimeter fence - Construction of dressing rooms - Pitch construction - Elevation of stands 	<ul style="list-style-type: none"> - VIP and regular stands - Pitch - Dressing rooms - Drainage systems - Electrical works 	Progress is currently at 10%	Funding has been a problem since funds were directed to the completion of similar projects that were at an advanced stage

Source: MLGUC, 2025

There has been significant progress in the construction works for the stadiums, as shown Table 11.3, as three out of six stadiums have been completed. Prioritisation of the stadia that were at an advanced stage during this financial year has been key to their completion. However, funding has been a problem affecting the completion of the remaining stadia. Further, high inflation has caused cost implications hence affecting the initial projections.

11.2.2.3 Construction of DCs Offices and Mzuzu Civic Office

These projects were developed in response to challenges such as dilapidated offices and serious shortage of office space which led to council officers being accommodated in different office buildings. This fragmentation of sectors undermines the integration of devolved services and affects quality of service delivery, hence the need for the provision of adequate and decent working space. The projects are in line with the MW2063 enabler on Enhanced Public Service Delivery. MoLGUC 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 11.4 PROGRESS ON THE CONSTRUCTION OF COUNCIL OFFICES

<u>Name</u>	<u>Structures</u>	<u>Outstanding Works</u>	<u>Progress to Date</u>	<u>Annotations</u>
Thyolo DC’s Office	Office Block	Completed	The project was completed and handed over	Completed
M’mbelwa DC’s office	Office Block	All outstanding works	70% completion. waiting department of buildings for redesign of project	Progress is slow due to funding
Mzuzu Civic Offices	Office Block	All outstanding works	80% of construction works are completed	Works in progress

Source: MLGUC, 2024

11.2.2.4 Roads and Water Infrastructure Development Programme

Rural areas in Malawi are characterised by inadequate durable infrastructure, poor access roads with poor drainage systems, and limited access to safe and portable water. The Roads and Water Infrastructure Development programme is a direct response to these challenges.

During the period under review, the Ministry continued implementing works at medium and large scales at Chitipa, Dowa, Lilongwe, Chiradzulu, and Chikwawa. The programme comprises

construction of concrete deck (CD) bridges, reshaping of roads and installing water reticulation systems and boreholes.

TABLE 11.5: PROGRESS ON RURAL GROWTH CENTRES

<u>Name of RGC</u>	<u>Structures</u>	<u>Completed Works</u>	<u>Progress to Date</u>	<u>Annotations</u>
Chitipa	<ul style="list-style-type: none"> - Road reshaping and grading - Bridges - Boreholes - Water Reticulation System (WRS) 	<ul style="list-style-type: none"> - 8 CD bridges - 4 boreholes - 2 WRS 	100%	Delays in funding delayed the implementation of the projects
Dowa	<ul style="list-style-type: none"> - Road reshaping and grading - Bridges - Boreholes - Water Reticulation System 	<ul style="list-style-type: none"> - 6 RWS 	100%	Delays in funding delayed the implementation of the projects
Lilongwe	<ul style="list-style-type: none"> - Road reshaping and grading - Bridges - Boreholes - Water Reticulation System 	<ul style="list-style-type: none"> - 1 road done, 2 are under implementation - 1 bridge done - 1 borehole done, 6 are under implementation 	70%	Delays in funding delayed the implementation of the projects Drilling of low water yielding boreholes
Chiradzulu	<ul style="list-style-type: none"> - Road reshaping and grading - Bridges - Boreholes - Water Reticulation System 	<ul style="list-style-type: none"> - 1 road - 2 bridges done 	100%	Delays in funding delayed the implementation of the projects

<u>Name of RGC</u>	<u>Structures</u>	<u>Completed Works</u>	<u>Progress to Date</u>	<u>Annotations</u>
Chikwawa	<ul style="list-style-type: none"> - Road reshaping and grading - Bridges - Boreholes - Water - Reticulation System 	<ul style="list-style-type: none"> - 1 road done - 3 bridges - 2 boreholes (not completed) 	90%	Delays in funding delayed the implementation of the projects

Source: MLGUC, 2025

Table 11.5 highlights the status of the Roads and Water Infrastructure development programme 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 delay in funding which lead to the delays in the processing of certificates of works.

11.2.2.5 Construction of and Rehabilitation of Chiefs' Houses

The project aims to construct and rehabilitate chiefs' office houses at the Traditional Authority (TA) level across all districts to enhance the welfare and working environment of traditional leaders. A total of 77 houses has been earmarked for construction and rehabilitation nationwide. Table 11.6 shows the current status of these houses.

As shown in Table 11.6, 22 houses out of the 77 houses under the project have been completed, while 31 are at various stages of construction. However, 22 houses will need to be re-tendered after contractors halted works due to price escalations.

TABLE 11.6 PROGRESS ON CONSTRUCTION OF CHIEFS' HOUSES

Project	Components	Outstanding Works	Progress to Date	Annotations
Rehabilitation of Chief's houses	Structural elements, building envelopes, Mechanical, Electrical, and Plumbing (MEP) Systems	All 31 houses are under rehabilitation	24 houses have been completed	
Construction of Chiefs houses	All components	All works Outstanding	<ul style="list-style-type: none"> - 17 houses at finishing level - 6 houses at Roofing level - 2 houses at window level 	<ul style="list-style-type: none"> - 2 contracts were terminated due to non-performance - Pending works were deferred

Project	Components	Outstanding Works	Progress to Date	Annotations
			<ul style="list-style-type: none"> - 1 house at slab level - 21 houses to be retendered 	to prioritize completing the 31 houses under construction.

Source: MLGUC, 2025

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 and ensure that development spreads evenly throughout the local communities. Over the years, the Fund has financed construction of different projects including construction of bridges, market infrastructure, community-based childcare centres (CBCCs), early childhood development (ECD) centres, health posts, boreholes, school blocks, houses and offices for frontline extension workers and teachers.

Government has also been providing discretionary resources to LGAs to address specific local priorities outlined in their local development plans such as the District Development Fund (DDF) for rural district councils and Infrastructure Development Fund (IDF) for urban councils. These funds have been used to construct bridges, boreholes, school blocks and houses for front-line extension workers and teachers.

Government has also been providing dedicated funding to the LGAs to address specific needs of the LGAs. These funds include Water Resources Fund (WRF), Hospital Rehabilitation Fund, and Roads Rehabilitation Fund. Table 11.7 presents the development budget and funding to this date.

TABLE 11.7 DEVELOPMENT BUDGET AND FUNDING

<u>Fund Type</u>	<u>Budget</u>	<u>Funding</u>
CDF	42,460,000,000.00	31,845,000,000.00
DDF	7,873,065,027.00	2,877,319,056.50
Hospital Rehabilitation	18,000,000,000.00	6,412,500,001.20
IDF	1,000,000,000.07	451,806,238.45
Roads Rehabilitation	35,000,000,000.47	22,767,227,632.64
Water Resource	2,316,000,000.00	927,000,000.00
Total Funding	106,649,065,027.54	65,280,852,928.78

Source: National Local Government Finance Committee (NLGFC), 2025

Development funding in the councils stand at MK 65.3 billion which translate into 61 percent funding at December, 2025. CDF is the highest funded window with 75 percent funding, likely due to its direct, constituency-based implementation mechanism. Another funding line with funding above 50 percent is the Road Rehabilitation Fund. DDF and hospital rehabilitation are the least funded with funding averaging 36.5 and 35 percent respectively.

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 financed by the World Bank as a grant to a tune of USD 100 million. The project runs for a period of 6 years (2020 to 2026) having been extended for a year and is being implemented in all the 28 district councils. The objective of the GESD project is to strengthen local authorities’ institutional performance, responsiveness to citizens and management of resources for service delivery.

The project is currently in its final year of implementation and so far, LAs have fully accessed four cycles of PBG, i.e. PBG 1, PBG 2, PBG 3 and PBG 3.1 and partially PBG cycle 4. So far, 579 infrastructure projects have been implemented across the country for PBG 1-3. The implementation of 130 projects under PBG 3.1 are currently at various completion rates. Currently all councils are preparing for implementation of projects under Cycle 4.

TABLE 11.8 PROGRESS ON RURAL GROWTH CENTRES

<u>Financial Year</u>	<u>Pbg Cycle</u>	<u>Amount (\$ Million)</u>	<u>Number Of Projects</u>	<u>Projects Completed</u>	<u>Completion Rate (%)</u>
2021/22	Cycle 1	7	147	147	100
2022/23	Cycle 2	13	221	221	100
2023/24	Cycle 3	20	204	187	92
2024/25	Cycle 3.1	10	96	41	43
2025/26	Cycle 4	20	145	0	
Overall		70	813	596	89

Source: NLGFC, 2025

The last portion of resources is being disbursed to councils based on absorption rate of resources for the previous cycles. The resources are expected to be used to construct infrastructure and buy equipment for different uses. The resources will also create significant number of jobs in the district with locals taking up positions in the project implementation sites. National Decentralization Program II (NDPII).

During the reporting period, Government advanced the implementation of the decentralisation agenda as a critical component of public sector reform aimed at improving macroeconomic efficiency, strengthening fiscal discipline, and supporting inclusive growth. Progress made in operationalising the National Decentralisation Policy (NDP) and developing the National Decentralisation Strategy (NDS) contributed to clearer governance arrangements between central and local governments, thereby reinforcing the institutional foundations for effective fiscal decentralisation. These reforms form part of broader efforts to improve public financial management, enhance service delivery outcomes, and ensure more efficient allocation of public resources at sub-national level.

11.2.2.8 Challenges

- i. Escalating project costs due to high inflation and foreign exchange shortages have continued to push up construction material prices, resulting in stalled works, delayed addendum approvals, and increased requests for contract variations across LGAs.
- ii. Slow completion of infrastructure projects due to delayed fund disbursements and contractor mobilisation.
- iii. Poor contractor performance and non-compliance characterised by delayed issuing of performance certificates, prematurely demobilisation or site abandonment, especially where cost escalations render existing contracts less viable.
- iv. Underutilisation of completed projects due to lack of utilities and complementary structures such as access roads.
- v. Slow pace of devolution in key economic sectors such as mining, tourism, trade, energy, and transport. This limits local authorities' ability to drive local economic development.
- vi. Human resource gaps and unclear reporting structures due to incomplete staff integration, understaffing in urban councils, and dual reporting lines.
- vii. Limited monitoring and evaluation capacity in LGAs which results into weak oversight and poor data quality for decision-making.
- viii. Inadequate funding for maintenance of completed infrastructure such that councils lack sufficient resources for maintenance leading to early deterioration of public infrastructure and reduced value-for-money.
- ix. Community-related challenges such as land disputes, compensations demand, vandalism (especially in newly built markets), and political interference have slowed progress on several infrastructures.

11.3 Expected Performance for 2025/26

11.3.1 Key Outputs

The Ministry intends to finalise the outstanding works in all the project sites in 2025/26 financial year. The key outputs for the year 2025/26 financial year are as follows:

- i. Complete construction works on Mzuzu Civic Offices, Mzimba District Council Offices
- ii. Finalise construction of Thyolo Stadium and Zomba Stadiums
- iii. Finalise formulation of Local Development Plans (LDPs) for all urban councils
- iv. Establish chieftaincy succession trees across the country
- v. Formulate the Rural Development Policy
- vi. Review the District Development Planning Handbook, Integrated Rural Development Strategy, Local Authority M&E Framework
- vii. Finalise formulation the National Decentralization Policy (NDP) Programme

Chapter 12

PUBLIC HEALTH, NUTRITION, HIV AND AIDS MANAGEMENT

12.1 Overview

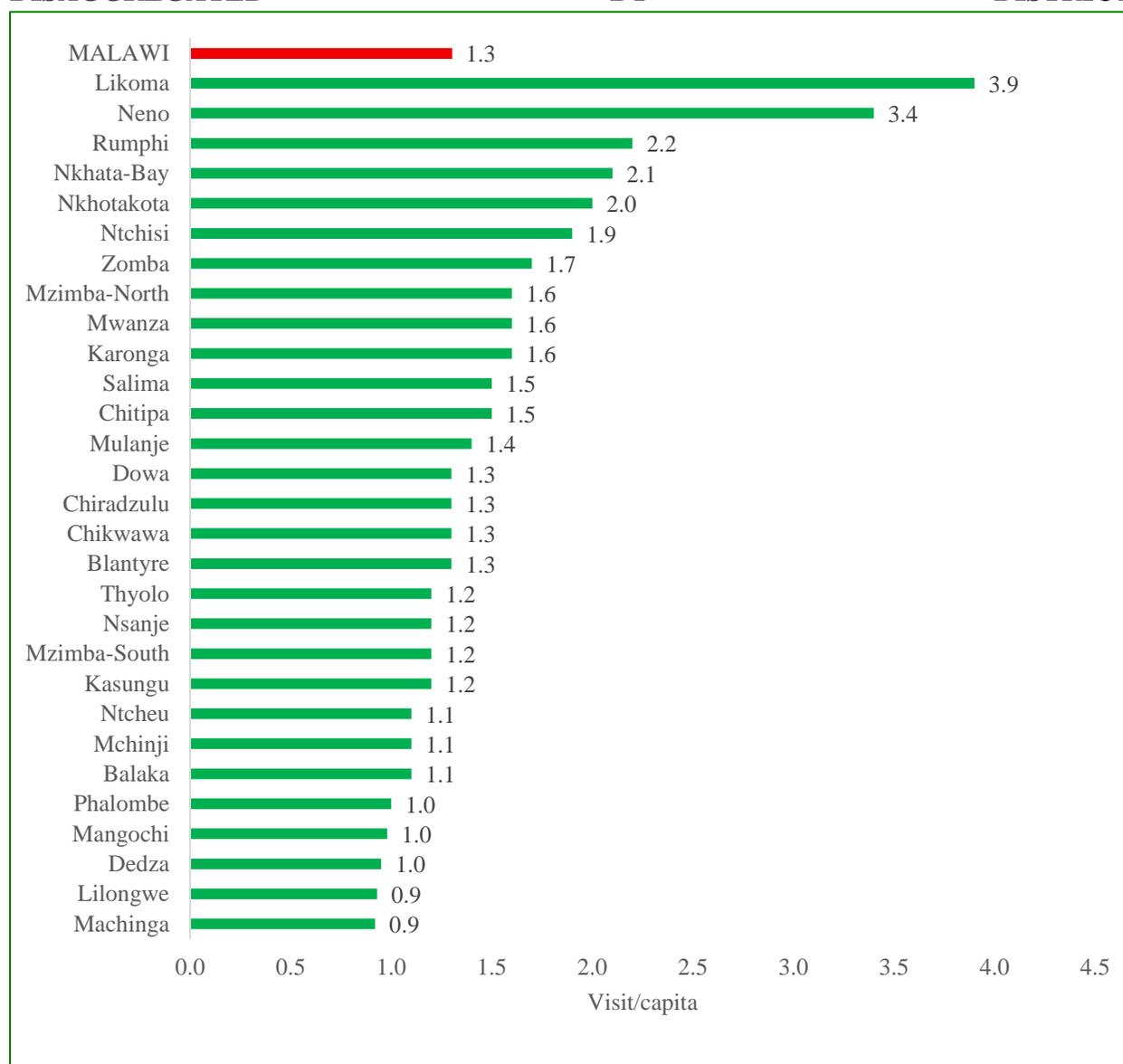
In 2025, Malawi's public health service delivery demonstrated steady progress towards equitable, integrated, and efficient care, aligning with Health Sector Strategic Plan III (2023 to 2030) objectives to increase access and improve quality of care. The Ministry prioritized transitioning from fragmented programmatic approaches to patient centred integrated platforms of care, while enhancing quality, patient safety, and promoting positive health-seeking behaviour through increased community awareness, improved service availability, and targeted health promotion efforts that encouraged timely utilization of health services.

In the year under review, the Ministry continued to make progress in the implementation of health sector reforms which are anchored by the integrated service delivery reform, efficiency in resource use, and strengthen partnerships to build a resilient health system that can sustain public health emergencies. An attempt to strengthen leadership, coordination, and accountability was made through the One Plan, One Budget, and One Report (1PBR). Health financing reforms were intensified to mobilize more domestic resources through various initiatives such as scaling up optional paying services to more districts and strengthening private sector engagement. On the efficiency side the One Plan, One Budget Reform continued to be implemented to strengthen leadership, coordination, and accountability in the use of sector resources. On the efficient side, the facility planning and direct facility financing reforms were also intensified and has now been scaled up to all districts in the country.

12.2 Public Health Service Delivery Performance

Service utilization continued to rise at national level. Outpatient Department (OPD) attendance increased by 14 percent from 22.9 million in 2023/24 to 26.1 million in 2024/25, reflecting improved facility functionality. Nationally, OPD visits per capita reached 1.2 to 1.3 up from 1.1 to 1.2 in the previous year, indicating positive health seeking trends and greater service availability, particularly in urban districts such as Lilongwe, Blantyre, Zomba, and Mangochi.

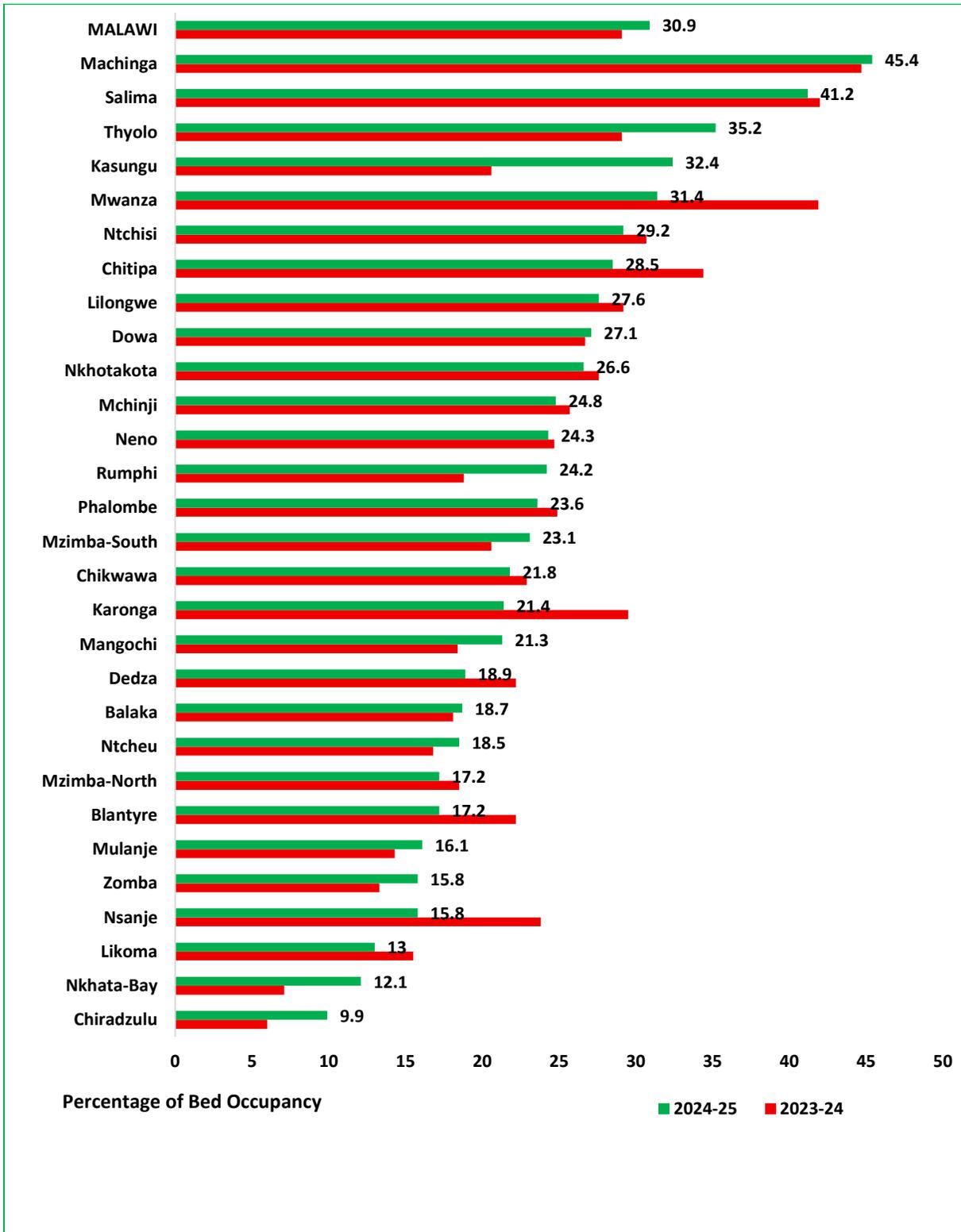
FIGURE 12.1 OUTPATIENT DEPARTMENT ATTENDANCE/VISITS PER CAPITA DISAGGREGATED BY DISTRICT



Source: Ministry of Health

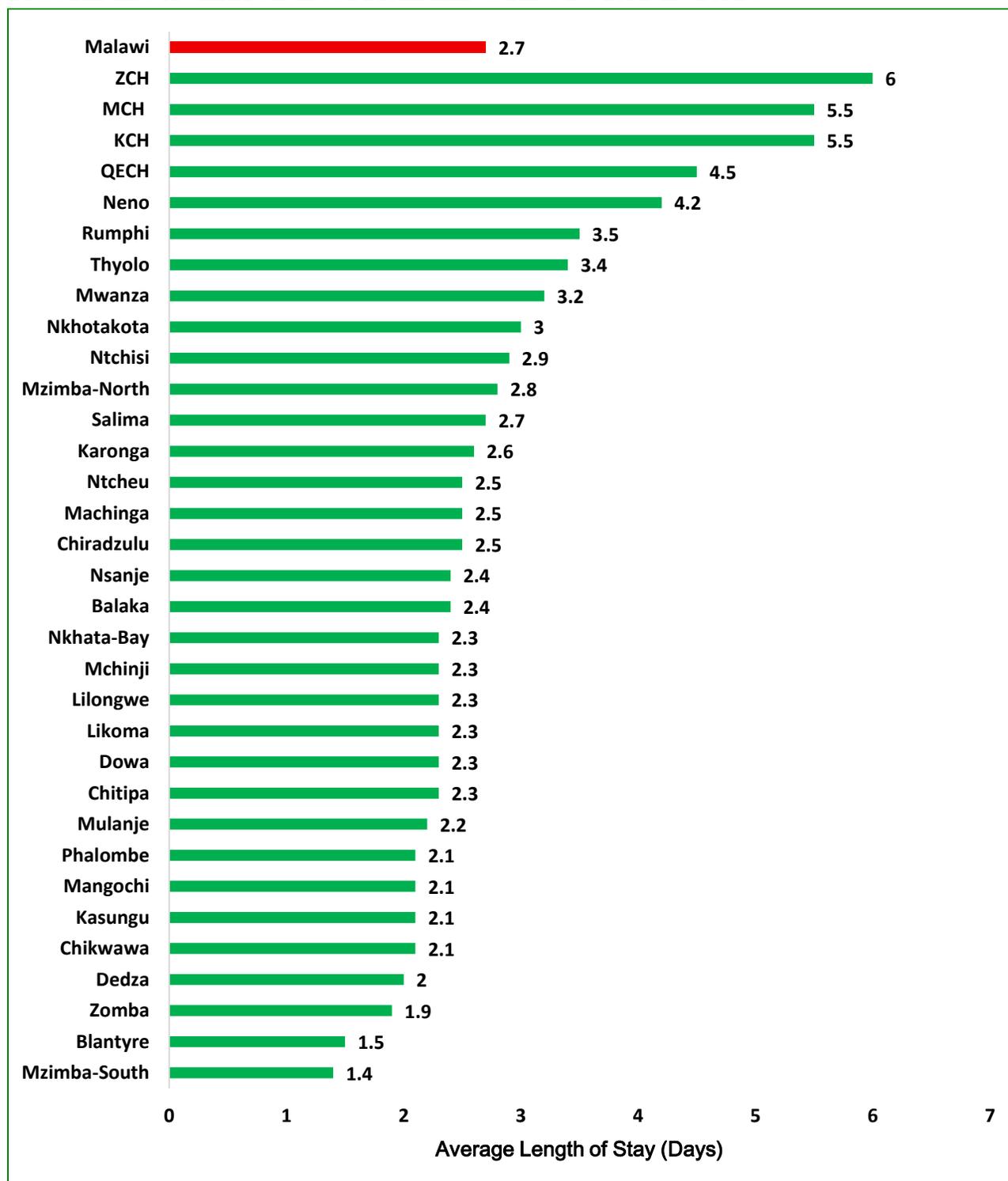
Hospital efficiency indicators showed some gains. Average length of stay declined to 2.7 days from 2.9 in 2022/23, signalling improved patient flow and discharge management. Bed occupancy stood at approximately 31 percent, with peaks above 35 percent in districts such as Machinga, Salima, and Thyolo, pointing to high demand for services and severe pressure on the health system.

FIGURE 12.2 BED OCCUPANCY RATE DISAGGREGATED



Source: Ministry of Health

FIGURE 12.3 AVERAGE HOSPITAL LENGTH OF STAY IN DAYS

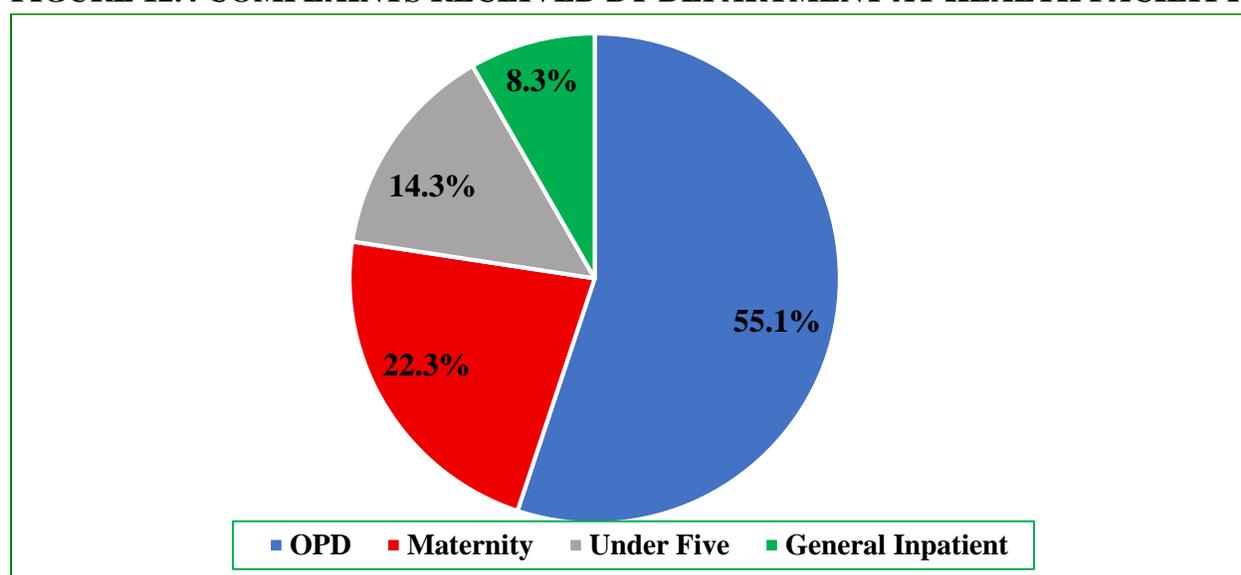


Source: Ministry of Health

Inpatient mortality remained stable at around 21.4 deaths per 1,000 admissions, with a slight increase in absolute numbers from 19,133 to 21,769. Central hospitals recorded the highest rates, ranging from 41 to 76.8 deaths per 1,000 admissions, followed by certain districts with elevated rates in Mangochi, Nsanje, Rumphu, Likoma, and Mwanza (indicative range: approximately 28 to 52 per 1,000 admissions, based on district hospital performance patterns), underscoring challenges in case management, referral systems, and availability of critical care resources.

Quality and patient safety efforts were expanded through the Stepwise National Quality Improvement Program, with baseline assessments extended to additional districts and supportive supervision provided. Infection Prevention and Control (IPC) training reached 53 percent of the target (7,400 of 14,000 healthcare workers). Patient feedback mechanisms were also strengthened, with 104 new hospital Ombudsmen trained, and reported complaints rising from 10,160 to 15,941 with resolution rates improving from 63 to 70 percent.

FIGURE 12.4 COMPLAINTS RECEIVED BY DEPARTMENT AT HEALTH FACILITY



Source: Ministry of Health

TABLE 12.4: TYPES AND PROPORTION OF FACILITY COMPLAINTS

<u>Complaint Type</u>	<u>2024 to 2025 (Percent)</u>
Lack of medical supplies & equipment	19.4
Poor sanitation	15.0
Lack/Unreliable water or electricity	8.8
Delays in provision of health service	8.1
Congestion in wards or OPD	7.8

<u>Complaint Type</u>	<u>2024 to 2025 (Percent)</u>
Complaints received from Suggestion Boxes	6.6
Lack of ambulance	6.4
Not adhering to hospital opening or closing times	5.6
Lack/Shortage of trained Staff	5.2
Closure of health facilities during market days, holiday or weekend	4.3
Other	4.1
No privacy/confidentiality	2.9
Negligence	2.0
Verbal abuse	1.9
Informal payments	1.4
Physical abuse including sexual abuse	0.6

Source: Ministry of Health

Despite these advances, persistent challenges remained, including shortages of essential medicines, equipment, and consumables in primary facilities; unreliable internet connectivity and inadequate digital devices affecting District Health Information Software 2 (DHIS2) timeliness; inadequate funding for supportive supervision and mentorship at district and facility levels; and incomplete private sector reporting, which limits the accuracy of national estimates.

Overall, 2025 marked encouraging improvements in access, utilization, and efficiency of public health services, laying a foundation for resilient systems that support economic productivity through a healthier population. Continued investment in primary level readiness and integrated reforms.

12.3 Integrated Care Models and Chronic Disease Management (Including HIV and AIDS)

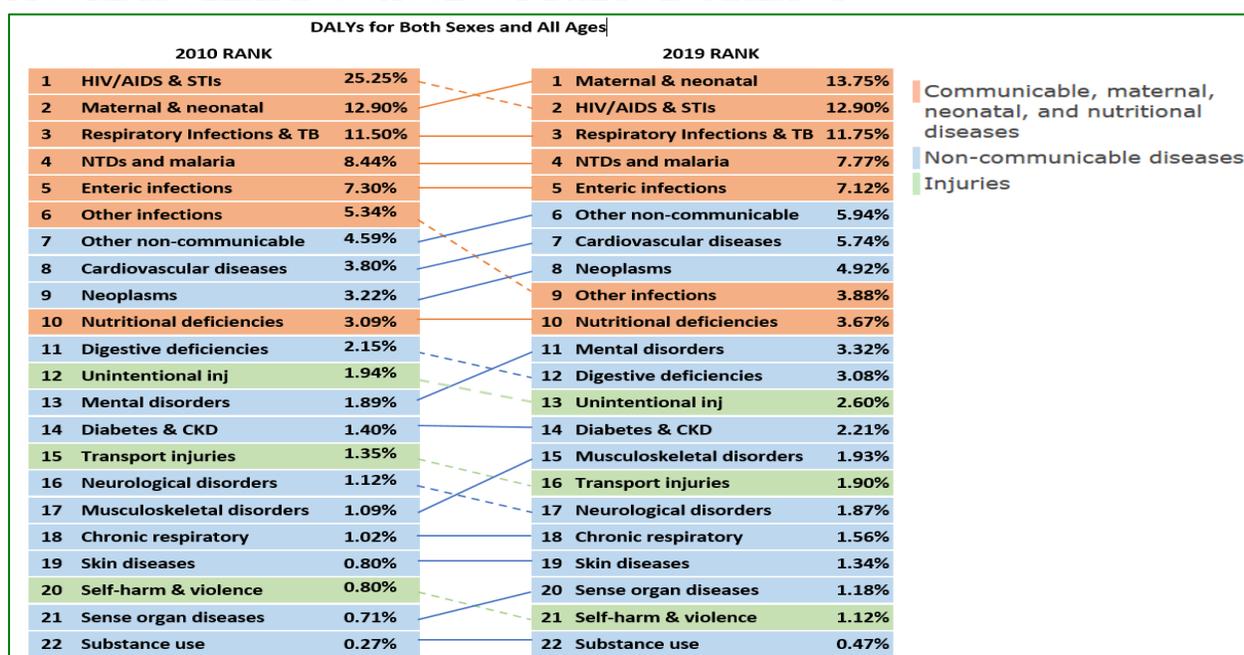
A cornerstone of 2025 progress was the advancement of the Integrated Health Service Delivery Reform under HSSP III, shifting from vertical, fragmented programming to seamless, patient centred platforms of care. This reform prioritizes efficiency, resource optimization, and continuity across primary to tertiary levels, directly addressing multiple disease burden including maternal and neonatal mortality and HIV and aids. Three priority integrated care pathways were advanced:

- i. Integrated screening services: operationalized in February 2025 across 14 facilities in two districts (Rumphi and Nkhotakota), protocols, guidelines, and data tools have been developed and completed.

- ii. Integrated Maternal and Child Health (MCH) clinics: co-designed protocols launched with initial implementation starting August 2025 in the same 14 facilities in the 2 districts.
- iii. Integrated chronic care clinics: combining management of HIV, NCDs (e.g., diabetes, hypertension), tuberculosis, mental health, and palliative care. Preparation was built on learning from community-based outreach clinics in Mangochi (the first learning site). This was scaled to the 2 implementation study sites of Rumphu and Nkhotakota.

These pathways embed HIV services including antiretroviral therapy (ART), prevention of mother-to-child transmission (PMTCT), and ongoing monitoring into routine chronic care, reducing silos and improving patient retention and outcomes. The approach maximizes synergies across programs, minimizes inefficiencies, and enhances client experience while supporting seamless referrals.

FIGURE 12.5 LEADING CAUSES OF DALYS IN MALAWI



*Source: 2019 Diseases and Injuries Collaborators. Global burden of 369 diseases and injuries in 204 countries and territories, 1990-2019: a systematic analysis for the Global Burden of Disease Study 2019. *Lancet* (London, England). Oct 17, 2020;396 (10258):1204-1222

Significant progress was also made in other reform areas including human resources for health reforms, health financing reforms and leadership and governance reforms. The following key progress was made:

- i. Direct Facility Financing is now in 13 districts. Government mobilized MK3.3 billion from development partners and an additional MK500 million from Government resources to scale up to all districts in the current financial year.

- ii. The Performance Management System (PMS) reform, it has now been rolled out across all district health offices, central hospitals, and Ministry headquarters. A PMS software was also developed to automate and integrate performance tracking with the upgraded Integrated Human Resource Information System (IHRIS).
- iii. Progress was also made under the 1PBR reform. Funding commitments from thirteen major partners including Government and including UNICEF, USAID, Global Fund, GIZ, HSJF, World Bank, FCDO, GAVI, UNFPA, WHO, and CHAI amounting to USD 681 million approximately MK 1.22 trillion were consolidated and a report was produced.
- iv. To enhance coordination, the Ministry approved the creation of a single Project Implementation Unit (PIU) to streamline program management. A proposed structure has now been developed and is pending to be forwarded to the Department of Human Resources Management and Development (DHRMD) upon concluding all oversight processes.

Despite this significant progress, these reforms have been implemented in a very volatile environment, characterized by a highly constrained funding envelope and significantly reduced donor support. In the year under review the sector also experienced pressure due to several public health emergencies such as the cholera pandemic and suspected mpox case which were later contained. In response to this, Government continued strengthen Public Health Institute of Malawi (PHIM) and plans are underway to make it independent to enhance disease surveillance and response in the country.

12.4 Nutrition and Social Determinants of Health

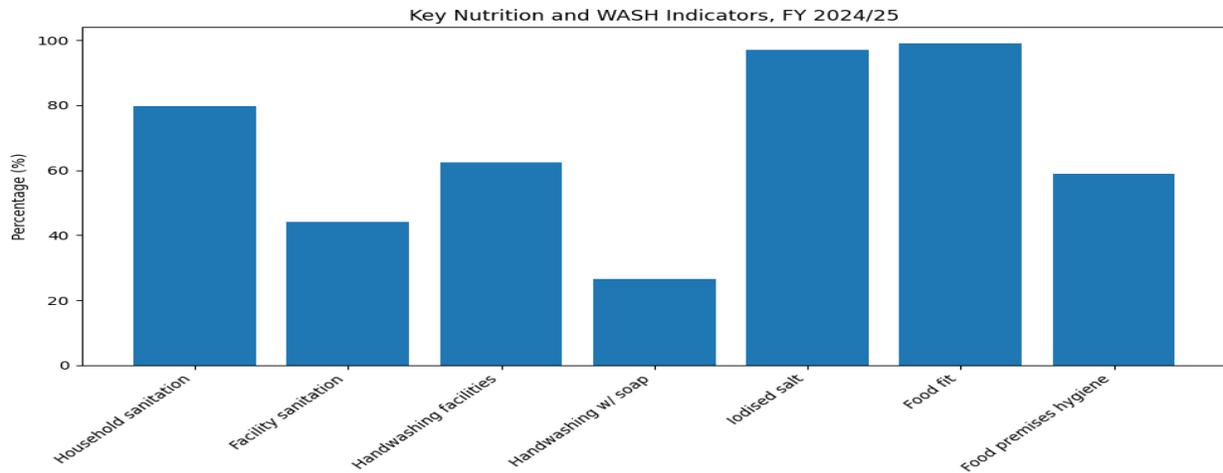
In the year under review, the Ministry intensified multi-sectoral efforts to address social and environmental determinants of health recognizing their critical role in preventing disease, reducing inequalities, and promoting long term wellness essential for building human capital and economic resilience.

Community mobilization and health promotion reached 976,800 households with key messages on nutrition, sanitation, and disease prevention. Three mobile vans were procured with World Bank support to enhance outreach, while 29 district health promotion officers were trained in social and behaviour change communication with support from UNICEF. National campaigns delivered broad impact, including 13 million SMS messages, radio broadcasts, social media efforts, and leveraging national health days for behaviour change.

Nutrition promotion remained a priority. Food safety standards were strong, with 97 percent of salt iodized and 99 percent of inspected food premises deemed fit for consumption. However, only 59 percent of food premises met satisfactory hygiene standards, indicating room for improved enforcement.

Water, sanitation, and hygiene (WASH) coverage showed progress but persistent gaps. Household sanitation access reached 79.8 percent and hand-washing facilities were available in 62.4 percent of households though only 26.5 percent had both water and soap. Health facilities lagged significantly: only 44 percent had adequate sanitation services and 27 percent had functional hygiene services.

FIGURE 12.6 KEY NUTRITION AND WASH INDICATORS (FINANCIAL YEAR 2024/25)



Source: Ministry of Health

Post-Tropical Cyclone Freddy recovery efforts continued to strengthen community resilience. Interventions targeted hygiene promotion and rebuilding supportive environments for the over 2.2 million affected people and more than 659,000 displaced, integrating lessons into ongoing determinant focused programming.

12.5 Health Infrastructure

In the year under review, the Ministry of Health continued to strengthen health infrastructure and medical equipment in line with the Health Sector Strategic Plan III (HSSP III). The focus was on upgrading facilities, expanding diagnostic capacity, and standardizing construction to improve access and quality of care.

Preparatory work began to upgrade health posts into health centres and health centres into community hospitals, guided by the Capital Investment Plan (CIP), which is under validation. Major equipment was procured and commissioned, including MRI scanners for Queen Elizabeth, Kamuzu, and Mzuzu Central Hospitals; CT scanners for Zomba and Kamuzu Central Hospitals; digital X-ray and ultrasound machines for district hospitals; and oxygen plants for Karonga, Kasungu, Bwaila, Mangochi, and Zomba.

Infrastructure achievements included completion of the National Cancer Centre Phase 1 and construction of Chiponde and Khwisa Health Centres. Other projects, such as the Mzuzu and Queen Elizabeth Central Hospital Infectious Disease Units, were at advanced stages, while some works, including Lilongwe Health Sciences blocks and hospital flats, faced delays due to contractor performance and funding gaps.

To promote quality and uniformity, the Ministry finalized the Standardized Health Infrastructure Guidelines (SHIG), providing design and construction standards for all facility levels. Despite resource and implementation challenges, 2025 marked meaningful progress toward modernizing Malawi's health infrastructure. Continued investment, adherence to SHIG standards, and completion of ongoing projects will be vital to strengthening the resilience and efficiency of the health system.

12.5.1 Key Performance Indicators and Trends

The 2024/25 financial year data revealed mixed trends in key public health, nutrition, and HIV related indicators, with gains in service utilization and preventive coverage offset by persistent disparities and stagnant mortality rates. These metrics, drawn from DHIS2 and other routine systems, underscore progress toward HSSP III goals while highlighting areas for targeted investment to enhance economic productivity through reduced disease burden.

OPD attendance showed robust year-on-year growth by 14 percent to 26.1 million visits (from 22.9 million in 2023/24), with per capita utilization rising to 1.2 to 1.3 visits. This reflects improved access and health seeking behaviour, though district disparities persisted, with urban areas like Lilongwe and Blantyre driving the uptick.

Inpatient metrics indicated efficiency improvements but ongoing challenges: average length of stay dropped to 2.5 to 2.7 days (from 2.9 in 2022/23), while bed occupancy averaged 31 percent, peaking in high demand districts. Inpatient mortality held steady at 21.4 deaths per 1,000 admissions, with absolute deaths rising slightly to 21,769 elevated rates in central hospitals (41-76.8 per 1,000) and districts like Mangochi and Nsanje signal referral and resource gaps.

Nutrition and social determinants indicators demonstrated steady prevented gains. Household sanitation access reached 79.8 percent (up from prior years), with handwashing facilities at 62.4 percent though only 26.5 percent included water and soap. Food safety compliance was high at 97 percent for iodized salt and 99 percent for inspected food, but premises hygiene lagged at 59 percent. community outreach reached 976,800 households, supporting behaviour change amid recovery from Cyclone Freddy (affecting 2.2 million).

HIV and chronic disease management lacked disaggregated rates in aggregate data but trended positively through integration, with 41 percent of facilities using MaHIS modules for HIV/NCD

tracking. Adolescent pregnancy rates, a key RMNCH indicator, stood at approximately 7.9 percent nationally, with variations by district underscoring equity needs.

12.5.2 Challenges and Constraints

Despite notable progress in the year under review, several challenges affected public health service delivery, nutrition promotion, and integrated HIV management, with implications for health equity and economic productivity.

Resource shortages remained a major bottleneck. Primary facilities continued to face persistent deficits in essential medicines, consumables, diagnostic equipment, and critical supplies, undermining service readiness and quality of care. Uneven staffing distribution and high vacancy rates in key cadres further limited capacity, particularly in rural and underserved districts.

Funding gaps hindered sustained implementation. Inadequate budgetary allocations restricted investments in supportive supervision, mentorship programs, and maintenance of digital tools including unreliable internet connectivity and insufficient devices affecting DHIS2 timeliness. Overall health financing fell short of needs, with Government expenditure at 9.1 percent of the national budget (below the Abuja 15 percent target) and high reliance on external partners (USD 582 million of USD 681 million total commitments).

Incomplete private-sector engagement and reporting posed data and coverage challenges. Private facilities, despite contributing to utilization growth in urban areas, provided limited data to national systems, reducing the accuracy of estimates for OPD attendance, bed occupancy, and mortality.

Weak WASH infrastructure persisted, especially in health facilities (only 44 percent with adequate sanitation and 27 percent with functional hygiene services) and schools, increasing infection risks and disease burden. Community-level adoption of improved hygiene and nutrition practices advanced slowly, hampered by behavioural inertia and insufficient enforcement of food safety standards (only 59 percent of premises meeting satisfactory hygiene).

Integrated care models, including chronic clinics for HIV and NCDs, faced rollout constraints due to funding delays, digital infrastructure limitations (including offline functionality gaps in Malawi Healthcare Information System (MaHIS)), and capacity needs for seamless referrals and case management. Elevated inpatient mortality in central hospitals and select districts (e.g., Mangochi, Nsanje, Rumphi) highlighted ongoing deficiencies in referral efficiency and critical care resources.

12.5.3 Resource Allocation and Financing Context

In 2025, health sector financing remained heavily reliant on external partners, underscoring ongoing challenges to domestic resource mobilization and long-term sustainability critical factors for maintaining gains in public health, nutrition, and integrated HIV management.

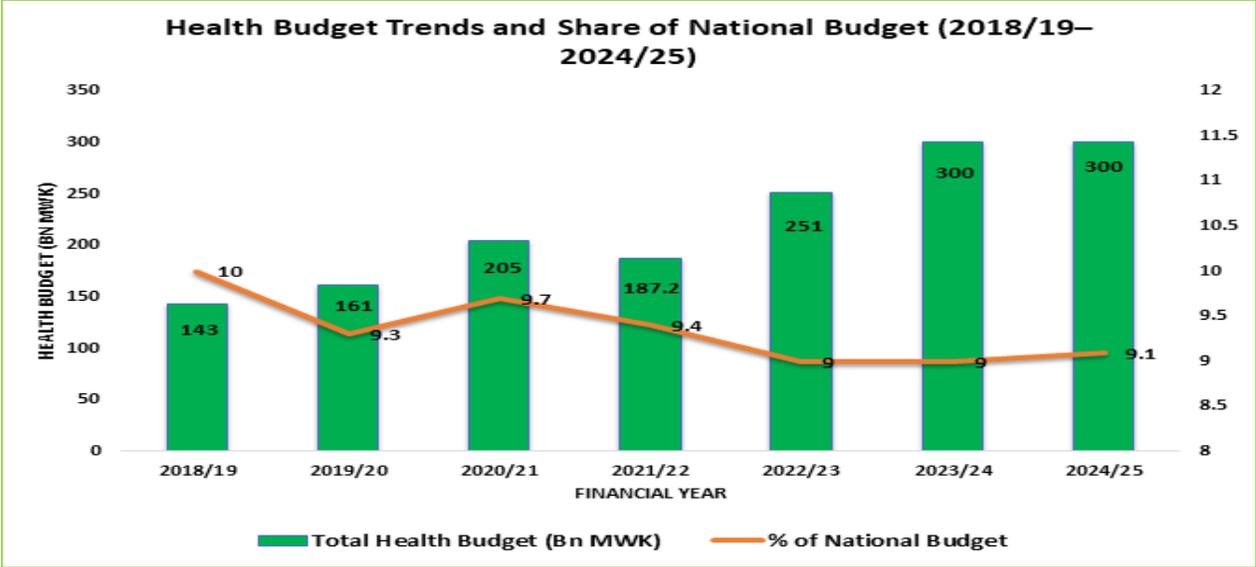
Total financial contributions to the sector amounted to USD 681 million, of which USD 582 million (85 percent) came from external partners and the remainder from Government sources. Major commitments under the One Plan process included USD 667.1 million from eleven key partners (USAID, UNICEF, Global Fund, GIZ, HSJF, World Bank, CDC, FCDO, GAVI, UNFPA, and the Ministry’s central budget), supplemented by an additional USD 6.7 million from CHAI.

Government expenditure on health rose to MK557 billion, yet represented only 9.1 percent of the national budget unchanged from 9.0 percent in 2023/24 and well below the Abuja Declaration target of 15 percent. Within the government allocation, 47 percent went to salaries and 7 percent to infrastructure projects, leaving limited flexible resources for operational needs such as medicines, supervision, and community outreach.

Supply chain investments supported service delivery and preventive efforts: MK30.65 billion allocated to district hospitals and MK28.6 billion to central hospitals for medicines; USD 17.1 million for recapitalizing the Central Medical Stores Trust (CMST); and USD 14 million from the World Bank COVID-19 Emergency Response Project. This contributed to a modest rise in medicine availability to 70 percent in the final quarter (from 66 percent the prior year).

Direct Facility Financing (DFF) expanded to 14 districts with MK500 million committed, enhancing local accountability for primary-level services, including nutrition promotion and integrated clinics.

FIGURE 12.7 GOVERNMENT EXPENDITURE ON HEALTH AND AS A PERCENTAGE OF NATIONAL BUDGET



Source: Ministry of Health

TABLE 12.2 TOTAL CONTRIBUTIONS BY PILLAR BY ALL EXTERNAL PARTNERS AND OVERALL CONTRIBUTIONS BY PILLAR (INCLUDING MOH)

Government Of Malawi

140.1	FCDO through HSJF and UNJP, KfW and Scottish Government through HSJF, USAID, CDC, CHAI, GFATM, GIZ, GAVI, World Bank, UNFPA, KfW, and UNICEF
61.6	FCDO through HSJF and UNJP, KfW through HSJF, USAID, CDC, CHAI, GFATM, GAVI, World Bank, UNFPA, KfW, and UNICEF
93.7	FCDO, KfW, and Norway through HSJF; USAID; CHAI; GFATM; GIZ; GAVI; World Bank, KfW, and UNICEF
130.6	USAID, CDC, CHAI, GFATM, GIZ, GAVI, and World Bank
212.9	FCDO, KfW, and Norway through HSJF; USAID; CDC; CHAI; GFATM; World Bank; Gavi; and UNFPA
19.6	FCDO and Norway through HSJF; USAID; CDC; CHAI; GFATM; GIZ; GAVI; and World Bank
6.5	USAID, CDC, CHAI, GIZ, GFATM, GAVI, and World Bank
6.3	FCDO through UNJP and HSJF, KfW and Norway through HSJF; USAID, CDC, CHAI, GFATM, GIZ, GAVI, and World Bank
3.0	USAID, CHAI, GFATM, and World Bank
6.3	World Bank and HSJF

Source: Ministry of Health

TABLE 12.3 HEALTH SECTOR FUNDING AND EXPENDITURES

<u>Focus Area</u>	<u>Key Achievements</u>
Health Financing Reforms Taskforce	Established taskforce including MoF (Budget, Revenues, PFM, Accountant General, EP&D), Local Government, and NLGFC to drive domestic resource mobilization.
Resource Mobilization & Health Fund	Engaged Treasury and stakeholders on creating a Health Fund and earmarked taxes. Earmarked taxes deferred due to elections, but a concept note for the Health Fund has been developed.
Legal & Policy Reforms	Consulted the Malawi Law Commission to amend the Health Act for innovative financing mechanisms; held three meetings on access conditions framework for free and paying services.
Private Sector Engagement	Strengthened involvement of the private sector in healthcare financing and delivery. A renal dialysis feasibility study is being finalised, and the ministry approached a consultant to develop a compendium of bankable projects in the health sector.
Studies & Knowledge Products	
Optional Paying Services	Operationalized in 15 district hospitals and all four central hospitals.
Direct Facility Financing (DFF)	Rolled out to 14 districts with MK500 million committed. HCMC training completed; grants disbursed in multiple facilities.
Advocacy & Lobbying	Engaged Parliament and Ministry of Finance to lobby for increased health sector resources, especially after the US Government aid freeze.
Accountability	Finalized the 2019/20 to 2021/22 National Health Accounts, report ready for printing.

Source: Ministry of Health

High external dependency (over 80 percent of total resources) poses risks to sustainability, particularly for recurrent costs in community health promotion, WASH improvements, and

HIV/NCD integration. Limited fiscal space constrained scaling of high-impact interventions, while inefficiencies in resource utilization highlighted the need for stronger domestic mobilization and accountability mechanisms. Progress toward a proposed health fund and innovative financing offers potential pathways, but sustained advocacy and reforms are required to reduce vulnerability and ensure predictable funding for equitable public health outcomes.

Recommendations and Way Forward

To consolidate 2025 gains and accelerate progress toward universal health coverage, the Ministry of Health and partners should prioritize the following actions, drawn from HSSP III key recommendations relevant to public health, nutrition, and HIV management:

1. Scale up integrated service delivery models across all districts to strengthen continuity of care, optimize resource use, and enhance client experience. Priority should be given to expanding integrated screening, maternal/child health, and chronic care clinics (combining HIV, NCDs, TB, and mental health) beyond pilot sites in Mangochi, Rumphi, and Nkhotakota.
2. Strengthen WASH and nutrition infrastructure, particularly in health facilities, schools, and communities, to reduce disease burden. Investments should target closing gaps in facility sanitation (currently 44 percent adequate) and hygiene services (27 percent functional), while intensifying community-led behaviour change programs on hygiene, nutrition, and disease prevention.
3. Enhance quality assurance and facility readiness by expanding the Stepwise Quality Improvement Program to more districts, providing mentorship for low-rated facilities, and ensuring consistent availability of essential medicines, diagnostics, and skilled personnel at primary and secondary levels.
4. Improve data use for HIV and chronic disease monitoring through sustained expansion of MaHIS and ICHIS modules, strengthened DHIS2 reporting (maintaining 95 percent completeness and 80 percent timeliness), and institutionalized data quality reviews to support evidence-based planning and real-time tracking of HIV integration outcomes.
5. Mobilize domestic resources and reduce donor dependency by advancing the establishment of the health fund, expanding direct facility financing to additional districts, exploring innovative financing mechanisms (including amendments to the Public Health Act), and strengthening private sector collaboration to ensure predictable funding for preventive and integrated services.

12.6 Performance in Nutrition

Malnutrition remains a major public health and economic development challenge in Malawi with significant implications for human capital development, healthcare expenditure, labour

productivity, and long-term economic growth. Evidence from the Malawi Demographic and Health Survey (MDHS) 2024 indicates that while Malawi has made progress in child survival, fertility reduction, and access to health services, undernutrition, micronutrient deficiencies, and emerging nutrition related non communicable disease risks continue to affect population wellbeing and economic productivity.

Chronic undernutrition remains particularly concerning. The MDHS 2024 estimates that approximately 38 percent of children under five years are stunted, reflecting persistent long-term nutritional deprivation. Such affects cognitive development, educational attainment, and future labour productivity. In addition, around 12 percent of children are underweight. This indicates a combination of chronic and acute nutritional stress. These outcomes have lasting economic implications because early childhood malnutrition is strongly associated with reduced educational performance, lower adult earnings, and increased susceptibility to illness.

Acute malnutrition also remains a public health concern. The MDHS 2024 reports that about 3 percent of children under five are wasted, reflecting recent nutritional stress often linked to food insecurity, infectious disease burden, and climatic shocks. Although wasting prevalence is lower than stunting, it carries a significantly elevated mortality risk and imposes substantial treatment costs on the health system.

Micronutrient deficiencies continue to affect both children and women. According to the MDHS 2024, anaemia affects approximately 56 percent of children aged 6 to 59 months and about 17 percent of women aged 15 to 49 years. Anaemia contributes to reduced physical work capacity, adverse pregnancy outcomes, impaired cognitive development in children, and increased healthcare utilisation, all of which have direct economic consequences.

Infant and young child feeding practices show mixed progress. The MDHS 2024 indicates that exclusive breastfeeding among infants under six months has improved to about 70 percent, reflecting progress in maternal and child health promotion programmes. Improved breastfeeding practices are associated with reduced child morbidity, improved cognitive outcomes, and lower household healthcare expenditure, generating both short- and long-term economic benefits.

At the same time, Malawi is increasingly experiencing elements of the double burden of malnutrition. The MDHS 2024 highlights that approximately 23 percent of women of reproductive age are overweight or obese, while a smaller proportion remain undernourished. Rising overweight and obesity increase the risk of non-communicable diseases such as hypertension, diabetes, and cardiovascular conditions. All of these are associated with long-term healthcare costs and productivity losses.

Fertility trends also interact closely with nutrition outcomes. The MDHS 2024 reports that the total fertility rate has declined to around 3.9 children per woman. Although reflective of demographic

transitions, this still places pressure on household food security, maternal nutrition, and social services. Closely spaced and high-risk pregnancies are associated with increased risks of maternal undernutrition, low birth weight, and intergenerational cycles of malnutrition.

From an economic perspective, the combined effects of chronic undernutrition, acute malnutrition, micronutrient deficiencies, and emerging non-communicable disease risks contribute to increased healthcare costs, reduced labour productivity, impaired educational outcomes, and lower economic growth potential. Empirical evidence suggests that countries with significant malnutrition burdens may lose approximately 2 to 3 percent of gross domestic product annually due to these combined effects. Nutrition interventions therefore represent high-return investments in human capital development rather than purely social sector expenditures.

12.6.1 Achievements

- i. Strengthened multi-sectoral coordination mechanisms for nutrition programming across sectors and administrative levels
- ii. Expansion of community-based management of acute malnutrition services nationwide
- iii. Continued upscaling of maternal, infant, and young child nutrition interventions, including micronutrient supplementation
- iv. Strengthening of nutrition information systems to improve availability and utilisation of data for planning and decision making
- v. Integration of nutrition services within broader health, community health, and social protection programmes
- vi. Capacity building of health workers and community level structures to improve nutrition service delivery

12.6.2 Challenges, Recommendations and Lessons Learnt in Implementing Nutrition Programmes

Rising commodity costs, climate related shocks affecting food security, and continued reliance on external financing pose risks to programme sustainability. Increased domestic investment is essential to consolidate gains, prevent reversals in nutrition outcomes, and reduce long-term healthcare and productivity costs. Priority investment areas include prevention and treatment of acute malnutrition, micronutrient interventions, adolescent nutrition programming, clinical nutrition services, and strengthening nutrition information systems.

Chapter 13

LABOUR, SKILLS DEVELOPMENT AND SPORTS

13.1 Overview

The Ministry of Labour, Skills and Innovation is mandated to develop and safeguard Malawi's labour force. This report outlines the performance of the labour sector since April, 2025 and presents the Ministry's expectations and planned priorities for 2026.

13.2 Skills Development

The government of Malawi recognizes that skills development is key to unlocking employment opportunities and improving socioeconomic development through being employed or becoming an entrepreneur. In order to align skills development initiatives implemented by all stakeholders across the country, the Ministry has reviewed and developed a successor TEVET Policy, which is yet to be officially launched.

With regard to annual formal enrolment during the year under review (2025/26), a total of 11,903 students comprising 4,141 females and 7,834 males were enrolled across National Technical Colleges (NTCs), Community Technical Colleges (CTCs), and Community Skills Development Centres (CSDCs). Of these, 6,290 students were enrolled in NTCs, 5,128 in CTCs, and 485 in CSDCs. This represents an increase in enrolment compared to 2024, when 11,034 students were enrolled across the three institution types, reflecting a 7.9 percent growth.

The Ministry remains committed to expanding access to skills development. Through the World Bank-funded SAVE Project, Government is undertaking the expansion of national technical colleges, community technical colleges, and community skills development centres. This is being done through the construction of ICT laboratories, workshops, girls' hostels, and office blocks. In 2025/26, construction works commenced at these institutions and are expected to be completed by April 2026. Notably, Mgabu Community Technical College was officially launched during the year under review and is now fully operational.

Under the World Bank financed SAVE Project, the Ministry expects to complete the construction of classrooms, laboratories, female hostels, and workshops across all seven national technical colleges, some community technical colleges and community skills development centres by April 2026.

Furthermore, as part of ensuring increased enrolment, the Ministry plans to advance the establishment of four centres of vocational Excellence with support from the EU-funded Zantchito Project. These centres will focus on renewable energy at Mzuzu Technical College, marine

transport at Salima Technical College, agricultural mechanization at Lilongwe Technical College, and tourism at the Malawi Institute of Tourism.

Additionally, in the 2025/26 financial year, Government commenced mobilization and construction of three CTCs namely Msoni in Chiradzulu, Kalinda in Nkhhotakota and Machinga in Machinga. In 2026/27, Government will commence mobilization and construction of three CTCs namely Mtowe in Nsanje, Lura in Rumphu, and Thyolo in Thyolo District. Construction of these CTCs will help expand access to livelihood skills for the growing population of Malawian youth. The Ministry also plans to establish a technical teachers training institute in the near future.

Technical colleges also provide informal skills training to out-of-school youth across all regions through various approaches, including the use of master craftspeople and mobile training facilities. This is to enable young people to start their own enterprises or access wage employment. In 2025/26, a total of 5,732 young people were trained through this approach, and Government expects to train over 7,000 young people in 2026.

13.3 Trade Testing Services

The ministry, in line with the mandate of trade assessment and certification, successfully assessed 18,651 TEVET candidates (11,872 males and 6,779 females) in 2025 against the 14,000 candidates projected. Thus, beating the target by 33 percent. This candidature represents a 12 percent improvement from the 16,714 candidates that were tested in 2024. Furthermore, the pass rate for the TEVET examination improved from 63 percent in 2024 to 65 percent in 2025. A total of 88 technical and vocational training institutions participated in TEVET examinations signifying a 3 percent participation rate improvement.

Additionally, in 2025, the number of trades being assessed during the TEVET examinations jumped from 20 to 22 with the introduction of Tour Guide at the MIT College in Blantyre and Artisanal and Small-scale Mining at Ngara Community Technical College in Karonga. The Ministry issued a total of 20,000 Malawi TEVET certificates to successful candidates thereby clearing the certification backlog by 90 percent.

Under the Recognition of Prior Learning (RPL) system, a total of 157 informal candidates were assessed and certified. This is a system where a candidate is assessed and certified regardless of where and how the skill was acquired in order to increase their chances of participating in the economy through formal or self-employment. The number of trades being assessed under the RPL system improved from 7 to 12 thus covering automobile mechanics, bricklaying, carpentry and joinery, edible horticulture, electrical installation, general fitting, fabrication and welding, tailoring and fashion designing, food production, refrigeration, woodwork machining and plumbing.

13.4 Labour Services

13.4.1 Decent Work

Government through the Ministry of Labour, Skills and Innovation (MoLSI) promotes the advancement of decent work. Decent work includes: promoting jobs and enterprises, guaranteeing rights at work, extending social protection, and promoting social dialogue. In the 2025/26 financial year, labour offices across the country registered 47,083 job seekers, of which 1,841 were matched. The need for deliberate efforts to create jobs is therefore highly pitched.

13.4.2 Employment Data

In the 2025/26 financial year, the Ministry of Labour, Skills and Innovation in collaboration with the National Statistical Office launched the findings of the National Labour Force Survey for public consumption. This is very important to provide reliable, up-to-date, and comprehensive information on the labour market situation of Malawi.

The Ministry is in the process of implementing institutionalization of employment impact assessments throughout the public and private sectors to assist in the calculation of potential number of jobs to be created from various projects. This is to ensure that only those projects that have a high potential to create a substantial number of jobs are approved by PSIP and implemented. This is to compliment the efforts of reducing the unemployment rate among the youth in Malawi. In the 2025/26 financial year, the Ministry, in collaboration with an International Labour Organisation mission, held bilateral consultations and a senior management engagement to discuss on how to successfully institutionalise the tool. The Ministry of Labour is facilitating the implementation of the Labour Market Information System (LMIS) which serves as a comprehensive framework for collecting, analyzing, and disseminating data related to the labour market. In the 2025/26 financial year, the e-Government, through the data centre, agreed to host the LMIS. The Ministry also produced a customized LMIS masterplan where all departments had their inputs as regards to the indicators which they want included in the system. Development and the revision of data collection tools are to start as soon as possible.

The Global Accelerator on Jobs and Social Protection for Just Transitions, is another initiative that the Ministry is implementing towards enhancing social protection coverage and job creation among the youth. In the 2025/26 financial year, the Ministry conducted a technical committee meeting to review progress of activities done so far in line with the agreed outputs and outcomes. For instance, the Global Accelerator has assisted in the development of the labour market information system master plan, provide trainings in employment impact assessments, assisting in the drafting of the Workers Compensation Bill. The Ministry also carried out an industry engagement exercise to identify agri-hubs and build formal partnerships under the GA Joint Programme, focusing on skills development and employment creation.

13.4.3 Job Creation Initiative

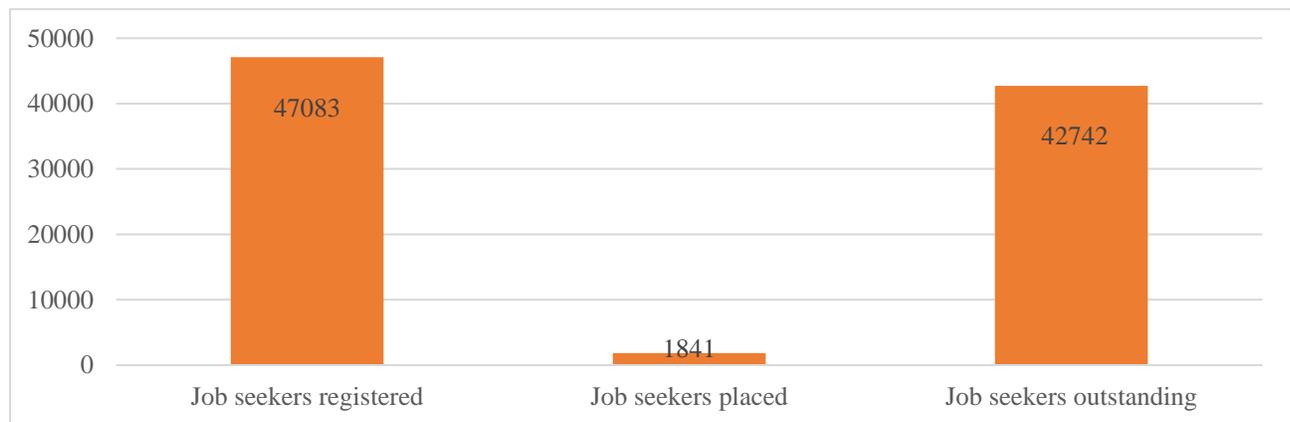
13.4.3.1 Public Employment Services

During the year under review, the Ministry also provided public employment services across the country. These services included the registration and placement of job seekers, registration of job vacancies, and the provision of career guidance and counselling to school leavers and job seekers through its regional and district labour offices.

13.4.4 Job Seekers and Placements

In the current year, the Ministry of Labour, through its regional and district labour offices, registered 47,083 job seekers, of whom 1,841 were successfully placed in employment. Figure 13.1 below provides a snapshot of the distribution of registered job seekers, placements made, and the number of job seekers still awaiting placement.

FIGURE 13.1 DISTRIBUTION OF JOB SEEKERS IN LIVE REGISTER, PLACED AND OUTSTANDING

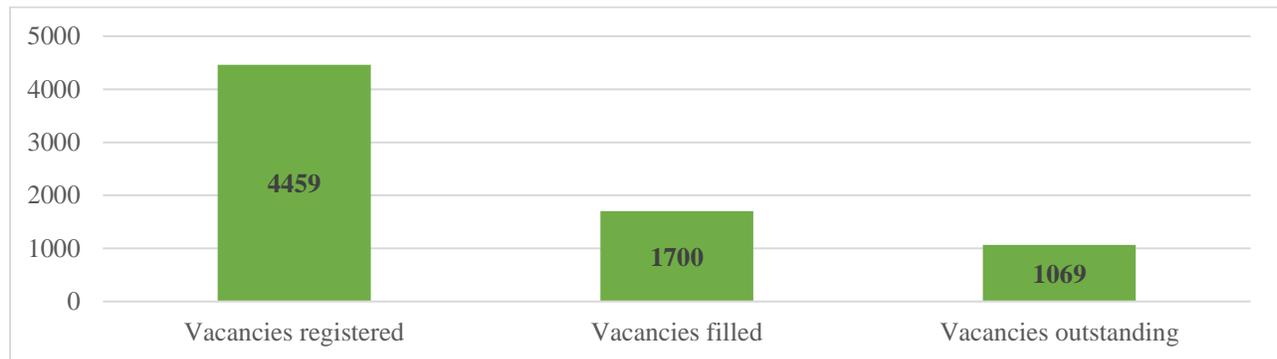


Source: Ministry of Labour

13.4.5 Vacancy Registration and Place

As of December 2025, the Ministry recorded 4,459 job vacancies, of which 1,700 were successfully filled. This represents a 38 percent vacancy fill rate. Figure 13.2 below illustrates the number of vacancies registered compared to those filled.

FIGURE 13.2 DISTRIBUTION OF VACANCIES IN LIVE REGISTER, FILLED AND OUTSTANDING



Source: Ministry of Labour

13.5 Graduate Internship Program

The Government continues to implement the Graduate Internship Program aimed at equipping youth graduates with work-related experience. In total, over 20,000 young Malawians have gone through the Graduate Internship Programme since it started in 2018. In 2025/26, 4,627 young graduates were deployed. Under the 12th cohort in the 2026/27 financial year, the Ministry is set to recruit 2,500 interns.

13.6 Labour Export Programme

Recognizing the growing demand for employment abroad, the Ministry promotes safe and ethical labour migration initiatives and has held several bilateral discussions with possible labour export destinations.

The Ministry signed a Government-to-Government MoU with Israel in 2024 to send 3,000 youths to work in the agriculture sector. So far, 820 youths have been sent to work in Israeli farms. Of these, 52 were sent in 2025 due to low job demands from the State of Israel.

The Ministry has also facilitated the sending of 345 youths to Qatar, 391 to UAE and 94 to Kuwait. The Ministry continues to engage Qatar, Kuwait, and the UAE for possible bilateral labour agreements. Discussions are at an advanced stage to sign a labour migration MoU with Qatar.

13.7 Guaranteeing Rights and Work and Extending Social Protection

Labour is one of the most valuable resources in the country, as such workers deserve to work in healthy environments, have better working conditions and a decent wage, among other requirements. In its advancement of the decent work agenda, the Ministry coordinates issues of adherence to labour laws, workers' compensation, and elimination of child labour.

13.8 Labour and Occupational Safety and Health (OSH) Inspections

In fulfilling its mandate to protect the country’s labour force, the Ministry conducts regular workplace inspections to ensure compliance with labour related laws. The law requires each workplace to be inspected by a labour officer at least twice a year. The Ministry of Labour conducted 2,146 labour inspections, an increase from 1,626 inspections carried out in 2024. Labour Complains and Prosecutions

The Ministry of Labour is also responsible for handling labour-related complaints arising from issues such as unfair dismissal, sexual harassment in the workplace, non-compliance with minimum wage regulations, and underpayment of overtime among others. The Ministry recorded a cumulative total of 40,055 labour complaints, of which 32,808 were carried forward from the 2025/26 financial year, while 7,247 were newly registered between April and December 2025. This represents a marked decrease compared to 2024, when a total of 62,105 complaints were recorded, with 20,299 carried forward from 2023, implying that 41,806 new complaints were registered in that year.

Following registration, labour complaints are subjected to a settlement process. As such, the Ministry successfully settled a total of 4,966 complaints during the year under review. Of these, 1,419 cases were referred to the Industrial Relations Court for further determination. The settled labour claims attracted fees amounting to MK1,012,856,772 while a total of MK 1,941,454,073 was paid out. The higher payout reflects the inclusion of outstanding fees carried forward from previous years.

TABLE 13.1 LABOUR COMPLAINTS CASES REGISTERED AND ACTIONS TAKEN

<u>Labour Complaints Cases</u>	<u>Number</u>
Cases Brought Forward from Previous Year	32,808
Cases Registered	7247
In Action	167
Cases Settled	4966
Cases Referred to the Industrial Relations Court	1419
Cases Referred to Other Offices	343
Cases Closed	7962
Outstanding	167

Source: Ministry of Labour

13.9 Workers' Compensation Fund

In accordance with the Workers Compensation Act of 2000, the Ministry remains committed to operationalizing the Workers Compensation Fund (WCF) in line with international social protection standards, while continuing to ensure the effective delivery of compensation services to injured workers across Malawi.

In the year under review, Government reviewed the Workers Compensation Act of 2000 and drafted new worker's compensation regulations to support the Fund's effective administration. The goal is to have the new Act enacted and the regulations adopted in the first quarter of the 2026/27 financial year.

Under the Workers' Compensation Act, the Ministry is mandated to enforce compensation payments for injuries and occupational diseases arising in the course of employment. During the period under review, the Ministry recorded 8,369 compensation cases. These cases resulted in compensation payments amounting to MK 252,906,359.

The Ministry is in the process of establishing a Workers' Compensation Fund following an outcry from companies in the settlement of workers' compensation. A board for the Workers' Compensation Fund has already been established. The Ministry of Labour, Skills and Innovation will start operationalizing the Fund by establishing a secretariat to manage it. Workers will also benefit through timely payments of compensations.

13.10 Elimination of Child Labour

13.10.1 Child Labour

The Ministry is working on the elimination of child labour. In the 2025/26 financial year, a total of 246 children were withdrawn from child labour mainly from the agriculture sector. Out of these, 121 were sent back to schools, 13 were sent to vocational schools while 75 were repatriated back to their homes of origin. From April to November 2025, 139 children had been withdrawn from child labour with 45 being placed back to school, 12 placed in vocational schools and 43 repatriated back to their homes.

In 2026/27, the MoLSI plans to finalize the child labour monitoring system for easier tracking of child labour cases and faster interventions. Table 13.2 illustrates progress made in child labour inspections and the withdrawal of children from child labour during the current financial year.

TABLE 13.2 NUMBER OF CHILDREN IDENTIFIED AND ACTIONS TAKEN

<u>Children Identified and Actions Taken</u>	<u>2025</u>
Number of Inspections Conducted	310
Children Withdrawn	246
Children Repatriated	57
Children Placed on Vocational Skills	12
Children Placed Back to School	72
Children Placed on Other Rehabilitation Measures	3
Sensitisation Meetings Held	310
Number of Employers Prosecuted	1

Source: Ministry of Labour

13.11 Revision of Minimum Wage

The Ministry is responsible for setting minimum wages in line with the Employment Act. In the year under review, the Ministry reviewed and effected new minimum wages on the 1st June, 2025 in response to the substantial rise in the cost of living.

TABLE 13.3 2025 REVISED MINIMUM WAGES

<u>Categories of Work</u>	<u>Wage Per Day (MK)</u>	<u>Wage per Month (MK)</u>
General Minimum Wage	4,846.16	125,000.16
Domestic Workers	2,800	72,800
International Truck Drivers (30+ Tonnes)		328,300
Local truck drivers (30+ Tonnes)		234,500
Micro, Small and Medium Enterprises		105,000.17
Large Shops / Retail Workers		150,000

Source: Ministry of Labour

The Ministry has completed consultations with relevant stakeholders to revise the minimum wages as the cost of living continues to rise. These stakeholders include the Employers Consultative Association of Malawi (ECAM), Malawi Congress of Trade Union (MCTU) and other relevant stakeholders.

Challenges

In the year under review, the Ministry of Labour encountered the following challenges:

- i. Underfunding which lead to financial constraints inhibiting planned activities
- ii. Lack of operational funds for the Government Internship Programme resulting in the failure of the verification of the recruited interns
- iii. Lack of vehicles to enforce adherence to labour laws

13.12 Youth and Sports Development

The Ministry of Youth, Sports, and Culture is mandated to provide policy direction and guidance on all matters pertaining to the development and empowerment of Malawian youth; the management of sporting activities; and the preservation, promotion, and development of Malawi's national culture and heritage. As a result, in the 2025/26 financial year, the Ministry continued its efforts to invest in and build capacity across the youth, sports, and cultural sectors; mobilize resources; improve stakeholder engagement and coordination; and monitor and evaluate programs and projects in youth development, sports development, arts, museums and monuments, national records, and archives.

13.12.1 Youth Development

Malawi's youth sector is characterized by a significant demographic bulge, with over 80 percent of its population under the age of 35, presenting both a substantial opportunity for development and a formidable set of challenges. This large, vibrant, and increasingly urbanizing cohort faces systemic hurdles, including persistently high rates of youth unemployment and underemployment, limited access to quality higher education and relevant skills training, and widespread poverty that exacerbates vulnerabilities. Key challenges are further compounded by issues such as the high prevalence of HIV/AIDS, growing concerns over drug and substance abuse, limited meaningful participation in governance and decision-making processes, and inadequate funding for youth-led enterprises and innovations, which collectively stifle the potential of this dynamic group and contribute to rising social and economic pressures. To address some of the difficulties, in the 2025/26 fiscal year, the Ministry, through the Department of Youth:

- i. Enhanced youth employment, enterprise, and skills development by successfully training and providing start-up capital to first and second cohort graduates of the National Youth Service (NYS) at Neno Integrated Youth Development Centre. Graduation and handover

of startup materials for the first cohort graduates were conducted on 15th April 2025. The second cohort, comprised of a total of 46 young people, completed training in crop production, aquaculture, and livestock management in April 2025. The aquaculture class received 60 percent of their harvest to commence their business ventures. The crops class successfully harvested maize and pigeon peas, of which 60 percent was handed over. Start-up inputs valued at MK 1.04 million were distributed to livestock graduates to support their business ventures.

- ii. Supported youth literacy by teaching, assessing, and graduating the 2024 cohort of the Out-of-School Functional Literacy Program. This was done in 178 learning centres in Salima, Dedza, Kasungu, and Mangochi. Out of 6,580 learners that were assessed, 5,359 learners passed. Graduation ceremonies for the 2024/25 cohort were organized for learners who passed across all the districts. 1,077 graduates have been enrolled in vocational skills training.
- iii. Advanced policy and advocacy efforts by finalizing the Adolescent Girls and Young Women (AGYW) Strategy and revising the Risk Vulnerability and Assessment Tools (RVAT) and referral and linkages tools. Referral and linkage systems have been upscaled, and the RVAT service map has been developed for Mangochi, Blantyre, and Nsanje districts. Thirty-six district staff and district AGYW core team members were oriented on the revised referral and linkages tools.
- iv. Strengthened youth participation and leadership by convening intergenerational dialogues through the YouthConnekt Malawi Platform. The intergenerational dialogue sessions aimed at providing youth with critical information about their roles and responsibilities in civic spaces.
- v. Kick-started implementation of the Strengthening Policy Implementation and Institutional Capacity for Youth Employment Creation and Agri-Food Systems Transformation in Malawi (SPICE) project. With support from AGRA, the project is developing the NYS Strategy and the Youth Development Act.

In the upcoming financial year, the Ministry, through the Department of Youth, expects to carry out the following programs and projects:

- i. Institutionalize the National Youth Service (NYS) program
- ii. Scale up the Functional Literacy Program for out-of-school youth
- iii. Strengthen the YouthConnekt Platform and youth engagement mechanisms
- iv. Finalize and roll out the Youth Management Information System (YOMIS)
- v. Support sectoral coordination of youth and AGYW response
- vi. Mainstream youth development across all planning processes
- vii. Resume discussions with NSO on institutionalizing the Youth Status Report
- viii. Expand vocational skills training and business start-up support
- ix. Accelerate implementation of the SPICE project for youth employment

13.12.2 Sports Development

Sporting activities are essential in fostering Malawian unity in diversity, national identity, and poverty alleviation. The following are the strategic issues that were implemented in the 2025/26 fiscal year to address some of the challenges under sports development:

- i. Initiated the review of the National Sports Policy
- ii. Enhanced participation in international sports events
- iii. Improved sports infrastructure through the rehabilitation of the Kamuzu Institute of Sports, the construction of the Griffin Saenda Indoor Sports Complex, and the construction of the Soche Stadium

The following strategic issues are expected to be implemented by the Ministry through the Department of Sports in the 2026/27 fiscal year:

- i. Finalize construction of Griffin Saenda Indoor Sports Complex
- ii. Complete National Aquatic Complex
- iii. Participate in international sports activities (2026 Region 5 Youth Games)
- iv. Validate and launch the revised National Sports Policy
- v. Establish community sports clubs and introduce community sports program
- vi. Procure and distribute sports equipment nationwide
- vii. Build capacity of sports personnel (coaches, umpires, officials, fitness trainers)
- viii. Enhance security and maintenance at Kamuzu and Bingu National Stadiums

13.12.3 Museums and Monuments

The Department of Museums and Monuments collects, preserves, and studies the cultural and natural heritage of Malawi for national identity, posterity, and socioeconomic development.

During the 2025/26 fiscal year, the Ministry continued constructing two mausolea, one for Orton Chirwa and another for Gwanda Chakuamba in Nkhatabay and Nsanje Districts, respectively. These projects are at different levels of implementation. The Orton Chirwa mausoleum is at 75 percent completion, while works on the Gwanda Chakuamba mausoleum have just commenced, and is at 10 percent. The development of the Dr. Saulos Chilima mausoleum at Nsipe in Ntcheu is also underway at 70 percent completion. In addition, the construction of an information centre at Chongoni Rock-Art World Heritage Area in Dedza District has been completed, and the centre was officially opened and is currently in use. The Ministry, in the next fiscal year, is expected to enhance preservation and public access to national monuments and museum collections.

13.12.4 Arts

Creative and heritage industries are vital for economic growth, job creation (especially for youth), social cohesion, and sustainable development by blending culture with commerce, boosting tourism, fostering innovation, preserving identity, and adding unique value to various places. In this regard, the following progress and foundations have been laid in 2025:

- i. Promotion of arts and culture through cultural exchange programs and international events. Through these initiatives, Malawian arts and culture have been represented in Zambia, South Africa, Kenya, Uganda, India, Algeria, Spain, and Indonesia
- ii. Disbursed MK1.9 billion in royalties to over 10,000 artists through the Copyright Society of Malawi
- iii. Advanced the operationalization of the National Arts, Heritage and Creative Industries Council (NAHEC) as a government agency
- iv. Developed an integrated website for the promotion of the creative industries, with technical support from the E-Government
- v. Regulated public entertainment by inspecting public entertainment facilities and carrying out civic education on public entertainment regulations

The following strategic issues are expected to be implemented in the 2026/27 fiscal year:

- i. Finalize and enact cultural legislation
- ii. Operationalize NAHEC as a functional government agency
- iii. Complete rehabilitation of Blantyre Cultural Centre
- iv. Host the 2026 Creative Industries Investors Conference
- v. Develop and market Malawi arts content locally and internationally
- vi. Scale up outreach programs and youth training in arts
- vii. Implement gender mainstreaming in the arts and cultural sector

13.12.5 National Records and Archives

The Department of National Records and Archives Services collects, organizes, preserves, and makes the country's documentary heritage accessible to the public for purposes of reference, research, and posterity. In the 2025/26 financial year, the following was achieved:

- i. Processed 346 cubic feet of consignments received from three MDAs: Malawi Revenue Authority, Civil Service Commission, and Lilongwe Handling Company
- ii. Facilitated the establishment of the Association of Records Managers and Archivists in Malawi (ARMA). The association is positioned to serve as a national platform for collaboration, knowledge-sharing, and professional development among records managers and archivists. This initiative is expected to contribute significantly to the advancement and standardization of records and archives management practices in Malawi

- iii. Introduced an innovative reform of digitizing public records. So far, assistance has been provided to DHRMD to digitize a total of 45,684 health personnel files and 1,318 DHRMD personnel files, making a total of 47,835 files. This is the initial phase of digitizing all 260,000 personnel files in the civil service. The focus of the digitization has been placed on key documents in the records, such as personnel data forms and reports of medical examination, among other critical documents that provide evidence of one's employment in the civil service. The importance of digitization lies in having all employees' data stored in the Human Resources Management Information System (HRMIS), to maintain verifiable and trackable data at all times.

The following strategic issues are expected to be implemented by the Ministry in the 2026/27 fiscal year:

- i. Launch and operationalize the Creative Industries Management Information System (CI-MIS)
- ii. Finalize and launch the National Records Management Standard (ISO 15489)
- iii. Strengthen the legal deposit system for national publications

13.12.6 Challenges

- i. Inadequate funding and broader macroeconomic instability
- ii. Theft and vandalism at stadia and construction sites undermined infrastructure investments, while persistent system issues, including SAP/IFMIS lags and the offline status of the Youth Management Information System (YOMIS), weakened monitoring and accountability
- iii. Foreign exchange shortages affected procurement processes for infrastructure projects, delaying completion timelines

Chapter 14

ENVIRONMENT, NATURAL RESOURCES AND CLIMATE CHANGE MANAGEMENT

14.1 Overview

Malawi's environment and natural resources are crucial to the country's agro-based economy, supporting livelihoods and driving economic growth. The government recognizes the importance of protecting the environment, mitigating climate change, and conserving natural resources to ensure sustainable development, improved public health and reduction in poverty.

Malawi faces significant environmental challenges, including deforestation, land degradation, and increased natural disasters. These issues are worsened by population growth and climate change, which hinder the country's progress towards sustainable development. To address these issues, the government is prioritizing implementation of interventions that promote environmental sustainability, as outlined in Enabler 7 of Malawi 2063, that aims to create a clean, secure, and safe nation, while highlighting the importance of balancing economic growth with environmental protection and conservation. The Malawi vision aligns with the United Nations' SDGs to achieve a prosperous, productive, and resilient nation. Enabler 7 directly supports several SDGs including SDG 13: Climate Action, SDG 15: Life on Land, SDG 6: Clean Water and Sanitation, and SDG 7: Affordable and Clean Energy.

The Environmental Affairs Department (EAD) in the Ministry of Natural Resources is leading efforts to develop and implement policies that promote sustainable environment, natural resources management and climate change (ENRM&CC). This chapter outlines the Department's performance, challenges, lessons learned, and future plans, highlighting key initiatives and strategies implemented in the 2025/26 financial year for achieving Malawi's environmental and development goals.

14.2 Performance in 2025/26 Financial Year

In the 2025/26 financial year, EAD through the Ministry has implemented a number of programs and initiatives on ENRM&CC with the following as key achievements:

14.2.1 Climate Change Management

Through various initiatives and in line with Malawi's Paris Agreement, the Department has made notable strides in addressing climate change, focusing on mitigation, adaptation, transparency, and resilience.

14.2.2 Enhanced Malawi's Participation at International Carbon Markets

The Department developed Article 6 Framework to guide and regulate carbon trading projects in Malawi, ensuring that both government and local communities benefit from carbon offset initiatives. Carbon trading is a market-based approach to reducing greenhouse gas emissions, where countries or companies buy and sell carbon credits representing the right to emit a certain amount of carbon dioxide and this framework regulates the process, promoting sustainable development, environmental conservation, and climate resilience, while ensuring that local communities and the environment benefit from carbon offset projects. During the reporting period:

- i. Forty-seven carbon developers registered across sectors such as agriculture, renewable energy, sustainable forest management, transport, waste management, and manufacturing. Six of these projects received official authorization, with the potential to generate approximately 5.9 million carbon credits, valued between USD 40 to 60 million
- ii. Two international consultants were engaged to strengthen stakeholder capacity on carbon markets targeting government ministries, private sector actors, and civil society organizations
- iii. National wide stakeholder awareness on carbon markets is underway to educate and engage various groups, including local communities, government officials, and private sector stakeholders, on the benefits and processes of carbon trading, ensuring inclusive and sustainable development of Malawi's carbon market

14.2.2.1 Initiated the Review and Update of the Nationally Determined Contributions

The Department launched a comprehensive national exercise to review and update Malawi's Nationally Determined Contributions (NDCs), a crucial step towards meeting the country's climate commitments. A consultant was engaged to lead this process, which involves broad stakeholder consultations and the development of a roadmap to mainstream climate change into the financial sector's risk management frameworks. This initiative is supported by key development partners, including the World Bank, which is assisting with adaptation efforts in the energy and transport sectors, the International Renewable Energy Agency (IRENA), which is supporting mitigation efforts in the energy sector, and Climate Analytics, which is providing technical assistance with mitigation and adaptation efforts across various sectors, including the compilation of the NDC 3.0 document.

14.2.2.2 Initiated the Development of the Climate Change Bill

The Department engaged an expert to draft the Climate Change Bill, and the stakeholder consultation on the draft bill were conducted and concluded. The Bill aims to provide a robust legal framework for Malawi's climate policies, aligning with national and international commitments, and promoting climate resilience, low-carbon development, and access to climate finance. Key provisions include strengthening accountability, transparency, and participation in

climate governance, outlining emission reduction targets, and providing a legal basis for carbon trading and the National Climate Change Fund.

14.2.2.3 Enhanced Climate Resilient in Vulnerable Communities

The Department is implementing programmes focused on building resilience and adaptive capacities to climate change in vulnerable communities, improving district council capabilities for climate management, and promoting sustainable watershed and forest ecosystem management. Key initiatives include the Least Developed Countries (LDC) Initiative Effective Adaptation and Resilience (LIFE-AR) and the Climate Resilient Initiative in Malawi (CRIM) project, and Transformational Adaptation for Climate Resilience in the Lake Chilwa Basin of Malawi (TRANSFORM) Project which are supporting Malawi's climate resilience efforts.

14.2.3 Biodiversity Conservation and Protection

14.2.3.1 Tracking Biodiversity Spending in National Budget

The government is rolling out the Biodiversity Finance Initiative (BIOFIN) to tap into diverse funding sources, including private sector investment, to boost biodiversity conservation efforts. A key achievement is the development of a Biodiversity Financing Plan, which outlines 11 innovative solutions, such as payment for ecosystem services and carbon trading, to fund conservation. The goal is to reduce dependence on government and donor funding.

With UNDP support, the Department is establishing a Payment for Ecosystems Services (PES) scheme, where beneficiaries pay providers for ecosystem services. For example, EGENCO could pay communities managing river catchments used for hydropower. Previous pilots treated PES as corporate social responsibility, but BIOFIN aims to create a credit-based system, rewarding communities and institutions for conserving natural resources.

14.2.3.2 Initiated the Review and Update of the National Biodiversity Strategy and Action Plan

The Department with support from the Global Biodiversity Framework-Early Support Action (GBF-EAS) project initiated the review and update of Malawi's National Biodiversity Strategy and Action Plan (NBSAP) to align it with the Kunming-Montreal Global Biodiversity Framework (KMGBF) targets. This alignment ensures that Malawi's biodiversity conservation actions are in line with international frameworks, guiding the country's efforts for the period 2025 to 2030. Stakeholders, including government agencies, NGOs, and academia, were engaged in reviewing and refining targets, ensuring a collaborative approach to achieving the country's biodiversity goals.

14.2.3.3 Conduct Inspections for Multi-Location Field Trials (MLFTs) for GM Maize to Ensure Compliance with the Biosafety Act

The Department conducted inspection to monitor MLFTs in Salima and Zomba which were under irrigation in August 2025 during planting in line with the Biosafety Regulations and permit conditions to ensure safe management of genetically modified organisms.

14.2.3.4 Promoted Access and Benefit Sharing of Biologicals Resources

The Department is implementing initiatives on Access and Benefit Sharing under the Nagoya Protocol, ensuring Malawi's biological resources are used sustainably and local communities benefit from their trade. Community protocols are being developed in areas such as Nsanje and Mangochi, helping to conserve resources like Thabalaba and Kombe, used in pharmaceuticals and cosmetics. Sustainable harvesting practices are being established, providing economic and ecological benefits to local communities. The Department is also promoting cultivation of high-demand resources, ensuring conservation and sustainability. These efforts are boosting biodiversity conservation, climate resilience, and local livelihoods, contributing to Malawi's sustainable development.

14.2.4 Chemicals and Waste Management

Effective chemical and waste management is critical in safeguarding both human health and the environment from the harmful effects of hazardous substances. In line with Malawi's commitment to international environmental agreements, the Department has made significant strides in managing chemicals and waste, particularly in the areas of Persistent Organic Pollutants (POPs) and ozone-depleting substances (ODS). These efforts are guided by international conventions such as the Stockholm Convention on POPs and the Montreal Protocol on the protection of the ozone layer.

14.2.4.1 E-waste Management

The Ministry, with support from the Malawi Communications Regulatory Authority (MACRA), has developed a National E-waste Management Policy to address issues regarding the management of waste from electrical and electronic equipment. This is because digital revolution has led to an increase in demand and use of electrical and electronic equipment by individuals, the private sector, and the public sector. An increase in the use of these pieces of equipment also comes with an increase in the amount of waste generated which is being discarded in large quantities at an increasing rate in the country. Waste from electrical and electronic equipment pollutes the environment and increases health risks on the society. The Policy will guide towards achieving sustainable and standardized approaches for managing waste from electrical and electronic equipment. The Policy aligns with Government's commitment in improving waste management as outlined in the Malawi 2063.

14.2.4.2 Updated Inventory of Controlled Substances Under the Montreal Protocol

Since ratifying the Vienna Convention and the Montreal Protocol in 1991, Malawi has been working in concert with the international community to phase out the use of ozone-depleting substances. The country is currently implementing the Hydrochlorofluorocarbon (HCFCs) Phase-out Management Plan II (HPMP II) with the support of the United Nations Environment Programme (UNEP) and the United Nations Industrial Development Organization (UNIDO). This project focuses on phasing out the use of HCFCs used in the refrigeration and air conditioning sectors by 2030. Under the project, a total of 15 customs officers were trained on monitoring trade of controlled substances under the Montreal Protocol. The training has enhanced the capacity of the officers and will reduce and prevent illegal trade of such chemicals.

14.2.4.3 Strengthened The Capacity of Refrigeration Experts on Good Servicing Practices Including Safe Handling of Flammable and Toxic Refrigerants

The Department trained 20 refrigeration experts, equipping them with essential skills on good service practices and the safe handling of toxic and flammable refrigerants. These training sessions are crucial in ensuring that technicians can effectively manage the substances in line with the Montreal Protocol's requirements.

14.2.4.4 Implementation of the Ban on Thin Plastics

Malawi's facing a serious plastic pollution problem, affecting ecosystems, biodiversity, and public health. Despite a 2015 ban on thin plastics under 60 microns, enforcement has been tough due to legal disputes. However, the Supreme Court upheld the ban in 2024, paving the way for stricter regulations. The government is working to ensure better waste management and environmental protection, but it's an ongoing challenge.

14.2.5 Environmental Education and Awareness

The Department has made significant strides in environmental education and awareness in 2024/25 financial year, promoting understanding of critical issues like climate change, ozone depletion, and plastic waste management. By fostering environmental consciousness across the nation, the Department aims to address the fundamental challenge of low environmental awareness, ultimately contributing to environmental protection and sustainable development in Malawi.

14.3 Projected Performance for the 2026/27 Financial Year

Government intends to implement the following key activities in the 2026/27 fiscal year on Environment, Natural Resources and Climate Change Management Sector:

- i. Finalise developing the Climate Change Bill
- ii. Review the National Environment Policy

- iii. Finalise review of the National Biodiversity Strategy and Action Plan
- iv. Build capacity of key stakeholders on carbon markets
- v. Revise the Biosafety Act of 2002
- vi. Finalise the Fifth National Report on Cartagena Protocol on Biosafety

Chapter 15

GENDER, COMMUNITY DEVELOPMENT AND SOCIAL WELFARE

15.1 Performance for 2025/26 Financial Year

15.1.1 Gender Equality and Women Empowerment

15.1.1.1 Gender Mainstreaming

During the 2025/26 financial year, the Ministry accelerated the mainstreaming of issues across national policies, strategies, programmes, projects, and interventions. The Ministry built the capacity of 796 participants (364 females and 432 males) within sectors including health, climate change, and disaster risk management. This was through targeted trainings on gender integration and legal awareness. The Ministry also conducted a gender mainstreaming in disasters training for health surveillance assistants (HSAs) to strengthen their capacity to deliver gender-responsive emergency response and workplace practices. The National Male Engagement Strategy, which was launched in 2025, was further disseminated in 20 districts in both English and Chichewa. This contributed to a 50 percent increase in number of male champions promoting gender equality.

15.1.1.2 Women in Politics and Decision Making

The Ministry advanced women's political participation through the implementation of the 2024 to 2030 Political Empowerment of Women (PEW) Strategy which resulted in a relative increase of female representation in elective positions. Currently, 48 out of 224 parliamentary seats (21 percent) and 64 out of 509 ward councillor positions (12 percent) are held by women. The implementation of the PEW Strategy progressed with capacity building workshops held for 500 female political aspirants ahead of the 2025 tripartite elections. This demonstrates progress in fostering inclusive governance and promoting women's leadership.

15.1.1.3 Women Economic Empowerment

The Ministry reviewed and developed a successor National Action Plan for Women Economic Empowerment (NAPWEE). This NAPWEE, runs from 2025 to 2030 and will prioritize six key issues which have been informed by stakeholder consultations. Through implementation of the NAPWEE, it is anticipated that by 2030 more women, especially those within marginalized groups, will have increased control over productive assets, improved and sustainable incomes, and greater agency to make informed choices about their lives and livelihoods.

15.1.1.4 Ending Gender Based Violence

The Ministry expanded the national Gender Based Violence (GBV) referral system by training 100 police officers on survivor-centred management of GBV cases. 200 community police and

social workers, and 50 magistrates were also trained in GBV case management and psychosocial support, survivor-centred investigation techniques, and the provisions of the Gender Equality Act.

Sensitization campaigns were also extended to the general public. An example of such was the Male Engagement Strategy, which was rolled out in 300 communities, which engaged over 10,000 men and boys in dialogues on positive masculinity. The Protection from Sexual Exploitation and Abuse (PSEA) networks were strengthened with the adoption of a national code of conduct, and standard operating procedures for GBV in emergencies. These were applied in the response to seasonal floods, ensuring protection for displaced women and girls. To promote gender-transformative behaviour change, 366 service providers and gatekeepers (162 females and 204 males) were trained to challenge harmful social norms and practices that perpetuate gender inequality and fuel GBV.

15.1.2 Community Development

15.1.2.1 Adult Literacy Education

To reduce illiteracy, 104,677 learners (84,996 females and 19,681 males) were enrolled in 9,633 classes and supported by the distribution of 20,000 sets of learning materials. In addition, the curriculum has been upgraded to the Standard 8 level to enable learners to sit for the PSLCE. The integrated curriculum, which incorporates nutrition and financial literacy, was introduced in community learning centres.

15.1.2.2 Community Development

Community Development Month initiatives saw heightened participation, with 3,941 community projects identified and 4,500 implemented. These are demand driven and include road maintenance; construction of bridges, classrooms, teachers' houses, under-five clinics, out-patient department clinics, community-based care centres (CBCCs), guardian shelters, catchment conservation; afforestation; waste management, hygiene and sanitation; and irrigation. The Ministry likewise provided training to 250 area development committees and 2,500 village development committees on participatory planning and resource mobilization, enhancing local governance and ownership of development projects.

15.1.2.3 Resilience, Livelihoods and Nutrition

The Savings and Loan Groups (SLGs) model expanded to over 53,000 groups with a total of 1,034,393 memberships which comprised of 793,095 females and 241,298 males and have a total share out of over MK 43 billion. Total savings increased by 20 percent, with many groups investing in climate smart agriculture and small livestock. The Ministry also facilitated linkages between 500 SLGs and formal financial institutions.

15.1.2.4 Magomero Community Development College

The college graduated 300 students in 2025, with new diploma programs in social protection. 172 students were enrolled in various disciplines of which 66 percent were female students. The college further facilitated training of 2,300 members (1,700 females and 600 males) in value addition, entrepreneurship skills and livelihoods and revenue generation.

15.1.3 Child Protection and Development

15.1.3.1 Child Rights and Protection

The Ministry built capacity for all 28 district councils on the implementation of Children's Parliament and Children's Corner and held 15 sessions of Children's Parliament. The revised National Strategy on Ending Child Marriages was disseminated in 15 hotspot districts and community by-laws were strengthened to prevent early unions. Reported child marriage prevalence showed a declining trend, from 37.7 percent to 34.2 percent.

15.1.3.2 Early Childhood Development

Access to early childhood development (ECD) services increased to 58 percent, with 14,200 centres now operational nationwide in 2025. The Ministry also built the capacity of 4,500 caregivers in the use of the integrated basic ECD package. This has led to 87 percent of 839,000 children completing one year of learning. The number of trained caregivers rose to 42 percent, and currently 6 percent of them have receive honoraria. The ECD Management Information System (ECD-MIS) is being used to track progress of ECD programs.

15.1.4 Social Protection and Development

15.1.4.1 Family and Child Welfare

Mental health and psychosocial support services reached 12,000 beneficiaries, including parents, caregivers, and children. Particular attention was given to community members who were affected by El Nino and other climatic conditions. Case management training was provided to 400 frontline workers, improving the quality of child protection interventions across 28 districts. The frontline workers provided child protection case management services to a total of 65,567 children (34,253 females and 31,314 males) that experienced violence, abuse, exploitation and neglect. A total of 3,150 children (2,119 females and 1,001 males) were withdrawn from the child marriages and 287 children have returned to school.

15.1.4.2 Probation and Rehabilitation Services

A total of 1,800 street connected children (SCC) were successfully removed from the streets of Lilongwe, Blantyre, Mzuzu, and Zomba through coordinated outreach programmes. 1,450

children were also successfully reintegrated into their families or placed in kinship care following positive home assessments and the provision of reintegration support packages. The Ministry supported 4,800 children through probation and drop-in centres, with a focus on family reunification and community reintegration. Rehabilitation programs were strengthened with vocational training components, to the benefit of 300 youths.

15.1.4.3 Social Cash Transfer Programme

The social cash transfer programme (SCTP) reached 381,735 households with regular cash transfers, disbursing MK48 billion in the 2025/26 financial year. E-payment modalities expanded to all the districts reducing transactional costs and improving security for the beneficiaries. The programme was capacitated to respond to additional shocks through provisions of top-ups and expanding the programme to accommodate additional recipients. To improve service delivery, SCTP grievance redress mechanisms were strengthened through the operationalization of a centralized call centre for beneficiaries to report delays or issues with case management. This has led to a 50 percent reduction in unresolved complaints compared to the same period the previous year.

Recognizing the barriers people living with disabilities face, an additional 5,000 people with disabilities were enrolled into the SCTP using categorical targeting which prioritise vulnerable groups. By using the same categorical targeting, elderly-headed households and those households with elderly members were prioritized within the mainstream SCTP.

15.1.4.4 Disability and Elderly Affairs

The 2024 Persons with Disabilities Act, was widely disseminated with awareness sessions reaching 5,000 people. Disbursed resources amounting to MK182 million from the Disability Trust Fund (DTF) supported 30 organizations and benefited around 10,000 individuals. This was in the form of grants for assistive devices and livelihood projects. Mulanje Vocational and Rehabilitation Centre for the Blind provided rehabilitation and vocational training for 38 students (12 females and 26 males) in order to improve their livelihoods and enable their independent living. 800 start-up kits were distributed to graduates from this program to enable their self-employment. DTF has also assisted those requiring assistive technologies and devices.

Government further enacted the Older Persons Act, 2024 which reflects its progressive efforts in strengthening rights of aging population by addressing issues such as abuse and ritual killings often linked to harmful traditional beliefs. In addition, the Ministry developed and adopted the National Action Plan on Inclusion and Protection of the Elderly to coordinate national efforts for ending violence against older persons and improving their livelihoods.

15.1.4.5 NGO Coordination

A total of 1,301 NGOs were registered by end-2025, with 61 percent of the expected 953 NGOs with active projects submitting annual reports. The NGO sector reported a total income of MK1.02 trillion, with 70 percent directed to health, education, and disaster risk management initiatives.

15.1.4.6 Council of Disability Affairs (MACODA)

During the 2025/26 financial year, MACODA continued to carry out its mandate of protecting and promoting the fundamental rights of persons with disabilities as provided for in the Persons with Disabilities Act, 2024. In the period under review the Council continued to popularize the Persons with Disabilities Act through media engagements and orienting key local council officials in Chikwawa, Neno, Mangochi and Dedza. A total of 2,641 new cases of disabilities were registered in the period under review. As a complaints handling organization, the Council registered 87 cases of the violations of the rights of persons with disabilities of which 29 were investigated. The Council trained 133 young people with disabilities in various skills training and, upon completion, 11 of the beneficiaries received start up kits. MACODA also conducted disability accessibility audits in 57 public infrastructures and 32 infrastructures were made accessible to persons with disabilities. In 2025, the Council facilitated the representation of persons with disabilities in local governance structures where 173 were elected in village development committees and area development committees. A total of 339 persons with disabilities received assistive devices in the reporting period. The Council also conducted 8 disability rights clinics to promote reporting of violations on the rights of persons with disabilities and creating awareness on disability rights. MACODA also published 64 articles on disability rights on various media platforms.

15.1.5 National Children's Commission

National Children's Commission was established as part of Government's response to the rising number of child abuse cases and the general poor outlook of prevention and response mechanisms, During the reporting period, the NCC has undertaken several initiatives to institutionalize the Commission and implement its mandate:

- i. **Institutional Development and Governance:** the commission developed guidelines for co-opting child commissioners
- ii. **Policy and Monitoring Tools:** to enhance quality reporting the commission: disseminated the concluding observations and recommendations from the committee of experts on the African Charter on the Rights and Welfare of the Child (ACRWC), developed a tracking template to monitor implementation of ACRWC recommendations
- iii. **Research and Monitoring:** to promote access and utilization to quality data the commission instituted a national study on the Situation of Children in Malawi

15.2 Planned Interventions for the 2026/27 Financial Year

15.2.1 Gender Equality and Women Empowerment

- i. Review and finalize the National Plan of Action to combat GBV; the UNSCR 1325 on Women, Peace and Security; and the Domestication of SADC GBV Model Law
- ii. Launch and operationalize the Women Network in Climate Action in Malawi (WONECAM)
- iii. Domestication of the United Nations Framework on Convention for Climate Change (UNFCCC) and Gender Action Plan on Sendai Framework

15.2.2 Social Protection and Development

15.2.2.1 Social Welfare

- i. Provision of mental health and psychosocial support to people affected by shocks and left destitute
- ii. Conduct mental health and psychosocial support trainings for 3,000 frontline workers

15.2.2.2 Social Cash Transfer

- i. Provide regular social cash transfers to 381,735 households
- ii. Provide emergency cash transfers to households affected by shocks
- iii. Pilot choice model of electronic cash transfer payment in Nkhata-bay district
- iv. Conduct regular monitoring of the programme to ensure efficiency and effectiveness
- v. Conduct case management to update records of beneficiary households

15.2.2.3 Disability and Elderly

- i. Disburse resources around MK250 million as grants during the third round of the DTF cycle to individuals with disabilities and organizations providing services to them
- ii. Review and finalized the National Disability Mainstreaming Strategy before developing its successor
- iii. Review and finalize the National Policy for Older Persons to develop its successor
- iv. Construct a Vocational and Rehabilitation Centre for persons with disabilities in Mzuzu and rehabilitate existing centres
- v. Continue training of people with blindness at the Mulanje Vocational and Rehabilitation Centre for the Blind. The plan is to increase intake to 66 trainees, which is the full capacity of the centre
- vi. Build the capacity of organizations for persons with disabilities (OPDs)
- vii. Inspect organizations and institutions providing services to older persons in the country
- viii. Develop and operationalize the Disability Management Information System

- ix. Implement the Older Persons Grant to reach out to 40,000 vulnerable elderly persons in both rural and urban areas of the country
- x. Support people with albinism through the implementation of the National Action Plan to access eye and skincare services, education, and vocational skills opportunities for their improved wellbeing; and
- xi. Constitute and operationalize the National Steering Committee on Older Persons

15.2.3 Child Development and Protection

- i. Build the capacity of 4,500 ECD mentor caregivers
- ii. Recruitment of 13,000 ECD caregivers on Government payroll
- iii. Support 28 children's forums which include Children's Parliament, children's corners and Children's Summit
- iv. Orient 6,000 centre management committee members on ECD management
- v. Upgrade 100 community based childcare centres across the nation
- vi. Develop the parenting strategy to harmonize childcare and childminding in Malawi

15.2.4 Community Development

- i. Finalize the development of the National Community Development Strategy and disseminate it
- ii. Implement Community Development Month initiatives
- iii. Renovation and refurbishment of Community Development Training Centres
- iv. Review and development of the Community Development Manuals and Guidelines
- v. Maximize revenue generation from all the Community Development Training Centres

15.2.5 Malawi Council for Disability Affairs

- i. Develop three sets of standards and guidelines for human rights-based disability service provision in Malawi
- ii. Conduct three systemic inquiries and investigations into the violations on the rights of persons with disabilities
- iii. To carry out 5 disability rights research and monitoring exercises at national and district levels
- iv. To identify and register 7,000 new cases of disabilities and 80 organizations of and for persons with disabilities
- v. To train 35 organizations of persons with disabilities in specific disability rights issues
- vi. To digitalize the disability data management system
- vii. To develop institutional policies on gender and disability inclusion
- viii. To enhance partner engagement for support in disability programming, funding and implementation
- ix. To train 200 young people with disabilities in various vocational skills

- x. To facilitate the development of regulations for the implementation of the Persons with Disabilities Act, 2024

15.3 Challenges and Recommendations

TABLE 15.1 CHALLENGES AND RECOMMENDATIONS

<u>Challenges</u>	<u>Recommendations</u>
Persistent delays in processing payments through IFMIS hence affecting program implementation and supplier payments.	Expedite system upgrades and provide dedicated technical support to Ministry staff.
Inadequate vehicles impacting the field monitoring and service delivery.	Allocate dedicated vehicle procurements in budget and to some extent explore pooled vehicle arrangements with partners.
Rising numbers of destitute persons due to economic and climate shocks.	Scale up shock-responsive social protection programs and increase funding for welfare services.
Limited capacity to provide mental health and psychosocial first aid.	Train and deploy 500 community-based psychosocial support workers in high-risk districts.
Funding gaps for disability and elderly inclusion programs.	Mobilize additional resources from government, development partners and the private sector

Source: MoGCDWS

Chapter 16

SOCIAL SUPPORT AND POVERTY REDUCTION PROGRAMMES

16.1 Overview

This section gives a review of poverty reduction and social protection in the 2025/26 fiscal year reporting period. Poverty and vulnerability are widespread in Malawi with many people needing social protection and support to help them meet their basic needs and overcome their risk exposure. Social protection is thus important in alleviating poverty and promoting sustainable development.

16.2 Current Status

The Social Protection sector is guided by sectoral policies and programmes which are aligned to the Malawi 2063 as well as other relevant social protection international frameworks. Currently, the successor Policy dubbed the National Social Protection Policy (NSPP) (2024-2029) was launched in May 2025, following the expiry of its predecessor, the National Social Support Policy (NSSP) (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 operationalized by the Malawi National Social Protection Strategy (MNSPS) which is now in its final stages of development and succeeding the Malawi National Social Support Program (MNSSP II). Programs supporting key priority areas of the policy include the Social Cash Transfer Program (SCTP), Climate Smart Enhanced Public Works Program (CSEPWP), School Feeding Program (SFP), and community-based financial initiatives such as village savings and loans (VSL) and microfinance.

16.3 Updates on the Programs

i. Social Cash Transfer Program

The Social Cash Transfer Program (SCTP), also called Mtukula Pakhomo, is an unconditional transfer targeting ultra-poor, labour-constrained households. Over 267,100 households nationwide in all the 28 districts of Malawi are benefitting from the SCTP. However, retargeting of beneficiary households is underway and the targeted total number of households is being estimated at 382,457. Government also strengthened targeting through the use of the Malawi Social Registry (MSR) formerly known as Unified Beneficiary Registry (UBR), to harmonize social protection program targeting as one way of strengthening systems for delivery of social support. Currently the MSR is at 100 percent coverage nationwide with data collection being finalized in Ntcheu district.

ii. Climate Smart Enhanced Public Works Program

CSEPWP, which target ultra-poor households containing members with labour capacity, has scaled up from 435,000 households in 2022 to over 520,000 ultra-poor households, with each participant receiving MK48,000 (USD 28) per 30-day working phase.

iii. Savings and Loan Groups and Microfinance

SLG and microfinance (MF) interventions are livelihood interventions directed towards achieving financial inclusion of the ultra-poor to help them gain resilient livelihoods. Currently, there are 61,880 SLGs registered under the Department of Community Development out of which 279,826 members are men and 896,800 are women representing 24 and 76 percent respectively.

iv. School Feeding Program

School Feeding Program is a program designed to improve childhood nutrition, increase children's ability to concentrate and learn in class, promote enrolment and regular attendance as well as reduce drop-out rates. The program currently reaches out to over 2,661 schools, with a count of 2,771,588 learners directly benefitting from the programme, with 51 percent of schools implementing the centralized feeding model and 49 percent implementing the home grown feeding model.

v. Digital-Payments (E-Payment)

Government has been keen to digitize all social protection payments for cash transfers in all 28 districts. E-payments increase transparency and traceability and reduces fraud, corruption, and leakage associated with physical cash-based transactions. Currently, 26 out of 28 districts are on E-payment, which translates to 93 percent coverage. The remaining 2 districts, Ntchisi and Nkhatabay are in the process of transitioning to the digital payment choice model, which empowers beneficiaries to select their preferred service provider.

16.4 Challenges

Malawi continues to face evolving challenges that hinder the effective delivery of social protection interventions. The high inflation is reducing the purchasing power of beneficiaries, limiting the impact of programmes such as the SCTP. Foreign exchange shortages continue to drive up the cost of essential goods, fuel, and programme operations. At the same time, climate-related shocks; including dry-spells, erratic rainfall, localised flooding in some areas, and the lingering effects of past cyclones, are increasing the vulnerability of households and putting further pressure on Government systems. Limited fiscal space and slow economic recovery continue to constrain the scale and responsiveness of social protection interventions.

Chapter 17

PUBLIC ENTERPRISES

17.1 Overview

This chapter presents an overview of the financial and operational performance of public enterprises (PEs) during the 2024/25 financial year, the 2025/26 mid-year performance, and a brief performance outlook for the 2026/27 financial year.

The 2025 audited results portray a range of mixed performance results across the PE portfolio. While some commercially oriented entities registered improvements in operational efficiency and revenue mobilization, the overall portfolio continues to face structural financial weaknesses. Such include high leverage, liquidity constraints, and dependence on Government support. Aggregate assets, liabilities, and revenues of PEs remain significant relative to GDP, underscoring their continued importance to macro-fiscal stability. However, profitability remains uneven with several entities recording losses largely driven by high financial costs, foreign exchange losses, subdued demand, and rising operational expenditures.

From a macroeconomic perspective, the operating environment for PEs in 2025 remained challenging. Malawi's economy has been characterized by moderate but volatile growth, persistent foreign exchange shortages, tight liquidity conditions, and higher inflationary pressures. Inflation was largely driven by food prices, exchange rate pass-through effects, and supply-side constraints. Notably, large contributors were increases in input costs particularly in the energy, transport, and water sectors. At the same time, tight monetary conditions aimed at containing inflation resulted in high interest rates, further increasing debt servicing burdens for highly leveraged entities.

Fiscal policy during the period focused on restoring fiscal discipline. This has been anchored on expenditure rationalization, improving value for money, and containing contingent liabilities arising from public enterprises. In this context, transfers, guarantees, and on-lending to PEs have increasingly been subjected to stricter scrutiny, performance conditions, and alignment with Government's broader fiscal consolidation objectives. This policy stance has reinforced the need for PEs to strengthen internal revenue generation, cost control, and governance arrangements.

Looking ahead, the performance of PEs is expected to remain constrained by the prevailing macroeconomic environment. While modest economic recovery is projected, some risks remain including continued foreign exchange constraints, climate related shocks, and volatility in global commodity prices. These factors are likely to affect input costs, project implementation timelines, and the financial sustainability of several entities. Nevertheless, opportunities exist for improved performance including enhanced operational efficiency, tariff and pricing reforms, improved debt management, and accelerations of governance reforms in revenue mobilization.

17.2 Individual SOE's Financial performance

17.2.1 Blantyre Water Board

Table 17.1 shows the financial performance of Blantyre Water Board (BWB) as at 31st March, 2025.

TABLE 17.1 SELECTED PERFORMANCE STATISTICS FOR BWB

<u>Indicators</u>	<u>2022</u> <u>Audited</u>	<u>2023</u> <u>Audited</u>	<u>2024</u> <u>Audited</u>	<u>2025</u> <u>Audited</u>	<u>Mid-Year</u> <u>Actual</u>	<u>Outlook to</u> <u>March 2026</u>
<u>Profitability</u>						
Profit/Loss (MK'000)	(8,187,960)	(20,692,852)	(37,782,199)	(10,208,257)	(6,365,044)	(10,666,050)
Gross Profit Margin (Percent)	30	35	40	60	-4	-9
Operating Profit Margin (Percent)	-57	-78	-104	49	-97	-105
Return on Assets (Percent)	-11	-24	-40	-10	-5	-9
Return on Equity (Percent)	-	-269	-	-116	-88	-222
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.20	0.30	0.32	0.58	0.31	0.57
Cost Recovery	1.15	-0.26	-0.13	2.49	-1.31	-0.20
<u>Liquidity</u>						
Current Ratio	0.18	0.46	0.44	0.68	1.21	0.74
Quick Ratio	0.08	0.36	0.52	0.47	1.11	0.67
Accounts Receivables Days	65.37	100.83	124.98	60.28	170	194
Accounts Payables Days	943.93	151.36	428.82	177.02	483.20	230.75
<u>Solvency</u>						
Debt to Assets	1.17	0.91	1.32	0.92	0.94	0.96
Debt to Equity	(7.04)	10.26	(4.11)	11.13	15.34	24.38
Interest Coverage	(297.06)	(17.18)	(68.75)	10.47	87.41	26.97
<u>Other</u>						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: BWB Audited Accounts and 2025/26 Performance Management Plans and Budget

Between 2024 and March 2026, BWB made determined efforts to stabilize its financial performance following one of the deepest financial crises in the sector. The Board significantly reduced its losses and improved asset utilization; however, its financial position remains fragile due to aging infrastructure, liquidity pressures, and escalating operating costs.

Net losses declined sharply from a deficit of MK37.8 billion in 2024 to MK10.2 billion in 2025, a 73 percent improvement. These are projected to remain broadly stable at a deficit of MK10.7 billion by March 2026. This slight improvement was largely driven by the 60 percent tariff adjustment approved by Government and the MK 41.6 billion ESCOM arrears bailout.

Operationally, BWB demonstrated improved cost discipline. Gross margins strengthened from 40 to 60 percent, reflecting better control over production costs. However, pressures have resurfaced with revenues becoming insufficient to fully absorb direct costs. This has resulted in a negative gross margin outlook. Operating margins followed a similar pattern, temporarily improving after cost containment measures but remaining structurally negative due to high overheads. Returns on assets improved from negative 40 to negative 10 percent, while asset turnover increased from 0.32 to 0.58, indicating better utilization of existing assets.

Liquidity, although improving, remains a major concern. The current ratio rose from 0.44 to 0.68 and is projected at 0.74, still below the threshold of 1.0. While receivables collection improved to 60 days in 2025, it deteriorated again to 131 days, undermining cash inflows. The most critical risk lies in payables which expanded significantly. This reflected sustained delays in settling supplier obligations particularly for essential inputs, such as water treatment chemicals, posing a material risk to service continuity.

The Board has made progress in deleveraging, with the debt-to-assets ratio declining from 1.32 to below 1.0, and interest coverage turning positive. However, return on equity remains deeply negative, signalling continued erosion of public capital. At the core of BWB's challenges is a non-revenue water rate of approximately 50 percent, driven by aging infrastructure, illegal connections, and billing inefficiencies. The planned USD150 million World Bank supported network rehabilitation program provides a credible pathway to long-term sustainability. In the interim, urgent priorities include accelerating revenue collection, restoring supplier confidence, tightening cost controls, and ensuring timely implementation of cost-reflective tariffs.

17.2.2 Central Region Water Board

Table 17.2 shows the financial performance of the Central Region Water Board (CRWB) as at 31st March, 2025.

TABLE 17.2 SELECTED PERFORMANCE STATISTICS FOR CRWB

<u>Indicators</u>	<u>2022</u> <u>Audited</u>	<u>2023</u> <u>Audited</u>	<u>2024</u> <u>Audited</u>	<u>2025</u> <u>Audited</u>	<u>Mid-Year</u> <u>Actual</u>	<u>Outlook to</u> <u>March</u> <u>2026</u>
<u>Profitability</u>						
Profit/Loss (MK'000)	(390,790)	1,952,547	1,564,018	(1,693,734)	(1,223,939)	(1,223,046)
Gross Profit Margin (Percent)	42	49	52	42	69	82
Operating Profit Margin (Percent)	-66	-41	-30	-16	-28	24
Return on Assets (Percent)	-2	9	3	-2	-2	-1
Return on Equity (Percent)	-	-46	-58	-	-	-
Dividend Pay-out Ratio	-	-	-	-	-	-
Asset Turnover	0.24	0.36	0.24	0.15	0.07	0.12
Cost Recovery	0.92	1.11	1.23	1.72	-10.44	-9.03
<u>Liquidity</u>						
Current Ratio	0.47	0.50	1.00	0.83	0.84	0.92
Quick Ratio	0.44	0.45	0.96	0.79	0.79	0.87
Accounts Receivables Days	285.13	145.71	152	307.68	507.64	250.87
Accounts Payables Days	496.90	158.68	167.49	256.51	711.25	418.39
<u>Solvency</u>						
Debt to Assets	1.31	1.19	1.06	1.06	1.06	1.04
Debt to Equity	-4.23	-6.34	-17.80	-17.98	-25.05	-19.13
Interest Coverage	(6.20)	(5.80)	-	-	(2.94)	3.39
<u>Other</u>						
Government Transfers to Total Revenue	-	-	-	-	11.14	6.28

Source: CRWB Audited Accounts and 2025/26 Performance Management Plans and Budgets

The CRWB recorded a net profit of MK 1.6 billion in 2024, which deteriorated to a loss of MK 1.7 billion in 2025. The deficit is projected to narrow to MK 1.2 billion by March 2026, indicating partial recovery. Gross margins weakened initially but rebounded strongly, while operating margins improved from negative 30 percent to positive 24 percent, reflecting effective cost containment measures. Despite these gains, asset productivity weakened considerably. Asset turnover declined from 0.24 to 0.12, indicating underutilization of infrastructure. Further, return on assets remain negative.

Liquidity remains constrained with the current ratio being below 1.0, and quick ratios suggest continued dependence on inventory and delayed cash conversion. Receivables remain elevated at

over 250 days, constraining cash flows, while payables have stretched beyond 400 days, signalling mounting supplier pressure. The balance sheet has weakened, with liabilities exceeding assets resulting in a negative equity position thereby heightening fiscal risk.

Although CRWB benefits from a relatively low non-revenue water rate of 27 percent and modest government transfers, delayed tariff adjustments and foreign exchange constraints have slowed recovery. Sustained improvements will depend on accelerating collections, restructuring debt, protecting recent operating margin gains, and diversifying revenue sources.

17.2.3 Lilongwe Water Board

Table 17.3 shows the financial performance of the Lilongwe Water Board (LWB) as at 31st March, 2025.

TABLE 17.3 SELECTED PERFORMANCE STATISTICS FOR LWB

<u>Indicators</u>	<u>2022 Audited</u>	<u>2023 Audited</u>	<u>2024 Audited</u>	<u>2025 Audited</u>	<u>Mid-Year Actual</u>	<u>Outlook to March 2026</u>
<u>Profitability</u>						
Profit/Loss (MK'000)	594,077	2,583,176	9,485,104	1,237,608	53,294	291,688
Gross Profit Margin (Percent)	36	41	51	79	43	40
Operating Profit Margin (Percent)	-67	-17	2	19	-33	23
Return on Assets (Percent)	0	1	3	0	23	88
Return on Equity (Percent)	2	6	13	2	0	0
Dividend Payout Ratio	-	1.9	2.1	-	-	-
Asset Turnover	0.13	0.16	0.14	0.16	89.07	182.11
Cost Recovery	0.97	1.71	2.05	1.67	1.32	5.98
<u>Liquidity</u>						
Current Ratio	5.83	7.15	6.34	3.33	0.92	3.24
Quick Ratio	4.74	6.21	5.81	2.82	0.65	2.16
Accounts Receivables Days	154.45	135.13	124.77	139.62	190.18	105.03
Accounts Payables Days	94.89	323.23	140.79	365.00	706.19	162.92
<u>Solvency</u>						
Debt to Assets	0.74	0.79	0.74	0.76	0.48	0.47
Debt to Equity	2.78	3.79	2.84	3.14	0.00	0.00
Interest Coverage	(5.20)	(1.57)	0.19	2.02	3.84	(2.43)
<u>Other</u>						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: LWB Audited accounts and 2025/26 Performance Management Plans and Budget

LWB demonstrated strong performance in the prior years, however the financial performance deteriorated during the middle of the 2025/26 financial year. A net profit of MK1.2 billion was recorded in 2025, with the profitability levels going down to MK53 million as at 30th September, 2025. This is projected to record mild gains by March 2026. Revenue estimate from water sales has been reduced by 7 percent because of the reduction in production as the envisaged additional volumes from Treatment Works Phase 3 will not be realised as the project completion date has been extended to June 2026 after considering other technical issues. Similarly, revenue from wastewater has been reduced by 11 percent as low production has a direct impact on consumption. Furthermore, expenditure on chemicals has been adjusted upward by 20 percent. The scarcity of foreign exchange that is compelling the board to source chemicals on the local market has led to this movement. Though this is the case, the Boards profitability is largely driven primarily by expanded commercial operations, including the commissioning of a water bottling plant, and improved operational efficiencies.

Operating margins strengthened steadily, while return on assets reached exceptionally high levels, reflecting strong asset utilization. Liquidity remains robust, with both current and quick ratios comfortably above prudential thresholds. Although expansion temporarily increased leverage and interest costs, debt ratios have since improved and the balance sheet remains strong with minimal reliance on public support.

LWB's success is underpinned by full cost recovery, diversified revenue streams, disciplined financial management, and effective tariff implementation. Going forward, careful monitoring of interest costs, continued investment in capacity expansion, reducing non-revenue water and a return to dividend payments will reinforce its role as a financially sustainable public utility.

17.2.4 Northern Region Water Board

Table 17.4 shows the financial performance of Northern Region Water Board (NRWB) as at 31st March, 2025.

TABLE 17.4 SELECTED PERFORMANCE STATISTICS FOR NRW

<u>Indicators</u>	<u>2022</u> <u>Audited</u>	<u>2023</u> <u>Audited</u>	<u>2024</u> <u>Audited</u>	<u>2025</u> <u>Audited</u>	<u>Mid-Year</u> <u>Actual</u>	<u>Outlook to</u> <u>2026</u>
<u>Profitability</u>						
Profit/Loss (MK'000)	(5,409,291)	(7,413,864)	(10,249,862)	(14,668,886)	(7,374,183)	(15,107,684)
Gross Profit Margin (Percent)	35	100	100	27	144	146
Operating Profit Margin (Percent)	-137	-26	44	-32	117	119
Return on Assets (Percent)	-6	-7	-8	-10	-5	-10
Return on Equity (Percent)	-	-90	-	-14	-5	-11

Indicators	<u>2022</u> <u>Audited</u>	<u>2023</u> <u>Audited</u>	<u>2024</u> <u>Audited</u>	<u>2025</u> <u>Audited</u>	<u>Mid-Year</u> <u>Actual</u>	<u>Outlook to</u> <u>2026</u>
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.08	0.08	0.09	0.11	0.06	0.12
Cost Recovery	0.56	0.77	1.22	1.68	3.68	3.64
<u>Liquidity</u>						
Current Ratio	0.54	0.92	0.27	0.28	1.35	0.94
Quick Ratio	0.35	0.70	0.22	0.14	0.35	0.25
Accounts Receivables Days	219.93	70.59	76.57	65.97	100.99	48.03
Accounts Payables Days	762.96	-	-	560.71	-16.60	-7.91
<u>Solvency</u>						
Debt to Assets	1.03	0.93	1.19	1.75	0.05	0.06
Debt to Equity	-32.81	12.38	-6.32	2.34	0.05	0.07
Interest Coverage	(7.32)	0.60	(0.80)	(0.56)	-	(2.30)
<u>Other</u>						
Government Transfers to Total Revenue	0.04	0.03	-	-	0.01	0.01

Source: NRWB Audited accounts and 2025/26 Performance Management Plans and Budgets

NRWB continues to face persistent financial losses; however, notable improvements in debt management and revenue collection provide a foundation for recovery. Net losses widened from a MK10.3 billion deficit in 2024 to MK14.7 billion in 2025, with a further increase projected by March 2026.

Financial ratios show volatility, particularly in gross and operating margins, reflecting cost pressures and revenue instability. Return on assets remains negative, and asset turnover is low, indicating limited revenue generation from existing infrastructure.

Liquidity improved modestly, with the current ratio approaching 1.0. Receivables' performance strengthened significantly to 48 days, representing a major operational achievement. However, payables remain elevated, suggesting ongoing supplier strain. NRWB has undertaken aggressive deleveraging, reducing its debt-to-assets ratio from 1.75 to 0.06, and significantly lowering financial risk.

With minimal government transfers and ongoing infrastructure challenges, NRWB's immediate priorities include consolidating collection gains, normalizing supplier payments, enforcing tariff compliance through metering, and leveraging improved cost recovery to achieve operational breakeven by end 2026.

17.2.5 Malawi Housing Corporation

Table 17.5 shows the financial performance of Malawi Housing Corporation (MHC) as at 31st March, 2025.

TABLE 17.5 SELECTED PERFORMANCE STATISTICS FOR MHC

<u>Indicators</u>	<u>2022</u> <u>Audited</u>	<u>2023</u> <u>Audited</u>	<u>2024</u> <u>Audited</u>	<u>2025</u> <u>Audited</u>	<u>Mid-Year</u> <u>Actual</u>	<u>Outlook to</u> <u>2026</u>
<u>Profitability</u>						
Profit/loss (MK'000)	1,664,265	(268,115)	(4,622,263)	(2,054,678)	(1,201,818)	230,503
Gross Profit Margin	23%	89%	100%	100%	100%	100%
Operating Profit Margin	-54%	-9%	0%	-13%	81%	78%
Return on Assets	1%	0%	-3%	-1%	-1%	0%
Return on Equity	1%	0%	-3%	-1%	-1%	0%
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.05	0.05	0.05	0.05	0.02	0.04
Cost Recovery	1.30	1.02	1.00	0.89	5.24	4.45
<u>Liquidity</u>						
Current Ratio	0.41	0.33	0.35	0.55	0.93	0.58
Quick Ratio	0.15	0.08	0.12	0.33	0.40	0.10
Accounts Receivables Days	91.59	37.53	47.14	40.06	196.11	22.80
Accounts Payables Days	182.68	418.04	314	492	84	110
<u>Solvency</u>						
Debt to Assets	0.11	0.12	0.17	0.19	0.08	0.07
Debt to Equity	0.12	0.14	176.44	190.32	20.78	19.41
Interest Coverage	(29,751.64)	(0.76)	(0.00)	(0.63)	-	-
<u>Other</u>						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: MHC Audited accounts and 2025/26 Performance Management Plans and Budgets

MHC has not performed well in terms of profitability over the years. However, the loss reduced from MK4.6 billion in the 2023/24 financial year to MK2.1 billion in the 2024/25 financial year. At midyear, the Corporation reported loss further reduced to MK1.2 billion, projecting a profit outlook of MK230 million by the end of 2025/26 financial year. The upward turn was primarily caused by increase in rentals by 23 percent at the beginning of the financial year and expected income from regularization of encroached plots and collection of proceeds from 765 plots.

The liquidity challenge persists, with current assets totalling MK4.9 billion against liabilities of MK9.1 billion, resulting in a current ratio of 0.55:1 from 0.35:1 in the prior year indicating challenges in meeting short-term obligations as they fall due. Current liabilities encompass arrears on statutory obligations such as Taxes (PAYE, Withholding Tax, and VAT) amounting to MK1.4 billion, deposits for plots and house rent totalling MK5.7 billion, and MK1.3 billion owed to creditors and other service providers.

To improve its financial position, the company continues with its plans to construct new houses under Project 250 as part of its turnaround strategy, maintain its existing houses, along with the regularization of encroached areas.

17.2.6 Construction Industry Regulatory Authority

Table 17.6 shows the financial performance of the Construction Industry Regulatory Authority (CIRA) as at 31st March, 2025.

TABLE 17.6 SELECTED PERFORMANCE STATISTICS FOR CIRA

Indicators	2022 Audited	2023 Audited	2024 Audited	2025 Audited	Mid-Year Actual	Outlook to 2026
<u>Profitability</u>						
Profit/Loss (MK'000)	468,549	1,011,194	1,747,576	1,084,989	764,405	1,485,874
Gross Profit Margin (Percent)	100	100	100	100	100	100
Operating Profit Margin (Percent)	16	22	31	10	12	7
Return on Assets (Percent)	22	34	38	20	12	19
Return on Equity (Percent)	24	36	42	22	13	25
Dividend Payout Ratio	13.2	18.0	22.9	28.3	-	71.7
Asset Turnover	1.18	1.51	1.22	1.20	0.65	1.15
Cost Recovery	1.19	1.29	1.46	1.11	1.13	1.07
<u>Liquidity</u>						
Current Ratio	4.58	8.62	6.26	6.77	8.79	1.10
Quick Ratio	4.38	8.39	6.08	6.57	8.54	0.93
Accounts Receivables Days	14.04	20.63	14.26	12.40	59.72	26.07
Accounts Payables Days	-	-	-	-	-	-
<u>Solvency</u>						
Debt to Assets	0.08	0.06	0.09	0.10	0.07	0.23
Debt to Equity	0.09	0.07	0.10	0.11	0.07	0.30
Interest Coverage	-	-	-	-	-	-
<u>Other</u>						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: CIRA Audited accounts and 2025/26 Performance Management Plans and Budgets

CIRA's financial performance has been satisfactory over time. However, it recorded a surplus of MK1.1 billion in the 2024/25 financial year, a decrease from MK1.7 billion the previous year. The decline in surplus was due to a decrease in construction levy and taxes. As at mid-year, CIRA's realised a surplus of MK764 million and is projecting a surplus of MK1.5 billion by the end of the 2025/26 financial year.

As at 30th September 2025, CIRA's total assets increased by 12 percent from 31st March 2025. Management has intensified efforts to collect construction levy, construction firms' fees, and training income, while exercising prudence in expenditure. CIRA has also started enforcing the Construction Industry Act, 2025, in the second half of 2025/26, from which it is expected that compliance and quality would improve in the industry. CIRA remains committed to supporting the government's fiscal objectives by remitting its surplus funds.

17.2.7 Electricity Supply Corporation of Malawi Limited

Table 17.7 shows the financial performance of the Electricity Supply Corporation of Malawi (ESCOM) Limited as at 31st March, 2025.

TABLE 17.7 SELECTED PERFORMANCE STATISTICS FOR ESCOM LIMITED

<u>Indicators</u>	<u>2022</u> <u>Audited</u>	<u>2023</u> <u>Audited</u>	<u>2024</u> <u>Audited</u>	<u>2025</u> <u>Audited</u>	<u>Mid-Year</u> <u>Actual</u>	<u>Outlook to</u> <u>2026</u>
<u>Profitability</u>						
Profit/Loss (MK'000)	6,798,367	25,972,037	(65,257,609)	4,813,074	16,638,218	49,101,728
Gross Profit Margin (Percent)	51	66	48	59	58	62
Operating Profit Margin (Percent)	-45	17	-47	11	15	22
Return on Assets (Percent)	2	7	-14	1	3	8
Return on Equity (Percent)	-736	75	-	-19	188	110
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.42	0.62	0.45	0.74	0.24	0.63
Cost Recovery	1.05	2.03	0.48	2.09	2.34	2.51
<u>Liquidity</u>						
Current Ratio	0.55	5.05	1.27	1.31	1.23	0.88
Quick Ratio	0.48	0.42	0.94	0.91	0.94	0.48
Accounts Receivables Days	114.60	2.55	99.86	88.55	104.42	58.59
Accounts Payables Days	494.44	130.14	84.57	297.37	625.58	168.03
<u>Solvency</u>						
Debt to Assets	1.00	0.91	1.08	0.00	0.99	0.93
Debt to Equity	-373.05	10.30	-14.01	0.00	73.40	12.99

<u>Indicators</u>	<u>2022</u> <u>Audited</u>	<u>2023</u> <u>Audited</u>	<u>2024</u> <u>Audited</u>	<u>2025</u> <u>Audited</u>	<u>Mid-Year</u> <u>Actual</u>	<u>Outlook to</u> <u>2026</u>
Interest Coverage	30.64	15.52	18.02	-	-	11.05
Other						
Government Transfers to Total Revenue	-	-	0.54	-	-	-

Source: ESCOM Audited Accounts and 2025/26 Performance Management Plans and Budgets

ESCOM registered a significant improvement in profitability from a loss of MK65.2 billion in 2024 to a profit of MK4.8 billion in 2025 financial year with prospects to close the 2025/26 financial year with a profit after tax of MK49.1 billion. This is largely due to the increased volumes of energy from IPPs, tariff adjustments approved by the MERA and other revenues from the administrative charges and optical fibre cables. At mid-year, the volume of power procured surpassed the target by 6 percent. The actual power procured at mid-year was 1,338GWh against a half-year budget of 1,265GWh. Energy sold by distribution amounted to 1,271GWh.

However, ESCOM continue to face operational challenges. Debt to equity ratio during the period under review grew spontaneously due to a combination of domestic and foreign currency denominated loans to support the OFC connectivity (OFC back bone), increase customer base under MEAP, and increase on power import (MOMA interconnector). The average debt collection period stood at 130 days attributed to delays in settling electricity bills by some MDAs and government departments.

17.2.8 Energy Generation Company of Malawi

Table 17.8 shows the financial performance of the Energy Generation Company of Malawi (EGENCO) as at 31st March 2025.

TABLE 17.8 SELECTED PERFORMANCE STATISTICS FOR EGENCO

<u>Indicators</u>	<u>2022</u> <u>Audited</u>	<u>2023</u> <u>Audited</u>	<u>2024</u> <u>Audited</u>	<u>2025</u> <u>Audited</u>	<u>Mid-Year</u> <u>Actual</u>	<u>Outlook</u> <u>to 2026</u>
Profitability						
Profit/Loss (MK'000)	5,116,734	(2,132,433)	2,253,686	644,821	4,200,000	127,137
Gross Profit Margin (Percent)	42	-3	7	33	100	100
Operating Profit Margin (Percent)	-48	-105	-85	-56	13	2
Return on Assets (Percent)	2	-1	1	1	2	0
Return on Equity (Percent)	3	-1	1	1	4	0
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.18	0.21	0.22	1.41	0.17	0.30
Cost Recovery	1.11	0.97	1.08	1.13	1.15	1.02

Liquidity

Current Ratio	4.83	3.75	3.72	2.09	3.34	2.45
Quick Ratio	4.03	2.86	1.68	1.18	1.94	1.44
Accounts Receivables Days	345.89	251.89	71.78	99.04	268.09	136.62
Accounts Payables Days	56.38	26.22	0.00	124.50	-	-

Solvency

Debt to Assets	0.49	0.51	0.45	3.20	0.57	0.61
Debt to Equity	0.96	0.77	0.83	1.50	1.33	1.53
Interest Coverage	(389.75)	(243.57)	-	-	-	2.02

Other

Government Transfers to	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-

Source: EGENCO Audited Accounts and 2025/26 Performance Management Plans and Budgets

EGENCO recorded a profit after tax of MK2.2 billion in 2024, up from a loss of MK2.1 billion in the previous year followed by a decrease in profitability in 2025 to MK644.8 million. As at 30th September 2025, the company posted a net profit of MK4.2 billion, which was 8 percent above the approved mid-year budget. Electricity revenue for the half-year to September 2025 amounted to MK51 billion, which was 12 percent above budget and 39 percent higher than the same period in 2024. This performance was largely driven by a higher diesel-to-hydro generation mix. EGENCO had initially budgeted to operate diesel generators for only 2 to 3 hours during morning and evening peak periods. However, due to breakdowns at the Tedzani, Kapichira, and Nkula hydro power stations, which created a generation shortfall of about 83.4 MW, diesel generators were operated for 10 to 14 hours per day. Power generated from diesel was sold at an average of MK1,000 per kilowatt hour, compared to MK30 per kilowatt hour for hydropower, significantly boosting revenue.

As at 30th September 2025, EGENCO had generated 1,150.58 GWh, compared to a target of 1,118.00 GWh and 1,113.17 GWh in the same period of the 2024/25 financial year. This represents increases of 2.91 percent and 3.36 percent, respectively. The higher output was mainly due to improved availability of Kapichira machines and higher water levels in Lake Malawi, which increased flows in the Shire River. Monthly production during the six months until September 2025 was above budget in most months, except for April and May. The highest production was recorded in July 2025.

17.1.9 Malawi Energy Regulatory Authority

Table 17.9. shows the financial performance of MERA as 31st March, 2025.

TABLE 17.9 SELECTED PERFORMANCE STATISTICS FOR MERA

Indicators	2022	2023	2024	2025	Mid-Year	Outlook to
	Audited	Audited	Audited	Audited	Actual	2026
Profitability						
Profit/Loss (MK'000)	1,350,725	2,804,005	2,122,830	683,954	2,066,477	4,881,660
Gross Profit Margin (Percent)	100	100	100	100	100	100
Operating Profit Margin (Percent)	38	37	25	16	20	23
Return on Assets (Percent)	2	22	1	0	0	1
Return on Equity (Percent)	9	16	12	4	11	24
Dividend Payout Ratio	-	-	94.2	-	-	-
Asset Turnover	0.12	0.96	0.05	0.03	0.02	0.05
Cost Recovery	1.61	1.59	1.34	1.20	1.26	1.29
Liquidity						
Current Ratio	1.15	1.11	1.03	1.07	1.12	1.22
Quick Ratio	1.15	1.11	1.03	0.96	1.12	1.22
Accounts Receivables Days	45	45	45	45	45	45
Accounts Payables Days	-	-	-	-	-	-
Solvency						
Debt to Assets	0.78	0.90	0.93	0.96	1.01	0.97
Debt to Equity	3.57	0.66	13.28	25.45	27.82	20.82
Interest Coverage	-	-	-	-	-	-
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: MERA Audited accounts and 2025/26 Performance Management Plans and Budgets

MERA registered a surplus of MK2.1 billion in 2024 compared to the MK683 million surplus recorded 2024/25 financial year. The projected outlook to March 2026 indicate a surplus of is MK4.8 billion. This is due to an increase in fuel consumption.

The total income for the year is projected at MK21.5 billion which is 66 percent above the 2024/25 budget of MK14.2 billion. The revised expenses for the year are expected to increase by almost 19 percent from MK13.998 billion to MK16.624 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 has recorded a current ratio of 1.12:1 as of 31st September 2025 compared to the current ratio of 1.07:1 in the year ended 2024/25. The current ratio is highly projected to reach 1.22:1 at the end of 2025/26 financial year.

Going forward, MERA is implementing the new Strategic Plan which will guide its operations from 2025/26 financial year to 2029/30 financial year. The change in strategic direction aims at aligning with MW2063, MIP1 and other emerging developments in the energy sector which has led to an overhaul of activities to be implemented.

17.1.10 NATIONAL FOOD RESERVE AGENCY

Table 17.1.10 shows the financial performance for the National Food Reserve Agency (NFRA) as at 31st March, 2025.

TABLE 17.10 SELECTED PERFORMANCE STATISTICS FOR NFRA

<u>Indicators</u>	<u>2022</u> <u>Audited</u>	<u>2023</u> <u>Audited</u>	<u>2024</u> <u>Audited</u>	<u>2025</u> <u>Audited</u>	<u>Mid-Year</u> <u>Actual</u>	<u>Outlook to</u> <u>2026</u>
<u>Profitability</u>						
Profit/Loss (MK'000)	174,337	263,271	2,085,876	1,146,540	1,229,768	1,528,935
Gross Profit Margin (Percent)	14	100	100	100	100	100
Operating Profit Margin (Percent)	-72	-5	42	17	33	14
Return on Assets (Percent)	1	1	8	4	2	3
Return on Equity (Percent)	1	1	10	5	5	7
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.07	0.10	0.21	0.25	0.05	0.23
Cost Recovery	0.78	0.61	0.76	0.37	1.18	0.99
<u>Liquidity</u>						
Current Ratio	3.41	5.10	11.09	1.46	1.51	1.87
Quick Ratio	0.40	0.34	1.55	0.08	0.23	0.37
Accounts Receivables Days	248.33	140.08	72.02	79.76	290.86	60.81
Accounts Payables Days	333.97	-	-	-	-	-
<u>Solvency</u>						
Debt to Assets	0.27	0.28	0.19	0.18	0.67	0.53
Debt to Equity	0.36	0.39	0.23	0.22	2.06	1.11
Interest Coverage	-	-	-	-	-	-
<u>Other</u>						
Government Transfers to Total Revenue	0.33	0.36	0.56	0.69	0.21	0.16

Source: NFRA Audited Accounts and 2025/26 Performance Management Plans and Budgets

NFRA continued to operate from a position of financial strength between 2024 and the outlook to 2026. In 2024, NFRA recorded a profit of MK2.1 billion, reflecting sound operational

performance. Although profits declined to MK1.1 billion in 2025, the agency projects to improve to MK1.5 billion by 31st March 2026. This indicates that the agency remains financially healthy, even as operating conditions become more challenging.

NFRA consistently covered its direct costs throughout the period, as reflected in its full cost recovery at the production level. However, rising expenses related to storage, logistics, administration, and financing have exerted pressure on overall operating margins. As a result, returns on assets and public investment are lower than in 2024, signalling the need for stronger cost control and efficiency measures going forward.

17.1.11 Tobacco Commission

Table 17.11 shows the financial performance of the Tobacco Commission (TC) as at 31st March, 2025.

TABLE 17.11 SELECTED PERFORMANCE STATISTICS FOR TC

<u>Indicators</u>	<u>2022 Audited</u>	<u>2023 Audited</u>	<u>2024 Audited</u>	<u>2025 Audited</u>	<u>Mid-Year Actual</u>	<u>Outlook to 2026</u>
<u>Profitability</u>						
Profit/Loss (MK'000)	(1,289,946)	(110,289)	1,030,527	1,718,116	10,267,596	4,737,454
Gross Profit Margin (Percent)	100	100	100	100	100	100
Operating Profit Margin (Percent)	56	-3	186	19	93	79
Return on Assets (Percent)	-27	-2	13	8	36	19
Return on Equity (Percent)	-49	-4	30	13	46	28
Dividend Payout Ratio	-	-	4.9	14.6	14.6	-
Asset Turnover	0.33	0.66	0.64	0.41	0.49	0.58
Cost Recovery	2.26	0.97	-1.16	1.24	14.33	4.86
<u>Liquidity</u>						
Current Ratio	0.33	0.48	0.88	1.05	2.34	1.14
Quick Ratio	0.25	0.43	0.82	1.01	2.32	1.12
Accounts Receivables Days	35.63	8.95	86.60	6.03	15.65	5.18
Accounts Payables Days	-	-	-	-	-	-
<u>Solvency</u>						
Debt to Assets	0.46	0.55	1.00	1.00	0.22	0.32
Debt to Equity	0.86	1.24	2.37	1.59	0.28	0.46
Interest Coverage	3,194.35	(1,645.10)	20,360.86	-	-	-
<u>Other</u>						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: TC Audited Accounts and 2025/26 Performance Management Plans and Budgets

TC is projecting a surplus of MK4.74 billion by March 2026, compared to an exceptionally high mid-year surplus of MK10.27 billion. Although lower, the projected surplus remains significantly higher than the MK1.7 billion recorded in the 2024/25 financial year. The strong performance is mainly attributed to revenue collections above the approved budget from levies which are 26 percent above the approved budget; licenses and permits which are 63 percent above approved budget; and growers' penalties. The moderation from mid-year levels largely reflects the seasonal nature of TC's operations.

The operating profit margin is projected to remain strong at 79 percent, consistent with TC's low-cost operating structure. The gross profit margin remains at 100 percent, reflecting a fee-based revenue model with no cost of sales. Profitability ratios remain robust, with returns on assets of 19 percent and return on equity of 28 percent, indicating efficient utilization of assets and equity in generating surpluses.

Liquidity is expected to normalize. The current ratio is projected to moderate to 1.14:1 from 2.34:1 at mid-year, while the quick ratio is expected to decline to 1.12:1. Despite the decline, both ratios remain above the minimum benchmark of 1, indicating adequate short-term solvency. The volatility in liquidity ratios reflects the seasonal timing of revenue collection and expenditure.

17.1.12 Central Medical Stores Trust

Table 17.12 shows the financial performance of the Central Medical Stores Trust (CMST) as at 31st March, 2025.

TABLE 17.12 SELECTED PERFORMANCE STATISTICS FOR CMST

<u>Indicators</u>	<u>2022</u> <u>Audited</u>	<u>2023</u> <u>Audited</u>	<u>2024</u> <u>Audited</u>	<u>2025</u> <u>Audited</u>	<u>Mid-Year</u> <u>Actual</u>	<u>Outlook</u> <u>to 2026</u>
<u>Profitability</u>						
Profit/Loss (MK'000)	(5,943,721)	(10,284,707)	(8,581,138)	2,371,141	222,551	689,161
Gross Profit Margin (Percent)	21	15	34	25	21	24
Operating Profit Margin (Percent)	-19	-26	11	-49	5	5
Return on Assets (Percent)	-13	-26	-15	2	0	1
Return on Equity (Percent)	-24	-49	-36	4	0	1
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.50	0.75	0.77	0.68	0.28	0.75
Cost Recovery	2.52	2.41	4.27	1.34	-9.77	-0.25
<u>Liquidity</u>						
Current Ratio	1.57	1.41	1.24	1.83	1.84	2.07
Quick Ratio	0.83	0.59	0.99	1.01	1.18	1.22

<u>Indicators</u>	<u>2022</u> <u>Audited</u>	<u>2023</u> <u>Audited</u>	<u>2024</u> <u>Audited</u>	<u>2025</u> <u>Audited</u>	<u>Mid-Year</u> <u>Actual</u>	<u>Outlook</u> <u>to 2026</u>
<u>Profitability</u>						
Accounts Receivables Days	114.58	81.83	280.99	255.78	745.85	255.22
Accounts Payables Days	352.35	274.37	395.25	330.00	605.66	181.14
<u>Solvency</u>						
Debt to Assets	0.44	1.00	0.59	0.46	0.48	0.39
Debt to Equity	0.79	1.91	1.43	0.86	0.91	0.64
Interest Coverage	-	-	-	-	-	-
<u>Other</u>						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: CMST Audited Accounts and 2025/26 Performance Management Plans and Budgets

The outlook to 2026 indicates a gradual improvement in CMST's financial performance, largely driven by increased sales of medicines and medical supplies during the first half of the financial year ended 30th September 2025. Although CMST continues to operate in a challenging economic environment characterized by foreign exchange shortages and rising inflation, CMST is projected to record a surplus of MK689.2 million by 2026. This represents an improvement from the mid-year surplus of MK222.6 million, but a decline from the MK2.37 billion surplus recorded in the 2024/25 financial year.

This performance reflects a notable turnaround from sustained deficits in earlier years, including a deficit of MK10.28 billion in 2023. The gross profit margin is projected to improve to 24 percent by March 2026 from 21 percent at mid-year, indicating better pricing strategies and cost control.

The operating profit margin is expected to remain positive at 5 percent, reflecting improved operational efficiency. Returns are projected to remain modest but positive, with a return on assets of 1 percent and a return on equity of 1 percent, suggesting an early-stage recovery in profitability.

Liquidity is also expected to improve with a current ratio projected to rise to 2.07:1 by March 2026 from 1.84:1 at mid-year, indicating improved capacity to meet short-term obligations. The quick ratio is expected to increase to 1.22:1 from 1.01:1 in the previous year, signaling stronger liquidity even after excluding inventories.

17.1.13 Pharmacy and Medicines Regulatory Authority

Table 17.13 shows the financial performance of the Pharmacy and Medicines Regulatory Authority (PMRA) as at 31st March, 2025.

TABLE 17.13 SELECTED PERFORMANCE STATISTICS FOR PMRA

Indicators	2022	2023	2024	2025	Mid-Year	Outlook to
	Audited	Audited	Audited	Audited	Actual	2026
Profitability						
Profit/Loss (MK'000)	403,045	617,820	1,142,770	(466,023)	(761,592)	87,477
Gross Profit Margin (Percent)	100	100	100	100	100	100
Operating Profit Margin (Percent)	24	18	27	-13	-44	1
Return on Assets (Percent)	14	11	16	-6	-12	1
Return on Equity (Percent)	16	14	21	-10	-20	2
Dividend Payout Ratio	-	14.9	5.7	-	-	-
Asset Turnover	0.56	0.53	0.60	0.58	0.28	0.80
Cost Recovery	1.32	1.22	1.37	0.88	0.69	1.01
Liquidity						
Current Ratio	2.35	1.72	1.08	1.18	0.87	1.03
Quick Ratio	2.33	1.71	1.07	1.17	0.87	1.02
Accounts Receivables Days	56.06	31.28	27.30	17.96	49.26	13.22
Accounts Payables Days	-	-	-	-	-	-
Solvency						
Debt to Assets	0.12	0.23	0.47	0.37	0.38	0.38
Debt to Equity	0.13	0.29	0.61	0.60	0.61	0.61
Interest Coverage	-	61.75	-	-	-	-
Other						
Government Transfers to Total Revenue	-	-	-	0.01	-	-

Source: PMRA Audited Accounts and 2025/26 Performance Management Plans and Budgets

PMRA recorded a deficit of MK466 million in the 2024/25 financial year, which worsened to a MK762 million deficit as at 30th September 2025. PMRA incurred losses in both the review period and the preceding year, largely due to adverse economic conditions and revenue underperformance.

Product license fees account for approximately 70 percent of total regulatory income. However, mid-year revenue collections were below target, suggesting that compliance levels among licensees remain low. Despite this, PMRA projects a surplus of MK87 million by March 2026. The expected turnaround from deficit to surplus is mainly attributed to revenue from product registration and annual product retention fees, around 70 percent of which are paid in foreign currency by market authorization holders.

Weak financial performance has continued to exert pressure on the PMRA’s liquidity position. The current ratio declined from 1.18:1 in 2024/25 to 0.87:1 as at 30th September 2025, although it is projected to improve slightly to 1.03:1 by March 2026. This indicates marginal capacity to meet short-term obligations. To address these challenges, PMRA needs to review and realign its pricing structure to reflect prevailing economic conditions, particularly for fees denominated in Malawi Kwacha, in order to strengthen revenue sustainability and liquidity.

17.1.14 Technical, Entrepreneurial and Vocational Education and Training Authority

Table 17.14 shows the financial performance of the Technical, Entrepreneurial and Vocational Education and Training Authority (TEVETA) as at 31st March 2025.

TABLE 17.14 SELECTED PERFORMANCE STATISTICS FOR TEVETA

Indicators	2022 Audited	2023 Audited	2024 Audited	2025 Audited	Mid-Year Actual	Outlook to 2026
<u>Profitability</u>						
Profit/Loss (MK '000)	2,194,787	1,401,207	12,925,036	16,815,900	2,496,389	570,927
Gross Profit Margin (Percent)	100	100	100	100	100	100
Operating Profit Margin (Percent)	11	7	56	68	25	3
Return on Assets (Percent)	16	8	43	31	7	2
Return on Equity (Percent)	21	11	53	38	8	2
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	1.40	1.16	0.88	0.65	0.30	0.61
Cost Recovery	1.13	1.08	2.27	3.14	1.33	1.03
<u>Liquidity</u>						
Current Ratio	3.74	3.06	4.29	4.53	5.57	3.04
Quick Ratio	3.73	3.06	4.29	4.52	5.55	3.03
Accounts Receivables Days	132.10	180.20	277.69	402.86	597.55	259.88
Accounts Payables Days	-	-	-	-	-	-
<u>Solvency</u>						
Debt to Assets	0.22	0.26	0.19	0.18	0.12	0.18
Debt to Equity	0.29	0.34	0.23	0.23	0.13	0.22
Interest Coverage	104.02	-	-	-	-	-
<u>Other</u>						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: TEVETA Audited Accounts and 2025/26 Performance Management Plans and Budgets

In the 2024/25 financial year, TEVETA recorded a surplus of MK16.8 billion, representing a 30 percent increase from MK12.9 billion in 2023/24. This strong performance reflects robust revenue growth that outpaced cost increases. The gross profit margin remained at 100 percent in both years, indicating full cost recovery on services rendered. The operating profit margin improved to 68

percent from 56 percent, while return on assets increased to 31 percent. Asset turnover declined slightly from 0.88 to 0.65, as asset growth outpaced revenue growth. However, cost recovery improved sharply to 3.14 from 2.27, signaling better control of operating expenses.

Moving into the 2025/26 planning year, performance is expected to substantially decline. TEVETA projects a surplus of MK570 million by March 2026, representing a significant decline from the previous year. This downturn is largely attributed to the expansion of apprenticeship recruitment, which increased by 133 percent, from 3,000 to 7,000 trainees in 2024/25. As a result, training costs are expected to rise to about MK3.5 billion, accounting for approximately 18 percent of total revenue.

Overall, TEVETA continues to finance its operations primarily through internally generated resources, as reflected in its healthy debt-to-equity and debt-to-asset ratios. The Authority continues to strengthen its regulatory and compliance mandate and improve resource management systems.

Liquidity remained strong in 2025, with the current ratio improving to 4.53:1 from 4.29:1 and the quick ratio increasing to 4.52:1. This indicates a strong capacity to meet short-term obligations. However, accounts receivable days increased sharply to 402.86 days from 277.69 days, meaning collections now take more than a year, which poses a risk to cash flow if not addressed.

17.1.15 Malawi Bureau of Standards

Table 17.15 shows the financial performance of the Malawi Bureau of Standards (MBS) as at 31st March, 2025.

TABLE 17.15 SELECTED PERFORMANCE STATISTICS FOR MBS

Indicators	2022 Audited	2023 Audited	2024 Audited	2025 Audited	Mid-Year Actual	Outlook to 2026
Profitability						
Profit/Loss (MK'000)	(648,858)	747,464	4,456,921	2,247,562	418,288	532,140
Gross Profit Margin (Percent)	39	100	100	100	100	100
Operating Profit Margin (Percent)	-22	53	66	53	100	100
Return on Assets (Percent)	-3	3	15	8	1	1
Return on Equity (Percent)	-3	3	18	9	1	2
Dividend Payout Ratio	-	87.5	90.0	-	163.8	167.7
Asset Turnover	0.29	0.37	0.61	0.87	0.44	0.82
Cost Recovery	1.64	2.14	2.95	2.11	-	-
Liquidity						
Current Ratio	2.00	2.55	1.80	2.00	1.07	0.72
Quick Ratio	1.99	2.52	1.73	1.96	1.03	0.69
Accounts Receivables Days	97.96	54.23	74.80	75.20	-	-
Accounts Payables Days	166.50	-	-	-	-	-

<u>Indicators</u>	<u>2022</u> <u>Audited</u>	<u>2023</u> <u>Audited</u>	<u>2024</u> <u>Audited</u>	<u>2025</u> <u>Audited</u>	<u>Mid-Year</u> <u>Actual</u>	<u>Outlook to</u> <u>2026</u>
<u>Profitability</u>						
<u>Solvency</u>						
Debt to Assets	0.08	0.06	0.18	0.14	0.10	0.16
Debt to Equity	0.09	0.07	0.21	0.16	0.11	0.19
Interest Coverage	-	-	-	-	-	-
<u>Other</u>						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: MBS Audited Accounts and 2025/26 Performance Management Plans and Budgets

MBS recorded a surplus of MK2.2 billion in the financial year ended 31st March 2025. However, in the half-year ending 30th September 2025, MBS recorded a much lower surplus of MK418 million, reflecting a significant slowdown in performance.

Mid-year revenue fell below expectations mainly due to the impact of foreign exchange shortages, which constrained inspection, certification, and related revenue-generating activities. Although a modest recovery is anticipated, MBS is projecting a surplus of MK532 million by March 2026, which represents a sharp decline compared to the previous financial year.

Liquidity is expected to weaken further. The current ratio is projected to fall from 1.07:1 at mid-year to 0.72:1 by March 2026, while the quick ratio is expected to decline from 1.03:1 to 0.69:1 over the same period. This indicates that, despite remaining profitable, MBS may face short-term cash flow pressures, likely driven by delayed revenue collections and rising short-term obligations.

17.1.16 Smallholder Farmers Fertilizer Revolving Fund of Malawi

Table 17.16 shows the financial performance of the Smallholder Farmers Fertilizer Revolving Fund of Malawi (SFFRFM) as at 31st March, 2025.

TABLE 17.16 SELECTED PERFORMANCE STATISTICS FOR SFFRFM

<u>Indicators</u>	<u>2022</u> <u>Audited</u>	<u>2024</u> <u>Audited</u>	<u>2025</u> <u>Audited</u>	<u>Mid-Year</u> <u>Actual</u>	<u>Outlook to</u> <u>2026</u>
<u>Profitability</u>					
Profit/Loss (MK'000)	285,250	6,261,875	12,295,215	1,603,369	16,275,978
Gross Profit Margin (Percent)	25	99	88	11	100
Operating Profit Margin (Percent)	-50	99	88	-18	100
Return on Assets (Percent)	1	100	100	3	102
Return on Equity (Percent)	2	35	100	7	69
Dividend Payout Ratio	-	-	-	-	-
Asset Turnover	0.32	3.17	3.85	0.51	1.55
Cost Recovery	1.34	-	-	3.50	-
<u>Liquidity</u>					

Indicators	<u>2022</u> <u>Audited</u>	<u>2024</u> <u>Audited</u>	<u>2025</u> <u>Audited</u>	<u>Mid-Year</u> <u>Actual</u>	<u>Outlook to</u> <u>2026</u>
<u>Profitability</u>					
Current Ratio	1.70	0.28	0.16	1.39	0.50
Quick Ratio	1.17	1.05	0.81	1.31	-0.24
Accounts Receivables Days	374.17	0.00	0.00	1562.85	-
Accounts Payables Days	314.43	67692.90	5324.23	465.54	-
<u>Solvency</u>					
Debt to Assets	0.33	-3.10	0.28	0.59	2.74
Debt to Equity	0.50	-1.07	0.28	1.39	1.85
Interest Coverage	-	3.21	(8.77)	-	-
<u>Other</u>					
Government Transfers to Total Revenue	-	1.16	2.39	-	0.65

Source: SFFRFM Audited Accounts and 2025/26 Performance Management Plans and Budgets

SFFRFM recorded a significant improvement in profitability in 2024/25, with audited profits of over MK12 billion in 2025, doubling the MK6 billion recorded in 2024. This performance was supported by very high gross and operating profit margins, which approached 100 percent in both years, reflecting efficient fertilizer sales to smallholder farmers.

Despite the strong profitability, the Fund's liquidity position deteriorated sharply. The current ratio declined from 0.28:1 in 2024 to a critical 0.16:1 in 2025, indicating serious challenges in meeting short-term obligations. Although the mid-year position in 2025/26 showed some recovery, the outlook to March 2026 projects a slight improvement in liquidity based on the current ratio projected to 0.50:1 and a negative quick ratio, pointing to continued cash-flow stress.

Revenue performance has been mixed, largely due to persistent working capital constraints and the prolonged foreign currency shortage in the country. Since fertilizer is largely imported, access to forex is critical for the SFFRFM's trading operations and revenue generation.

To mitigate the impact of forex scarcity and sustain operations, SFFRFM entered into fertilizer supply contracts denominated in Malawi Kwacha. This local-currency contracting arrangement forms the basis of the revenue projections in the current year's budget.

17.1.17 Umodzi Holdings Limited

Table 17.17 shows the financial performance of Umodzi Holdings Limited (UHL) as at 31st March, 2025.

TABLE 17.17 SELECTED PERFORMANCE STATISTICS FOR UHL

Indicators	<u>2022</u> <u>Audited</u>	<u>2023</u> <u>Audited</u>	<u>2024</u> <u>Audited</u>	<u>2025</u> <u>Audited</u>	<u>Mid-Year</u> <u>Actual</u>	<u>Outlook to</u> <u>2026</u>
<u>Profitability</u>						
Profit/Loss (MK'000)	413,688	1,388,442	1,866,688	3,407,553	2,052,541	3,109,769

Indicators	2022 Audited	2023 Audited	2024 Audited	2025 Audited	Mid-Year Actual	Outlook to 2026
Profitability						
Gross Profit Margin (Percent)	100	65	64	64	65	66
Operating Profit Margin (Percent)	95	-17	28	28	31	32
Return on Assets (Percent)	3	4	5	6	6	8
Return on Equity (Percent)	4	7	9	9	9	13
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.25	0.28	0.37	0.32	0.26	0.49
Cost Recovery	19.52	1.22	2.78	2.79	2.89	2.93
Liquidity						
Current Ratio	0.52	0.61	0.81	1.20	1.46	1.15
Quick Ratio	0.29	0.54	0.61	0.92	1.31	0.99
Accounts Receivables Days	125.81	58.96	77.37	62.82	165.50	64.61
Accounts Payables Days	-	301.14	317.18	244.84	0.00	0.00
Solvency						
Debt to Assets	0.42	0.42	0.40	0.35	0.36	0.36
Debt to Equity	0.72	0.72	0.66	0.53	0.56	0.56
Interest Coverage	6.24	(3.56)	10.89	(0.14)	(17.63)	36.98
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: UHL Audited Accounts and 2025/26 Performance Management Plans and Budgets

The performance of UHL shows a slight decline in 2025/26, with a projected surplus of MK3.1 billion as at 31st March 2026 compared to a surplus of MK3.4 billion recorded in the previous financial year. As at 30th September 2025, the company had registered a profit of MK2.05 billion.

This decline is largely attributed to the effects of reduced demand following the scaling down of USAID-funded projects, as well as national fuel shortages that have constrained local travel and tourism activities. In addition, recently announced Government austerity measures are expected to further slow domestic travel and tourism, thereby adversely affecting business volumes.

Room revenue performed below budget, with projected room revenue revised downward to MK7.1 billion from the approved budget of MK9.0 billion. This also represents a slight decline compared to the prior year, where room revenue stood at MK7.3 billion as at 31st March 2025. Although hotel food and beverage revenue are projected to exceed the budget at MK5.0 billion compared to the budgeted MK4.8 billion, this reflects a significant decline from the MK10.4 billion recorded as at 31st March 2025.

Looking ahead, the company projects a slight increase in both revenue and expenditure. However, rising food costs and the deteriorating state of repair of the hotel complex are expected to continue exerting upward pressure on direct costs and overheads during the 2025/26 financial year. Total income is projected at MK25.60 billion, with total expenditure of MK18.50 billion, resulting in a projected profit of MK5.00 billion as at 31st March 2026.

On the liquidity front, UHL's position is expected to weaken slightly, with the current ratio declining from 1.46:1 as at September 2025 to a projected 1.15:1 as at 31st March 2026. This indicates that the Company will only just be able to meet its short-term obligations. The constrained liquidity position is mainly due to high levels of trade and other receivables, which are projected to amount to MK3.20 billion as at 31st March 2026.

17.1.18 Lilongwe Handling Company Limited

Table 17.18 shows the financial performance of Lilongwe Handling Company Limited (LIHACO) as at 31st March, 2025.

TABLE 17.18 SELECTED PERFORMANCE STATISTICS FOR LIHACO

Indicators	2022 Audited	2023 Audited	2024 Audited	2025 Audited	Mid-Year Actual	Outlook to 2026
<u>Profitability</u>						
Profit/Loss (MK'000)	(345,695)	2,738,999	634,720	1,306,653	51,462	805,842
Gross Profit Margin (Percent)	42	75	66	54	62	62
Operating Profit Margin (Percent)	-16	36	17	-59	24	25
Return on Assets (Percent)	-11	61	13	14	1	8
Return on Equity (Percent)	-	119	22	20	1	12
Dividend Payout Ratio	-	-	-	-	-	-
Asset Turnover	0.74	1.66	1.38	0.76	0.41	0.93
Cost Recovery	1.72	2.56	2.03	0.89	2.62	2.67
<u>Liquidity</u>						
Current Ratio	0.26	1.36	1.55	1.16	1.34	1.58
Quick Ratio	0.14	1.22	1.55	1.14	1.33	1.57
Accounts Receivables Days	72.31	62.76	89.19	119.11	304.40	121.21
Accounts Payables Days	279.74	50.47	188.87	187.09	430.83	176.99
<u>Solvency</u>						
Debt to Assets	1.15	0.49	0.42	0.31	0.32	0.27
Debt to Equity	-8.19	0.95	0.72	0.45	0.46	0.37
Interest Coverage	(1.70)	33.08	7.75	(25.84)	-	-
<u>Other</u>						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: LIHACO Audited Accounts and 2025/26 Performance Management Plans and Budgets

LIHACO is projecting a profit of MK805.80 million for the year ending 31st March 2026, representing a decline from the MK1.30 billion profit recorded as at 31st March 2025. As at 30th September 2025, the company had registered a profit of MK51.5 million.

The decline in profitability compared to the prior year is mainly attributable to reduced ground handling revenue. At mid-year, LIHACO handled 2,883 flights, which was about 5 percent below budget, and the Company projects to handle 6,392 flights by 31st March 2026.

Operating revenue is projected at MK7.60 billion as at 31st March 2026, representing an increase of 4.1 percent from the approved budget of MK7.30 billion and an improvement over the MK7.10 billion recorded in the previous financial year. As at mid-year, operating revenue stood at MK3.30 billion.

LIHACO's liquidity position continues to improve, with the current ratio rising from 1.16:1 in the prior year to a projected 1.58:1 as at 31st March 2026. This indicates that the company is in a better position to meet its short-term obligations.

Looking ahead to the end of the 2025/26 financial year, LIHACO expects to meet its projected performance targets and achieve a profit of approximately MK805 million.

17.1.19 Airport Development Limited

Table 17.19 shows the financial performance of Airport Development Limited (ADL) as at 31st March, 2025.

TABLE 17.19 SELECTED PERFORMANCE STATISTICS FOR ADL

Indicators	2022 Audited	2023 Audited	2024 Audited	2025 Audited	Mid-Year Actual	Outlook to 2026
Profitability						
Profit/Loss (MK'000)	7,721,360	12,431,370	13,337,863	42,291,733	9,124,520	17,128,399
Gross Profit Margin (Percent)	97	96	96	93	82	75
Operating Profit Margin (Percent)	80	76	75	32	-2	-24
Return on Assets (Percent)	14	16	14	21	4	7
Return on Equity (Percent)	15	17	338	22	4	8
Dividend Payout Ratio	-	-	0.1	-	-	1.8
Asset Turnover	0.17	0.19	0.19	0.05	0.02	0.03
Cost Recovery	5.99	5.06	4.67	1.65	1.19	1.01
Liquidity						
Current Ratio	0.86	0.79	0.64	1.29	1.43	1.78
Quick Ratio	0.72	0.71	0.57	1.25	1.40	1.75
Accounts Receivables Days	332.64	135.30	89.12	216.68	662.77	171.22
Accounts Payables Days	1595.33	948.40	1134.29	1874.34	2604.48	413.35

Indicators	2022 Audited	2023 Audited	2024 Audited	2025 Audited	Mid-Year Actual	Outlook to 2026
Profitability						
Solvency						
Debt to Assets	0.05	0.04	0.04	0.04	0.05	0.08
Debt to Equity	0.06	0.04	1.02	0.05	0.05	0.09
Interest Coverage	73.94	54.45	41.97	10.45	(0.56)	(4.41)
Other						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: ADL Audited Accounts and 2025/26 Performance Management Plans and Budget

ADL is projecting a profit of MK17.10 billion for the year ending 31st March 2026, representing a significant decline of 59.5 percent from the MK42.30 billion profit recorded as at 31st March 2025. As at 30th September 2025, the Company had registered a profit of MK9.10 billion, of which MK8.60 billion was attributable to the revaluation of properties. Profit after tax at mid-year stood at MK732.90 million, compared to a budgeted net operating profit of MK239 million. The improvement in operating profit is partly due to the introduction of a new revenue stream, namely Airport Retention Fees. Going forward, ADL projects to end March 2026 with earnings before revaluation of MK64.40 million, reflecting a more modest operational performance once non-cash valuation gains are excluded.

The liquidity position shows improvement, with the current ratio rising from 1.29:1 in the 2024/25 financial year to a projected 1.78:1 as at 31st March 2026, indicating that ADL is able to meet its short-term obligations as they fall due. Trade receivables days were high at 663 days as at 30th September 2025, but the Company projects to reduce this to 171 days by 31st March 2026 through enhanced collection efforts. Furthermore, ADL's debt-to-equity ratio is projected at 9 percent by the end of March 2026, implying that the Company will largely finance its operations using internal resources rather than external borrowing.

Going forward, the company intends to clear the backlog of deferred maintenance on infrastructure and revive stalled projects, which are expected to strengthen operational capacity and expand ADL's revenue base.

17.1.20 Malawi Accountants Board

Table 17.20 shows the financial performance of Malawi Accountants Board (MAB) as at 31st March, 2025.

TABLE 17.20 SELECTED PERFORMANCE STATISTICS FOR MAB

<u>Indicators</u>	<u>2022</u> <u>Audited</u>	<u>2023</u> <u>Audited</u>	<u>2024</u> <u>Audited</u>	<u>2025</u> <u>Audited</u>	<u>Mid- Year</u> <u>Actual</u>	<u>Outlook to</u> <u>2026</u>
<u>Profitability</u>						
Profit/Loss (MK'000)	79,029	45,816	133,035	79,399	127,137	32,684
Gross Profit Margin (Percent)	88	86	91	100	100	100
Operating Profit Margin (Percent)	25	8	71	6	31	11
Return on Assets (Percent)	16	8	20	7	7	2
Return on Equity (Percent)	16	9	21	12	12	7
Dividend Payout Ratio	2.8	7.6	-	-	-	-
Asset Turnover	0.63	0.93	0.84	0.61	0.24	0.76
Cost Recovery	1.58	1.29	5.06	1.07	1.45	1.12
<u>Liquidity</u>						
Current Ratio	19.49	5.60	11.82	4.42	1.50	0.98
Quick Ratio	19.49	5.60	11.75	4.42	1.42	0.87
Accounts Receivables Days	314.11	166.96	110.77	135.61	577.60	110.08
Accounts Payables Days	191.35	374.18	200.76	-	-	-
<u>Solvency</u>						
Debt to Assets	0.04	0.14	0.05	0.20	0.37	0.57
Debt to Equity	0.04	0.16	0.05	0.38	0.66	1.82
Interest Coverage	-	-	-	-	-	-
<u>Other</u>						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: MAB Audited Accounts and 2025/26 Performance Management Plans and Budgets

MAB maintained a favourable performance, recording a surplus of MK127 million as at 30th September 2025, with a projected surplus of MK32.7 million by March 2026. However, this represents a decline from the approved budget surplus of MK58.9 million for the 2025/26 financial year.

The reduction in the projected surplus is mainly attributed to recent adjustments in expenditure on audit and public interest entity reviews, research, test and development, advertising, travel for the board and management, and corporate social responsibility activities. As a result, total expenditure is projected to increase from MK835.6 million to MK956.5 million, representing a 14 percent increase.

Although MAB’s liquidity position was strong in previous years, with a current ratio of 4.42:1 recorded in the 2024/25 financial year, it weakened in the first half of the 2025/26 financial year, declining to 1.50:1. The ratio is projected to deteriorate further to 0.98:1 by March 2026. This erosion of liquidity is largely linked to delays in the revision and implementation of the Public Accountants and Auditors Act, 2023, which has constrained MAB’s operations, particularly in revenue generation and enforcement of sanctions.

MAB anticipates instability of market prices for goods and services which will be mitigated through timely engagement with approving authorities and prompt invoicing of stakeholders. Additionally, the weaknesses in the legislative framework governing fines, as the current Act does not grant MAB sufficient authority to impose penalties on non-compliant stakeholders. This is being addressed through the ongoing review of the Act, which is currently under stakeholder consultation.

17.1.21 National Economic Empowerment Fund Limited

Table 17.21 shows the financial performance of the National Economic Empowerment Fund Limited (NEEF) as at 31st March, 2025.

TABLE 17.21 SELECTED PERFORMANCE STATISTICS FOR NEEF

<u>Indicators</u>	<u>2022</u> <u>Audited</u>	<u>2023</u> <u>Audited</u>	<u>2024</u> <u>Audited</u>	<u>2025</u> <u>Audited</u>	<u>Mid-Year</u> <u>Actual</u>	<u>Outlook to</u> <u>2026</u>
<u>Profitability</u>						
Profit/Loss (MK'000)	(13,595,062)	(4,944,694)	814,228	407,608	(1,431,000)	502,000
Gross Profit Margin (Percent)	70	100	100	100	100	100
Operating Profit Margin (Percent)	39	-18	17	17	12	20
Return on Assets (Percent)	-122	-22	1	0	-1	0
Return on Equity (Percent)	-	-	2	0	-1	0
Dividend Payout Ratio	-	-	-	-	-	-

Indicators	<u>2022</u> Audited	<u>2023</u> Audited	<u>2024</u> Audited	<u>2025</u> Audited	<u>Mid-Year</u> Actual	<u>Outlook to</u> 2026
Asset Turnover	0.41	0.32	0.29	0.24	0.11	0.19
Cost Recovery	-6.78	0.04	-2.13	1.20	1.14	1.25
<u>Liquidity</u>						
Current Ratio	0.91	1.41	10.77	4.33	4.37	5.09
Quick Ratio	0.91	1.35	10.54	4.28	3.41	4.41
Accounts Receivables Days	734.64	1198.73	1599.78	1545.79	2340.80	1458.07
Accounts Payables Days	69.61	-	-	-	-	-
<u>Solvency</u>						
Debt to Assets	1.27	1.04	0.21	0.23	0.21	0.18
Debt to Equity	-4.67	-24.41	0.27	0.30	0.26	0.22
Interest Coverage	1.43	(0.72)	3.33	35.85	-	-
<u>Other</u>						
Government Transfers to Total Revenue	-	-	-	-	-	-

Source: NEEF Audited Accounts and 2025/26 Performance Management Plans and Budgets

NEEF recorded a loss after tax of MK1.4 billion as at 30th September 2025, compared to a profit of MK407 million in the 2024/25 financial year. However, the Fund is projecting a profit after tax of MK502 million as at March 2026.

To improve portfolio quality and reduce delinquency, NEEF implemented the Targeted Enhanced Loan Recoveries Program, which focuses on intensified collection efforts, proactive client engagement, and targeted enforcement measures for loans in arrears beyond 60 days. From 1st April to 30th September 2023, the program realized MK51.07 billion in recoveries against an expenditure of MK3.03 billion, resulting in a Total Recoveries Efficiency Ratio (TRER) of 1,685 percent. While this reflects strong recovery activity, TRER indicates that recovery performance is below the optimal benchmark of 3,000 percent.

As at 30th September 2025, the gross loan portfolio stood at MK30.62 billion, exceeding the budgeted MK23.08 billion by 33 percent. This strong performance was mainly driven by interest income, which grew to MK21.93 billion. This represented 27 percent above budget and 117 percent higher than the same period in the previous year. This is largely due to growth in the loan book during the prior farming season.

Despite this, the collection rate deteriorated to 68.9 percent against a target of 85 percent, indicating continued pressure on loan recoveries. The net loan portfolio increased from MK142.30 billion recorded in March 2025 to MK196.30 billion as at September 2025.

Liquidity improved significantly by 30th September 2025, with the current ratio rising to 4.37:1, and is projected to strengthen further to 5.09:1 by March 2026. This strong liquidity position is mainly attributed to Government equity injections and the rollout of the Ministry of Agriculture irrigation programme.

Chapter 18

BANKING AND FINANCE⁶

18.1 Monetary Developments

Broad Money (M2) registered a growth of 42.9 percent to MK7.6 trillion in 2025, a slowdown from 45.4 percent in 2024. This slower growth in M2 was primarily on account of basal effects.

18.2 Broad Money and its Components

The annual growth rate of M2 was driven by increases in all components of broad money. In particular, term (time and savings) deposits, demand deposits, currency outside banks, and foreign currency-denominated deposits registered year-on-year increases of MK937.6 billion, MK715.7 billion, MK487.9 billion, and MK151.3 billion to MK2.8 trillion, MK2.9 trillion, MK1.1 trillion, and MK760.2 billion, respectively.

18.3 Counterparts to Broad Money

On the asset side, the growth in M2 was driven by both Net Domestic Assets (NDA) and Net Foreign Assets (NFA) of the banking system. NDA expanded by MK2.1 trillion to K9.1 trillion in 2025, a rise comparable to the increase recorded in 2024. This expansion in NDA was mainly attributed to an increase in net domestic claims amounting to K3.5 trillion, while other items net declined by MK1.4 trillion in the review period. Similarly, Net Foreign Assets (NFA) increased by MK194.4 billion (USD11.2 million) to minus MK1.5 trillion (minus USD829.2 million) at the end of the year. This is compared to a decline of MK422.4 billion (USD241.5 million) in 2024. The increase in NFA of the banking system reflected a net inflow of foreign exchange for donor-funded projects.

18.3.1 Net Domestic Credit

The banking system's net domestic claims increased by MK3.5 trillion to MK11.2 trillion at the end of the year, compared to an annual increase of MK2.3 trillion in 2024. This was driven by a MK2.6 trillion increase in credit to the central government, MK694.6 billion increase to the private sector, and MK143.0 billion increase to other financial corporations. In contrast, claims on state-owned enterprises marginally declined by MK1.8 billion, during the review period.

⁶ The information presented in this section is based on preliminary data and may be revised upon finalization of the December 2025 audit.

18.3.2 Net Credit to the Public Sector

The public sector's (central government and statutory bodies) indebtedness to the banking system rose by MK2.6 trillion to MK8.7 trillion in 2025, higher than MK1.9 trillion recorded in 2024. This was supported by expansion in net claims on government from the commercial banks and monetary authority of MK2.6 trillion, while claims on statutory bodies marginally declined by MK1.8 billion in the year. commercial banks' net claims on the central government increased by MK1.4 trillion to MK4.6 trillion in 2025, largely on account of commercial banks' holdings of Treasury notes and Treasury bills, which rose by MK962.7 billion and MK480.3 billion, respectively. Additionally, direct loans from various government ministries increased by K102.9 billion. The expansionary impact was partly offset by an increase in government deposits at commercial banks of MK89.3 billion.

The increase in net claims on the central government by the monetary authority, amounting to MK1.2 billion, was largely supported by increases in the stock of Treasury notes and Treasury bills held by the Reserve Bank of Malawi (RBM), amounting to MK1.5 billion. This expansionary effect was partially counteracted by an increase in government deposits at the RBM of MK352.6 billion and a decline in Ways and Means advances to the central government of K7.6 billion in 2025. Meanwhile, net credit to the statutory corporations declined by K43.1 billion at the RBM, while it increased by K41.3 billion at commercial banks in 2025.

18.3.3 Private Sector Credit

The banking system's credit to the private sector grew by 44.7 percent to a stock position of MK2.3 trillion in 2025, compared to a growth of 29.4 percent in the preceding year. This upturn in private sector credit was driven by individual household loans, commercial and industrial loans, foreign currency denominated loans, and mortgages, which increased by MK329.1 billion, MK263.0 billion, MK67.4 billion, and MK33.0 billion, to MK1.0 trillion, MK780.4 billion, MK318.1 billion, and MK106.3 billion, respectively.

In terms of economic sectors, the highest growth was recorded in the Community, Social and Personal services sector (MK286.2 billion); followed by Manufacturing (MK196.1 billion); Agriculture, Forestry, Fishing and Hunting sector (MK107.8 billion); Restaurants and Hotels (MK26.2 billion); Wholesale and Retail Trade (MK26.1 billion); Construction (MK20.0 billion); Financial Services (MK15.9 billion); and Mining and Quarrying (MK4.7 billion); and Real Estate (MK1.5 billion). In contrast, Transport, Storage and Communications and Electricity, Water, Gas and Energy sectors recorded net repayments of MK21.8 billion and MK10.4 billion, respectively.

Consequently, Community, Social and Personal services sector continued to hold the largest share of the outstanding stock of private sector credit at 42.1 percent, followed by Agriculture, Forestry, Fishing and Hunting sector at 21.4 percent, Manufacturing sector at 16.9 percent, and Wholesale and Retail Trade sector at 12.1 percent.

18.4 Activities of Commercial Banks

Commercial banks' resources grew by K2.6 trillion to K9.9 trillion in 2025, compared to an annual increase of K2.4 trillion in 2024. The growth was supported by private sector deposits, capital accounts, uncategorized liabilities, and official sector deposits which increased by K1.9 trillion, K606.3 billion, K372.9 billion and K29.3 billion respectively. Meanwhile, commercial banks' borrowing from the RBM, and liabilities to non-residents declined by K178.0 billion and K55.0 billion, respectively.

In terms of uses of funds, commercial banks expanded their lending to the domestic economy by K2.4 trillion in 2025 from K1.9 trillion in 2024. Specifically, claims on the central government, private sector, other financial corporations, and statutory bodies rose by K1.5 trillion, K681.6 billion, K149.4 billion, and K41.3 billion, respectively. In addition, claims on non-residents and miscellaneous assets increased by MK191.6 billion and K36.2 billion during the period. Meanwhile, commercial banks decreased their deposits with the RBM by MK5.6 billion in 2025.

18.5 Reserve Bank of Malawi: Sources and Uses of Funds

Similar to the developments in the commercial banks, the RBM's resource envelope increased by K1.6 trillion in 2025 to K6.5 trillion as at the end of the year, compared to an increase of K665.8 trillion in 2024. This development was explained by increases in miscellaneous assets, currency outside banks, official sector deposits, and repurchase agreements by K587.1 billion, K452.0 billion, and K213.4 billion, respectively. In contrast, deposits of commercial banks and liabilities to the foreign sector contracted by K9.6 billion and K7.3 billion, respectively.

Following the expansion in resource envelope, the RBM increased its credit to government and miscellaneous assets by K1.5 trillion and K315.8 billion in 2025, respectively. In addition, the central bank increased its investment in commercial banks, claims on non-residents, and statutory bodies, foreign assets by K137.6 billion, K59.5 billion, and K3.5 billion, respectively.

TABLE 18.1 MONETARY SURVEY (MK' MILLION)

	<u>End Period Balances</u>				<u>Annual Changes During Period</u>		
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
-							
A. Net Domestic Credit							
1. Credit to Government (i+ii) ...	2475.5	3686.2	5530.6	8145.5	1210.7	1844.4	2614.8
i. Monetary Authorities.....	1080.0	2027.3	2423.8	3583.9	947.3	396.5	1160.1
ii. Commercial Banks.....	1395.4	1659.0	3104.9	4561.6	263.6	1445.9	1456.7
2. Claims on Statutory Bodies.....	318.8	476.3	552.5	550.7	157.5	76.2	-1.8
3. Credit to Private Sector (gross).....	1020.0	1202.2	1555.5	2250.1	182.2	353.3	694.6
B. Money Supply (M2)	2782.1	3679.2	5339.0	7629.1	897.1	1659.8	2290.1
4. Currency Outside Banks.....	397.7	469.7	652.6	1140.5	72.0	182.9	487.9
5. Demand Deposits.....	1063.2	1325.3	2160.7	2876.5	262.1	835.4	715.7
6. Time and Savings Deposits.....	962.1	1221.3	1906.1	2779.8	259.2	684.8	937.7
7. Foreign Currency Denominated Deposits....	359.2	659.6	608.9	2851.9	300.4	-50.7	151.3
E. Net Foreign Assets	-588.6	-1221.4	-1644.8	-1450.3	-632.8	-423.4	194.4
6. Monetary Authorities.....	-860.5	-1556.6	-1817.5	-1869.6	-696.1	-260.9	-52.2
7. Commercial Banks.....	271.9	335.2	186.3	419.3	63.3	-148.9	246.6

Source: Reserve Bank of Malawi

TABLE 18.2 COMMERCIAL BANKS: SOURCES AND USES OF FUNDS (MK'MILLION)

	<u>End Period Balances</u>				<u>Changes During Period</u>			
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	
A. Sources of Funds								
1. Private Sector.....	2,211,959.2	2,974,877.8	4,299,446.0	6,174,951.3	762,918.6	1,324,568.2	1,875,505.3	
2. Official Sector Deposits ¹	263,869.6	379,240.3	555,927.8	585,189.4	115,370.7	176,687.5	29,261.6	
3. Borrowing From the RBM.....	68,892.7	21,034.4	275,471.7	109,214.2	-47,858.3	254,437.3	-166,257.5	
4. Liabilities to Non-residents.....	102,012.2	128,789.0	218,220.2	176,935.9	26,776.8	89,431.2	-41,284.3	
5. Capital Accounts.....	522,078.0	686,768.1	996,413.2	1,616,186.7	164,690.1	309,645.1	619,773.5	
6. All other Liabilities.....	480,996.8	676,706.0	923,927.8	1,247,225.2	195,709.2	247,221.8	323,297.4	
7. Total (1+2+3+4+5+6)	3,649,808.5	4,867,415.6	7,269,406.7	9,909,702.8	1,217,607.1	2,401,991.1	2,640,296.1	
B. Uses of Funds								
I. Domestic Credit to:								
8. Private Sector (Gross).....	988,873.5	1,162,937.9	1,469,488.2	2,193,669.6	174,064.4	306,550.3	724,181.4	
9. Statutory Bodies (Gross).....	83,283.1	52,304.2	60,723.0	4,835,070.3	-30,978.9	8,418.8	4,774,347.3	
10. Central Government (Gross)...	1,487,508.9	1,807,059.9	3,289,130.2	101,990.5	319,551.0	1,482,070.3	-3,187,139.7	
11. Other Financial Corporations...	24,387.6	33,591.3	52,480.6	202,080.1	9,203.7	18,889.3	149,599.5	
12. Sub-total (8+9+10+11)	2,584,053.1	3,055,893.3	4,871,822.0	7,332,810.4	471,840.2	1,815,928.7	2,460,988.4	
II. Deposits with Reserve Bank Plus Currency in Banks.....								
III. Foreign Assets.....	373,870.7	463,942.2	404,511.7	596,227.5	90,071.5	-59,430.5	191,715.8	
IV. All Other Assets.....	503,238.3	987,305.5	1,199,551.6	1,192,133.0	484,067.2	212,246.0	-7,418.6	
V. Total (I+II+III+IV).....	3,649,808.5	4,867,415.6	7,269,406.7	9,909,702.8	1,217,607.1	2,401,991.1	2,640,296.1	

Source: Reserve Bank of Malawi

TABLE 18.3 RESERVE BANK OF MALAWI: SOURCES AND USES OF FUNDS (MK'MILLION)

	<u>End Period Balances</u>				<u>Changes During Period</u>		
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>A. Sources of Funds</u>							
1. Currency in Circulation							
o/w Vault Cash	469,581.3	559,939.9	851,144.5	1,303,160.3	90,358.6	291,204.7	452,015.8
2. Deposits of Commercial Banks	71,925.3	90,206.9	198,502.6	162,664.3	18,281.6	108,295.7	-35,838.3
3. Deposits of Official Sector	100,623.7	267,935.9	626,724.3	617,139.2	167,312.1	358,788.4	-9,585.2
4. Sub - total (1+2+3).....	580,618.0	683,745.8	637,492.4	1,029,634.8	103,127.7	-46,253.4	392,142.4
5. Repurchase Agreements	1,150,823.1	1,511,621.5	2,115,361.2	2,949,934.2	360,798.4	603,739.7	834,573.0
6. Foreign Sector	142,173.8	287,128.8	113,347.9	326,721.0	144,955.0	-173,780.8	213,373.1
7. All Other Liabilities	1,178,360.8	1,978,498.4	2,104,283.9	2,096,980.6	800,137.6	125,785.5	-7,303.3
8. Total Sources	209,711.4	465,543.7	575,628.1	1,162,758.9	255,832.3	110,084.4	587,130.7
(4+5+6+7).....							
vii. Total (i+ii+iii+iv+v+vi).....	2,681,069.1	4,242,792.4	4,908,621.2	6,536,394.8	1,561,723.3	665,828.8	1,627,773.6
<u>B. Uses of Funds</u>							
9. Commercial Banks.....	94,190.7	71,942.8	253,274.0	115,628.2	-22,247.9	181,331.2	-137,645.8
10. Statutory Bodies.....	322,834.7	582,384.1	650,279.0	646,752.4	259,549.3	67,894.9	-3,526.6
11. Central Government.....	1,573,252.5	2,552,574.5	2,902,783.5	4,415,416.7	979,322.0	350,209.1	1,512,633.2
12. Sub - total (9+10+11).....	1,990,278.0	3,206,901.3	3,806,336.5	5,177,797.3	1,216,623.4	599,435.1	1,371,460.8
13. Foreign Sector.....	317,505.7	421,003.5	286,832.0	227,344.7	103,497.8	-134,171.5	-59,487.2
14. Other Assets.....	373,285.4	614,887.5	815,452.7	1,131,252.8	241,602.1	200,565.2	315,800.1
15. Total Uses	2,681,069.1	4,242,792.4	4,908,621.2	6,536,394.8	1,561,723.3	665,828.8	1,627,773.6
(12+13+14).....							

Source: Reserve Bank of Malawi

Chapter 19

PUBLIC FINANCE

19.1 Overview

This chapter outlines fiscal performance of Budgetary Central Government Operations for the 2024/25 and 2025/26 fiscal years, likely outturn for the 2025/26 fiscal year as well as 2026/27 fiscal year projections categorized by the economic classification of Government operations. The 2024/25 figures reflect actual outcomes, while the 2025/26 figures represent approved estimates, revised estimates and the likely outturn at the end of the current fiscal year. The 2026/27 fiscal year figures reflect proposed estimates.

19.2 Performance Summary of Budgetary Central Government Operations

Fiscal performance in the 2025/26 fiscal year deviated from the originally approved projections, due to macroeconomic and exogenous shocks. Persistent foreign exchange shortages constrained productive activity and imports of key inputs, dampening economic growth and weakening tax revenue performance. These pressures were compounded by election-related expenditure demands and adverse weather conditions that undermined agricultural output, increased maize prices, and intensified food insecurity. Consequently, additional unplanned fiscal interventions were required, particularly for maize procurement and the scaling up of fertilizer distribution under the Farm Input Subsidy Programme (FISP), further straining the budget.

Improvements in revenue performance are anticipated in the 2025/26 and 2026/27 fiscal years due to revenue mobilization efforts. Despite this, fiscal operations remain characterized by persistent structural imbalances. Total expenditure continues to outpace revenue and grants, largely driven by rising interest payments on public debt and elevated capital spending, which have increased fiscal rigidity and narrowed policy space. Expenditure rose from 30.4 percent of GDP in the 2024/25 fiscal year to a projected 32.9 percent of GDP in the 2025/26 fiscal year, resulting in a widening overall fiscal deficit from 5.6 percent of GDP to an estimated 12.0 percent of GDP. In the 2026/27 fiscal year, it is estimated that expenditure will rise to 33.1 percent of GDP, with an estimated overall closing fiscal deficit of 9.2 percent at the end of the fiscal year. The continued negative primary balance indicates that fiscal operations remain unsustainable even before interest costs, reinforcing the urgency for expenditure rationalization, strengthened revenue measures, and broader structural reforms to restore fiscal sustainability.

TABLE 19.1 BUDGETARY CENTRAL GOVERNMENT OPERATIONS (MK' MILLION)

<u>Category</u>	<u>2024/25 Actual Outturn</u>	<u>2025/26 Approved Estimates</u>	<u>2025/26 Mid-Year Revised Estimates</u>	<u>2025/26 Likely Outturn</u>	<u>2026/27 Proposed Estimates</u>
Total Revenue and Grants	4,066,261	5,578,445	5,460,830	5,452,912	7,520,808
Tax Revenue	3,067,168	4,329,689	4,328,318	4,285,252	5,895,822
Grants	934,465	1,142,739	979,002	919,582	1,429,918
Other Revenue	64,628	106,018	149,510	152,152	195,068
Expense	4,746,432	6,036,489	6,662,986	5,739,730	7,303,663
of which Public Debt Interest	872,058	2,171,506	1,455,690	1,594,920	2,854,307
Net Acquisition of Financial Assets	958,887	2,016,152	1,926,246	671,220	3,129,139
Foreign financed projects (Part I)	1,191,221	1,437,639	1,256,026	919,582	1,811,311
Domestic financed projects (Part II)	445,651	578,513	670,220	613,153	1,317,828
Expenditure	6,383,304	8,076,668	8,589,232	7,272,465	10,432,802
Net Lending/ Net Borrowing	(1,163,938)	(2,498,223)	(3,128,402)	(1,810,286)	(2,911,994)
Primary Balance	(883,263)	(31,817)	(583,872)	(215,366)	323,706

<u>Percentage of GDP</u>	<u>2024/25 Actual outturn</u>	<u>2025/26 Approved Estimates</u>	<u>2025/26 Mid-Year Revised Estimates</u>	<u>2025/26 Likely Outturn</u>	<u>2026/27 Proposed Estimates</u>
Total Revenue and Grants	19.4	21.6	20.9	20.9	23.9
Tax Revenue	14.6	16.6	16.6	16.4	18.7
Grants	4.5	4.4	3.6	3.5	4.5
Other Revenue	0.3	0.4	0.6	0.6	0.6
Expense	22.7	23.1	25.5	22.0	23.2
of which Public Debt Interest	4.2	8.3	5.6	6.1	9.1
Net Acquisition	4.6	7.7	7.4	2.6	9.9
Foreign financed projects (Part I)	5.7	5.5	4.8	3.5	5.7
Domestic financed projects (Part II)	2.1	2.2	2.6	2.4	4.2
Expenditure	30.5	30.9	32.9	27.8	33.1
Net Lending/ Net Borrowing	-5.6	-9.6	-12.0	-6.9	-9.2
Primary Balance	-4.2	-0.1	-2.2	-0.8	1.0

Source: Ministry of Finance, Economic Planning and Decentralization

19.3 Revenue Performance

In the 2025/26 fiscal year, revenue performance is projected to improve modestly from 19.4 percent of GDP in the 2024/25 fiscal year, reflecting strengthened domestic revenue mobilization efforts amid a challenging macroeconomic environment. Total revenue is estimated at 21.0 percent of GDP, largely driven by an increase in tax revenue to 16.6 percent of GDP and is estimated to be at 23.9 percent of GDP in the 2026/27 fiscal year.

This improvement is expected to stem from policy measures aimed at broadening the tax base, enhanced compliance and enforcement, and the effects of inflation on nominal collections. Nevertheless, revenue performance continues to be constrained by subdued economic activity, persistent foreign exchange shortages, and a narrow production base. Grants are projected to marginally decline to 3.5 percent of GDP, highlighting continued uncertainty in external support but to bounce back to 4.5 percent of GDP in the 2026/27 fiscal year, while other revenue remains low at 0.4 percent of GDP, underscoring limited diversification of non-tax revenue sources. Overall, despite the projected gains, revenue levels remain insufficient to meet growing expenditure pressures, reinforcing the need for sustained reforms to strengthen tax administration, improve efficiency, and enhance the resilience of the revenue system.

TABLE 19.2 BUDGETARY CENTRAL GOVERNMENT REVENUE (MK 'MILLION)

<u>Category</u>	<u>2024/25</u> <u>Actual</u> <u>Outturn</u>	<u>2025/26</u> <u>Approved</u> <u>Estimates</u>	<u>2025/26</u> <u>Mid-Year</u> <u>Estimates</u>	<u>2025/26</u> <u>Likely</u> <u>Outturn</u>	<u>2026/27</u> <u>Proposed</u> <u>Estimates</u>
Total Revenue and Grants	4,066,261.49	5,578,445	5,460,830	5,462,179	7,520,808
Tax Revenue	3,067,168.18	4,329,689	4,328,318	4,417,568	5,895,822
Taxes on income, profits and capital gains	1,572,156.71	2,204,217	2,293,018	2,204,993	3,032,505
Payable by individuals	730,050.73	1,052,529	999,326	941,869	1,418,761
Payable by corporations and other enterprises	842,105.99	1,151,688	1,293,692	1,263,124	1,613,743
Taxes on goods and services	1,221,178.79	1,731,379	1,659,850	1,691,885	2,308,526
General taxes on goods and services	827,373.9263	1,177,922	1,123,151	1,116,058	1,595,380
Value-added taxes	826,860.69	1,177,106	1,122,786	1,115,959	1,589,892
Turnover and other general taxes on goods and services	513.24	816	365	99	5,488
Excise	134,076.54	540,346	525,436	563,318	701,959

Motor vehicle taxes	8,981.79	13,111	11,263	12,509	11,187
Taxes on international trade and transaction	272,364.57	392,188	372,482	383,186	551,009
Other taxes	1,468.11	1,904	2,968	5,188	3,783
Grants	934,465.34	1,142,739	979,002	919,582	1,429,189
Other Revenue	64,627.97	106,018	149,510	152,152	195,068

<u>Percent of GDP</u>	<u>2024/25 Actual outturn</u>	<u>2025/26 Approved Estimates</u>	<u>2025/26 Mid-Year Revised Estimates</u>	<u>2025/26 Likely Outturn</u>	<u>2026/27 Proposed Estimates</u>
Total Revenue and Grants	19.4	21.4	20.9	20.9	23.9
Tax Revenue	14.6	16.6	16.6	16.9	18.7
Taxes on income, profits and capital gains	7.5	8.4	8.8	8.4	9.6
Payable by individuals	3.5	4.0	3.8	3.6	4.5
Payable by corporations and other enterprises	4.0	4.4	5.0	4.5	5.1
Taxes on goods and services	5.8	6.6	6.4	6.5	7.3

General taxes on goods and services	4.0	4.5	4.3	4.8	5.1
Value-added taxes	4.0	4.5	4.3	4.8	5.0
Turnover and other general taxes on goods and services	0.0	0.0	0.0	0.0	0.0
Excise	0.6	2.1	2.0	2.1	2.2
Motor vehicle taxes	0.0	0.1	0.0	0.0	0.0
Taxes on international trade and transaction	1.3	1.5	1.4	1.5	1.7
Other taxes	0.0	0.0	0.0	0.0	0.0
Grants	4.5	4.4	3.8	3.5	4.5
Other Revenue	0.3	0.4	0.6	0.5	0.6

Source: Ministry of Finance, Economic Planning and Decentralization

19.4 Expenditure Performance by Economic Classification

As presented in table 19.3 below, in the 2024/25 fiscal year, expenditure increased from 30.5 percent of GDP to an estimated revised expenditure of 32.9 percent of GDP at mid-year for the 2025/26 fiscal year, which is higher than the approved estimate of 30.9 percent at the beginning of the 2025/26 fiscal year. In the 2026/27 fiscal year, total expenditure is estimated to be at 33.1 percent of GDP.

In the 2025/26 fiscal year, expenditure was largely driven by rising recurrent spending, particularly interest payments on public debt, wages and salaries, and statutory obligations. The high cost of domestic borrowing continues to exert significant pressure on interest expenditures, crowding out resources for service delivery and development spending. In addition, expenditure demands related to food security interventions, including maize purchases and the implementation of the FISP, have increased in response to adverse weather conditions and heightened vulnerability among

households. While capital expenditure remains important for supporting growth and infrastructure development, its execution is constrained by limited fiscal space and financing challenges, underscoring the need for stronger expenditure prioritization, improved efficiency, and enhanced public financial management to ensure fiscal sustainability.

**TABLE 19.3 EXPENDITURE PERFORMANCE BY ECONOMIC CLASSIFICATION
(MK' MILLION)**

<u>Category</u>	<u>2024/25 Actual Outturn</u>	<u>2025/26 Approved Estimates</u>	<u>2025/26 Mid-Year Revised Estimates</u>	<u>2025/26 Likely Outturn</u>	<u>2026/27 Proposed Estimates</u>
Compensation of Employees	1,326,750.77	1,588,824	1,687,295	1,654,533	1,973,897
Wages and Salaries	1,287,828.22	1,532,258	1,630,729	1,597,540	1,901,897
Employers social contributions	38,922.54	56,566	56,566	56,993	72,000
Use of Goods and Services	1,045,733.69	1,377,253	1,503,719	1,599,060	1,421,981
Public Debt Interest	1,433,780.25	2,171,506	2,271,506	1,594,920	2,854,307
Foreign interest	76,799.52	61,176	61,176	74,217	100,000
Domestic interest	1,356,980.73	2,110,330	2,210,330	2,228,430	2,754,307
Grants To other General Government Units	528,647.49	546,915	542,828	460,130	622,130
Social Benefits	377,081.76	286,282	611,902	376,945	417,498
Pensions and Gratuities	242,203.48	170,418	366,418	219,567	301,048
Other expenses	34,438.40	89,736	45,736	54,142	13,850
Other Statutory expenditures	34,438.40	89,736	45,736	54,142	13,850

Net Acquisition of Non-Financial Assets	958,887.00	958,887.00	1,926,246	671,220	3,129,139
Fixed Assets	1,636,872.01	2,016,152	1,926,246	1,532,735	3,129,139
Foreign financed projects (Part I)	1,191,220.99	1,437,639	1,256,026	919,582	1,811,311
Domestic financed Projects (Part II)	445,651.02	578,513	670,220	613,153	1,317,828
Expenditure	6,383,304.36	8,076,668	8,589,232	7,272,465	10,432,802
Net Lending/ Net Borrowing	(2,317,042.87)	(2,498,223)	(3,128,402)	(3,066,035)	(2,911,994)

<u>Percent of GDP</u>	<u>2024/25 Actual outturn</u>	<u>2025/26 Approved Estimates</u>	<u>2025/26 Mid-Year Revised Estimates</u>	<u>2025/26 Likely Outturn</u>	<u>2026/27 Proposed Estimates</u>
Compensation of Employees	6.3	6.1	6.5	6.3	6.3
Wages and Salaries	6.2	5.9	6.2	6.1	6.0
Employers social contributions	0.2	0.2	0.2	0.2	0.2
Use of Goods and Services	5.0	5.3	5.8	6.1	4.5
Public Debt Interest	6.9	8.3	8.7	6.1	9.1

Foreign interest	0.4	0.2	0.2	0.3	0.3
Domestic interest	6.5	8.1	8.5	8.5	8.7
Grants To other General Government Units	2.5	2.1	2.1	1.8	2.0
Social Benefits	1.8	1.1	2.3	1.4	1.3
Pensions and Gratuities	1.2	0.7	1.4	0.8	1
Other expenses	0.2	0.3	0.2	0.2	0
Other Statutory expenditures	0.2	0.3	0.2	0.2	0
Net Acquisition of Non-Financial Assets	4.6	7.7	7.4	2.6	9.9
Fixed Assets	7.8	7.7	7.4	5.9	9.9
Foreign financed projects (Part I)	5.7	5.5	4.8	3.5	5.7
Domestic financed projects (Part II)	2.1	2.2	2.57	2.4	4.2
Expenditure	30.5	30.9	32.9	27.8	33.1
Net Lending/ Net Borrowing	-11.1	-9.6	-12.0	11.7	-9.2

Source: Ministry of Finance, Economic Planning and Decentralization

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 the 2025/26 financial year, the ICT sector, through the Ministry of Information and Communications Technology, achieved the following milestones:

- i. Developed the Cybersecurity Policy and Strategy, the Child Online Strategy and the National Digital Broadcasting Policy
- ii. Kick started the amendment of the Communications Act of 2016, the Access to Information Act of 2017, and the E-transactions and Cybersecurity Act of 2016
- iii. Initiated the review of the National Information and Communications Policy, and Strategy, National Postal Policy, the National Broadband Strategy, the AI Strategy for Malawi and Malawi's Digital Transformation Strategy (DTS)

20.2 Performance in 2025/26 and Projections for 2026/27

Table 20.1 provides the key performance indicators that guide the ICT Sector in Malawi.

TABLE 20.1 KEY ICT INDICATORS

<u>ICT Indicators</u>	<u>2023/24</u>		<u>2024/25</u>		<u>2025/26</u>
	<u>Targets</u>	<u>Actuals</u>	<u>Targets</u>	<u>Actuals</u>	<u>Targets</u>
Voice Telephony Penetration Raised (%)	70	72	75	79	80
Internet Penetration Increased (%)	45	43	50	46	55
Ratio of Postal and Courier Penetration	1:43,000	1:63,696	1:40,000	1:66,847	1:40,000
Electronic Commerce Penetration Increased (%)	NA	NA	NA	NA	NA
Level of Regulatory Compliance Raised (%)	>97	90	>98	90	>99
ICT Contribution to GDP Increased (%)	7	6.4	8	6.5	7
Proportion of Individuals Who Own a Mobile Telephone (%)	60	56.6	65	56.6	60

<u>ICT Indicators</u>	<u>2023/24</u>		<u>2024/25</u>		<u>2025/26</u>
	<u>Targets</u>	<u>Actuals</u>	<u>Targets</u>	<u>Actuals</u>	<u>Targets</u>
Proportion of population covered by a mobile network (2G) (%)	95	89.1	95	90.2	92
Proportion of population covered by a mobile network (3G) (%)	85	88.7	90	89.5	92
Proportion of population covered by a mobile network (4G) (%)		74.9		89.1	90
Fixed Internet Broadband subscriptions (Internet users per 100 people) (%)		0.024		0.03	0.05
Proportion of individuals using the internet (%)	20	18.8	20	20	22
Retail Price of Prepaid Mobile Broadband Monthly bundle, 500MB (USD) Data Volume (US\$)	2.6	2.54	2.4	0.8	0.75
ICT development Index	30	31.5		35.4	40
Number of licensed TV broadcasters	26		26	17	26
Number of licensed Radio broadcasters	81		72	70	72
Number of Telecentres/Public Internet/Information Access centres	138		138		138
Number of active ISPs	25	28	30	28	35
Number of post Offices converted into One Stop Public Service Delivery centres	2	2	4	3	4

Source: 2019 ICT Survey and MACRA Annual Report

*Projection

TABLE 20.2 CORPORATE HISTORICAL NON-FINANCIAL PERFORMANCE

<u>Non-Financial Performance Targets</u>	<u>2022/23</u>		<u>2023/24</u>		<u>2024/25</u>		<u>2025/26</u>		<u>2026/27</u>
	<u>Targets</u>	<u>Actuals</u>	<u>Targets</u>	<u>Actuals</u>	<u>Targets</u>	<u>Actuals</u>	<u>Targets</u>	<u>Actuals (Mid-Year)</u>	<u>Target</u>
Satellite Coverage (%)	100	100	100	100	100	100	100	100	100
Satellite availability (%)	99.6	99.6	99.6	99.6	99.6	99.6	99.6	99.6	99.6
Terrestrial coverage – radio (%)	80	75	95	75	85	75	85	80	75
Terrestrial Analogue Coverage – TV (%)	0	30	0	30	0	30	0	0	0
Number of Viewers (%) MBCTV-1	87	60.4	94	60.4	89	46.8	89	46.8	70
Number of Viewers (%) MBC2 On the Go	15	11.7	15	11.7	15	11.7	15	11.7	20
Number of Listeners (%) Radio 1	80.2	38.55	87	36.3	84	36.3	95	36.3	50
Number of Listeners (%) Radio 2FM	80.2	83	80	26.7	80	26.7	80	26.7	50
Programming Local Content Television	97	95	92	95	90	95	84	95	95
Programming Local Content (%) Radio	97	99	99	99	99	99	99	99	99
News Local Content (%) TV	97	98	99	98	99	98	99	98	99
News Local Content (%) Radio	97	99	99	99	99	99	99	99	99
Compliance to the strategic plan	70	100	100	100	100	100	99	99	100
Access to ICT (%)	100	90	100	90	100	90	100	90	100

Operational Efficiency							90	90	95
Number of commercial jingles per day TV & Radio	200	25	150	25	150	25	100	25	100
Number of Advert hours per employee	20	0.77	20	0.77	15	0.77	45	0.79	45
Number of paid-up programs per day TV& Radio	10	8	10	6	10	6	102	8	102
Coverage of VVIP hours per day TV & Radio	16	12	16	12	16	12	12	12	12
Developmental programs hours per day TV and Radio	6	6	6	6	6	6	6	6	6

Source: MBC Performance Management Plans and Budget (PMPB) Half Year Report (2025/26)

TABLE 20.3: PERFORMANCE INDICATORS FOR ACCESS TO INFORMATION

<u>Non-Financial Performance Targets</u>	<u>2022/23</u>		<u>2023/24</u>		<u>2024/25</u>		<u>2025/26</u>		<u>2026/27</u>
	<u>Targets</u>	<u>Actuals</u>	<u>Targets</u>	<u>Actuals</u>	<u>Targets</u>	<u>Actuals</u>	<u>Targets</u>	<u>Actuals (3rd Quarter)</u>	<u>Targets</u>
Percentage of population accessing information through various channels of communication	100	NA	100	92	100		100		100
Number of publications (Boma Lathu) and IEC materials produced and distributed	120,000	42,500	80,000	189,000	288,000	38,000	389,200	40,500	155,000
Number of news articles produced and transmitted to various media houses/institutions	16,000	NA	4,800	3,581	7,344	7,635	10,816	7,132	10,000
Number of documents translated from English to local languages	15	13	2	0	3	0	3	0	2
Number of photographic images produced	82,000	NA	30,000	5,300	42,790	44,782	60,000	64,900	70,000
Number of documentaries produced and distributed to various media houses	45	33	48	40	104	63	52	50	52

Source: Ministry of Information and Communications Technology

20.2.1 Malawi Posts Corporation

The Malawi Posts Corporation (MPC) is implementing a Turnaround Strategy (TAS) to enhance the performance and sustainability of revenue growth. This is through market development, new product introduction, market penetration, and service diversification, while also strengthening institutional reforms, organizational capacity, and digital transformation.

TABLE 20.4 PERFORMANCE INDICATORS FOR POSTS AND COURIERS

<u>Project</u>	<u>FY2025/26 Planned Activities</u>	<u>FY2025/26 Achievement</u>	<u>FY2026/27 Targets</u>
Digitalization (Technology-driven services provision improvements)	<ul style="list-style-type: none"> • Upgrade core operational systems including postal ICT solution. • Other features include tracking of parcels, mobile application, SMS alerts, electronic payments and virtual post office. • Implement and HR and payroll ICT system • Scope and prepare new technology-driven services. 	<ul style="list-style-type: none"> • Postal solution upgraded, and installed; key staff training completed. • Configurations for other features completed, testing in progress • Systems upgrade progress at 95 percent. • HR/payroll system configured for go-live readiness. • E-commerce portal and mobile money wallet scoped and placed in pipeline. • Computer equipment procured. ICT network and power upgrade pended due to finances 	<ul style="list-style-type: none"> • 100 percent rollout of upgraded postal and agency services solution. • Full operationalization of mobile application, SMS alerts and virtual post office. • ICT network stabilized nationwide to support real-time operations and reporting. • Power and ICT network upgrade. • Implementations of an Electronic Resource Planning System (digitalization of all finance, procurement and customer care systems)

<p>Courier services enhancement (Fleet renewal and customer service improvement)</p>	<ul style="list-style-type: none"> • Procure Phase I fleet to address immediate capacity gaps. • Initiate courier product revamp and operational improvements. • Customer Service Training 	<ul style="list-style-type: none"> • Phase I fleet procured: one 10-ton truck, one 4-ton truck, and four 1-ton pick-ups. • Courier product revamp entered execution phase. • Courier operational capacity improved • Training conducted in three regions (South, East, Centre). Training for Northern Region in progress 	<ul style="list-style-type: none"> • Additional fleet procured to achieve nationwide coverage • Intensive Marketing • Corporate, retail and removals services fully relaunched and revenue stabilized. • Continuation of Business Process Re-engineering and training
<p>Post finance</p>	<ul style="list-style-type: none"> • Roll out agency banking services under the Retail Financial Services (RFS) Unit • Establish partnerships with commercial banks for agency banking • Launch mobile money dealership/super agency services 	<ul style="list-style-type: none"> • Agency banking services successfully launched • Airtel Money Agency Services launched • New revenue streams established and customer footfall increased • Scoping in progress 	<ul style="list-style-type: none"> • Agency banking services available in over 40 percent of post offices • All major commercial banks and mobile money operators on boarded • Introduction of additional financial products such as Insurance leveraging the postal network • Launch mobile wallet

<p>Real Estate Upgrade and Postal network repositioning</p>	<ul style="list-style-type: none"> • Rationalize postal network by discontinuing non-viable units • Upgrade courier hubs 	<ul style="list-style-type: none"> • MPC Conference Centre (MPCCC) transitioned to a block lease model • Bus public passenger services withdrawn • Renovation of Chichiri, Lilongwe and Mzuzu Courier Hubs in progress 	<ul style="list-style-type: none"> • Completion and commissioning of MPCCC Events Garden • Renovation of ten post offices including one Mlambe centre completed and operational
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Source: Malawi Post Cooperation

20.3 Challenges

- i. Inadequate and inconsistent funding for Government-funded programmes and projects which has resulted in minimal progress on several projects, many of which should have been completed by the 2025/26 financial year
- ii. Delays in procurement and approval processes in construction
- iii. Inadequate and limited access to modern and advanced equipment to effectively support the rollout of technology in service delivery
- iv. Scarcity and variability of foreign exchange