



REPUBLIC OF MALAWI

2025 ECONOMIC AND FISCAL POLICY STATEMENT

Issued by the Honourable Minister of Finance and Economic Affairs

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

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ACRONYMS

AML	Anti-Money Laundering
ASM	Artisanal, Small and Medium
CFT	Combating Financing of Terrorism
ECF	Extended Credit Facility
EFPS	Economic and Fiscal Policy Statement
EITI	Extractive Industries Transparency Initiatives
FCDAs	Foreign Currency Denominated Accounts
FY	Financial Year
IBR	Interbank Rate
IMF	International Monetary Fund
MDAs	Ministries, Departments, and Agencies
MIP-1	Malawi Implementation Plan 1
MW2063	Malawi 2063
PFM	Public Finance Management
PFMA	Public Finance Management Act
PSIP	Public Sector Investment Programme
PVHES	Plant, Vehicle Hire and Engineering Services
RBM	Reserve Bank of Malawi
SDGs	Sustainable Development Goals
SOE	State-Owned Enterprise

I. INTRODUCTION

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

II. ECONOMIC POLICY ENVIRONMENT

a) Malawi 2063 (MW2063)

2. **Overall, the MIP-1 key milestones anchor the MW2063 long-term national development vision of achieving an inclusively wealthy and self-reliant industrialised upper middle-income nation by 2063.** Notably, both MW2063 and MIP-1 have emphasised in their framing the strategic creation and maintenance of a conducive macroeconomic environment through, among other things, the exercise of prudent economic and fiscal policy. Accordingly, this statement exemplifies the commitment and efforts to implement Malawi 2063 (MW2063) first 10-year Implementation Plan (MIP-1) to attain at least lower middle-income status and meeting most of the Sustainable Development Goals (SDGs) by the year 2030.

b) Progress Towards Lower Middle-Income Status

3. **For Malawi to graduate into the lower middle-income bracket it needs to reach a Gross National Income (GNI) per capita of USD1,086.** Between 2018 and 2023, GNI per capita increased by 25 percent from USD500 to USD623. The GNI per capita increased to an all-time high of USD648 in 2021 before regressing largely due to exogenous and endogenous shocks.

4. **With the slow start towards the achievement of the MIP-1 milestones, the economy needs to grow by an average of 10.6 percent per annum from 2024 to 2030 for the country to achieve the MIP-1 milestone.** Although this looks to be a daunting task, it is attainable with strategic and committed investments in the productive sectors of the economy. Malawi has ever achieved a GDP growth rate higher than 10 percent before. Historically, Malawi achieved average economic growth above 6 percent in the 1970s and sustained moderate growth rates of about 5 percent in the 2000s. These remarkable growth rates were a result of increased agricultural output. Prioritized investment in productive sectors is, therefore, a matter of extreme urgency.
5. Similarly, the presidential initiative on the ATM strategy which advocates serious diversified investments into more commercialized agriculture, tourism, mining, would provide a platform for economic take-off.

c) Progress Towards the Sustainable Development Goals

6. **In the 2023/24 annual MIP-1 progress report over half of the SDGs registered significant progress and are on track** i.e SDG 2 (Zero Hunger), SDG 3 (Good Health and Well-Being), SDG 4 (Quality Education), and SDG 6 (Clean Water and Sanitation), along with SDG 5 (Gender Equality), SDG 7 (Affordable and Clean Energy), SDG 9 (Industry, Innovation, and Infrastructure), SDG 13 (Climate Action), and SDG 17 (Partnerships for the Goals). However, SDG 8 (Decent Work and Economic Growth), SDGs 1 (No Poverty), SDG 10 (Reduced Inequalities), and SDG 15 (Life on Land) registered little or no progress.

d) The Public Sector Investment Programme (PSIP)

7. **The PSIP will continue to provide a framework for planning and scheduling development projects and programs in Malawi.** There are a total of 274 ongoing projects in the public sector being implemented by various Ministries, Departments, and Agencies (MDAs) in the current fiscal year (FY). The PSIP is anticipating to have 280 ongoing projects for the 2025/26 FY.
8. **To address the issue of low fiscal space, the PSIP will continue to promote private sector investments through public-private partnerships (PPPs)** and issuance of local currency infrastructure development bonds on infrastructure projects, such as roads, and energy, which will reduce the burden on the government's budget.
9. To enhance the country's adaptation and resilience to climate shocks, the PSIP will continue to implement climate-resilient infrastructure projects and promote development of green projects in sectors such as agriculture, water, energy, and tourism.

e) Extended and Rapid Credit Facilities

10. **Malawi's four (4) year Extended Credit Facility (ECF) program valued at \$175 million with the International Monetary Fund (IMF) is making substantial progress.** To date, \$35 million of this total has been disbursed.
11. Following its approval, the World Bank disbursed US\$80 million in December 2023; the European Union (EU) approved €55 million, with €20 million planned for disbursement in December 2024; and the African Development Bank (AfDB) approved US\$22.7 million, which is expected to be disbursed by the end of December 2024. Further, in April 2024, the World Bank also disbursed an

additional US\$57.6 million under the Catastrophe Deferred Draw-down Option (CAT-DDO) facility as budget support for drought response activities.

12. All these disbursements are provided as general budget support grants, which help to ease fiscal pressures and provide much-needed foreign exchange for the importation of strategic commodities.

13. Currently, the Government and the World Bank are preparing documentation for a second series of budget support, totalling over US\$80 million, which is anticipated in early 2025.

f) Public Debt Management

14. As at end-June 2024, the total public debt stock was MK15.17 trillion (81.0 percent of projected FY2024/25 GDP), equivalent to USD8.75 billion. The domestic debt stock was MK8.01 trillion (USD4.62 billion) and the external debt stock was MK7.16 trillion (USD4.13 billion). The domestic and external debt accounted for 52.8 percent and 47.2 percent of total public debt, respectively.

15. The Malawi Government's debt policy goal will continue to focus on developing strategies that will ensure attaining sustainable debt levels and efficient debt portfolio management. Efforts to improve the development of domestic and external debt markets specifically for government debt securities will be enhanced. Further, Government will ensure that foreign loans are obtained primarily to finance development investments that are of strategic importance to the country and that will generate a rate of return that will finance the debt repayment obligations. Currently, Government is contracting external loans only if they are concessional, with a grant element of at least 35 percent.

This policy is also in line with the agreement under the Extended Credit Facility (ECF) with the International Monetary Fund (IMF).

III. RECENT DEVELOPMENTS

a) World Economic Outlook

16. According to the International Monetary Fund (IMF) October 2024 World Economic Outlook report, Global economic growth rate activity is expected to remain stable yet underwhelming moving from 3.2 percent in 2024 to 3.3 percent in 2025. The global steady growth is attributed to largely to aging populations, weak investment, and structural frictions that hinder the reallocation of capital, labor toward productive firms and tightening the monetary policy.

17. Global inflation is declining expected to reach 4.3 percent by 2025, a marked improvement from 8.7 percent peak in 2022 to 6.7 percent in 2023 and 5.8 percent in 2024. The declining trajectory in global average inflation is partly a result of tight monetary policy to bring inflation back to target. However, inflation in services and emerging markets remains relatively high due to factors like food price volatility and supply disruptions. and more significantly, decreasing international commodity prices. In developing economies, inflation is projected to decline from 8.1 percent in 2023 to 7.9 percent in 2024 and then fall at a faster pace in 2025 to 5.9 percent.

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

18. In the Sub-Saharan Africa (SSA) Regional growth is projected to improve slightly, from 3.6 percent in 2024 to 4.2 percent in 2025, reflecting gradual recovery in economies with diversified structures. However, this growth remains below the region's historical averages and far from what is needed to significantly reduce poverty or create jobs at scale.

c) Economic Outlook for Malawi

19. **Economic growth in 2023 was recorded at 1.9 percent, higher than the 2022 growth, which was at 0.9 percent.** The economy grew mainly due to improvements in the electricity industry which had a positive trickle-down effect on most economic activities in the Construction, Accommodation and Food Services, Transport, Financial and Insurance, and Health Services. The slower growth in the year however, is attributed to the impact of Tropical Cyclone Freddy and the 44 percent re-alignment of the Malawi Kwacha which resulted in inflationary pressures and eroded the purchasing power of the currency.

20. **In 2024, a slower growth rate of 1.8 percent is expected due to the negative impact of the El-Nino weather conditions** which affected most of the districts resulting in Government declaring a state of national disaster in 23 out of 28 districts. Further, the economy is still facing challenges in the availability of foreign exchange, despite the realignment of the foreign exchange rate in 2023. The scarcity of forex has largely impacted performance in industries such as Manufacturing, and Wholesale and Retail Trade, among others.

21. **The outlook for 2025 and beyond is promising with a projected growth rate of 4.0 percent in 2025.** This is on account of anticipated good weather conditions, expected benefits from investments in the Agriculture, Tourism and Mining (ATM) strategy and improvements in foreign exchange reserves due to the anticipated good performance in the agriculture industry.

d) Price Developments

22. **Prices in 2023 continued to be on an upward trajectory, with the end period and annual inflation rates recorded at 34.5 and 28.8 percent respectively,** higher than the 2022 rates (the end period at 25.4 percent and the annual average

at 20.9 percent). The increase in inflation was attributed to the re-alignment of the Malawi Kwacha by 44 percent in November, 2023 which exacerbated inflationary pressures on both food and non-food commodities. The devaluation led to an average increase of 40 percent in non-food commodity prices.

23. In 2024, end period and annual average inflation rates are estimated at 35.4 and 33.8 percent, respectively. Inflation in the year continued to be on an upward but steady and slower trajectory due to persistent shortage of foreign exchange and low agricultural production emanating from prolonged dry spells, induced by the El-Nino weather conditions.

24. Looking ahead to 2025, it is anticipated that the economy will slowly recover from the shocks experienced in 2023 and 2024. Agricultural production is expected to significantly improve, hence increasing food supply, which would in turn slow down inflation. In this regard, the annual average inflation is projected to decline further to 24.2 percent. The declining trend is expected to continue beyond 2025. This is reflective of continued coordinated efforts to reduce inflation through a combination of tight monetary policy interventions, controlled borrowing and more prudence in fiscal expenditure.

IV. MEDIUM-TERM ECONOMIC POLICIES

a) Monetary Policy

25. Monetary policy has remained tight in recent years in an effort to bring inflation in line with the medium-term target of 5 ± 2 percent. However, disinflation efforts were disrupted in 2024 due to the materialization of several upside risks, including a national food deficit caused by unfavorable climatic conditions during the 2023/24 agricultural season.

26. The country continues to import more than it exports, resulting in a persistent trade balance deficit. Although there was a slight improvement in the third quarter of 2024, the overall trade balance remains negative. Preliminary estimates indicate a narrowing of the current account deficit to US\$506.8 million in third quarter of 2024, down from US\$718.5 million in the second quarter.

27. Meanwhile, kwacha remained relatively stable against the US dollar in 2024, and traded at MK1,750.47 per US dollar as at the end of third quarter 2024. All foreign exchange auctions conducted during the quarter resulted in no change in maximum selling rates. The Bureau USD cash exchange rate stood at MK1,931.38 per US dollar on September 30, 2024.

b) Exchange rate Policy

28. The country will continue to pursue a flexible exchange rate regime. Following exchange rate realignments of 25 percent in May 2022 and 44 percent in November 2023, the RBM remains focused on ensuring that the exchange rate remains market-determined while reducing excessive volatility. To achieve this, the RBM is committed to implementing policies and measures that support the foreign exchange market and maintain adequate gross official reserves.

29. The RBM will continue to enforce the requirement on the mandatory sale of export proceeds by exporters. In effect, all exporters are expected to sell a minimum of 30 percent of their export proceeds to Authorized Dealer Banks (ADB) while retaining, at most, 70 percent of the proceeds in their FCDA. This policy action is aimed at complementing the efforts by RBM to enhance the availability of foreign exchange in the market.

c) Financial Sector Development Policies

30. **In order to promote the stability of financial systems as well as protect depositors from losses due to financial institutions' failures, Government has operationalized the Deposit Insurance Corporation.** The Corporation will guarantee that all or part of clients' deposits be paid following failure of a financial institution.
31. **Further, to advance tracking of financial inclusion levels, Government with the financial assistance from development partners has embarked on developing Financial Inclusion Portal.** This is a centralized digital platform designed to enhance access to financial services, especially for underserved populations, by promoting transparency, coordination, and efficiency among stakeholders.
32. **Government will continue to strengthen the regulatory framework of the financial system and ensuring that the development of the financial sector and financial inclusion efforts benefit Malawians and finance national priorities.** In that regard, Government has launched the National Strategy for Financial Inclusion III (NSFI III); Financial Sector Development Strategy III (FSDS III); and the National Anti-Money Laundering, Combating the Financing of Terrorism, and Countering the Financing of Proliferation (AML/CFT/CFP) Policy. Further, the National Microfinance Policy and the National Long-term Finance policy have also been successfully developed and will be launched in the 2025/26 fiscal year

d) Fiscal Development and Policies

33. **In the 2023/24 FY, fiscal operations faced some challenges including currency realignment which resulted to an increase in prices of commodities**

there by affecting the implementation of the budget. Government revenues fell off targets due to the disruptions caused by the shocks especially the impact of El-Nino. The shocks worsened the 2024/25 preliminary fiscal deficit.

34. The Malawi Government is focused on fiscal consolidation without undermining economic recovery. It will implement fiscal adjustment measures to stabilize its macroeconomic position, whilst ensuring that fiscal tightening doesn't harm growth. Government is determined to continue spending according to the budget, hence further enhance fiscal discipline.

35. Government will continue its debt restructuring efforts and pursuing lower-cost financing options such as concessional loans or grants. These initiatives are designed to ease the debt burden and minimize the duration of economic impact from reduced investment. The strategy will be strengthened by sticking to the annual borrowing plan and ensuring debt levels remain within strategic targets.

V. STRUCTURAL AND SECTORAL REFORMS

a) Public Finance Management Reforms

36. The Government is committed to implementing reforms in the Public Finance Management (PFM) sector. In continuing to improve coordination of public finance management systems and operations, Government recently launched the Public Finance Management Strategy which will run from 2023 to 2028. Through the Public Finance Management Rolling Plan, Government has taken deliberate measures to require implementing institutions to align their annual plans with the strategy. The strategy is also aligned to the national blue print (Malawi 2063) – MIP -1.

37. To ensure effective implementation of the Public Finance Management Act of 2022, Government has gazetted key regulations and is currently working on Orders, Treasury and Desk Instructions. The regulations and the instructions will be handy to the users as they spell out required operational compliance details. The gazetting of the regulations becomes the first of its kind in the history of PFM in Malawi. The key regulations will activate a lot of programs in PFM including effective implementation of the PFM Strategy.

38. Government recognizes the important role Public Enterprises play in service delivery and development of the country. It further recognize bottlenecks that some enterprises are facing and have taken steps towards supporting them to improve service delivery including restructuring and improving financial performance in line with the policies and guidelines.

b) Revenue Policy Reforms

39. Government is committed to implementing comprehensive revenue policy reforms that strengthen efficiency, equity, and effectiveness in revenue collection while promoting a conducive business environment. To achieve these objectives, Government will implement the following reforms:

- i. **Review and Rationalization of Tax Exemptions:** through the comprehensive review of the Value Added Tax Act (VAT), the Taxation Act and other relevant tax legislation, Government will continue conducting comprehensive review of all tax exemptions and incentives to eliminate inefficiencies, reduce revenue losses, and ensure they deliver the intended economic benefits.
- ii. **Tax Policy Modernization:** Government will continue to introduce simplified tax systems, to enhance compliance and formalize informal sector

activities. In addition, Government will update outdated legislation to address emerging economic trends, such as digital taxation and environmental levies.

- iii. **Digitalization of Revenue Collection:** Government will continue to leverage technology to automate tax filing, payment systems, and data sharing between Government agencies, improving efficiency and reducing tax evasion.
- iv. **Strengthening the Mining and Natural Resources Fiscal Framework:** Government is continuing with the development of robust fiscal regimes for the mining, agriculture, and natural resources sectors to ensure Malawi captures a fair share of revenue from its natural wealth while attracting sustainable investments.
- v. **Capacity Building and Public Awareness:** Government will also continue to enhance technical and operational capacity within the Malawi Revenue Authority and other relevant institutions as well as conducting nationwide awareness campaigns to improve public understanding of tax compliance and its role on development

c) Budget Reforms

i) Budget Financing (Domestic Revenues & Debt)

40. The proposed 2025/26 budget will continue to make strides that recurrent expenditures are financed by domestic revenues. Therefore, in the next three years, steps will be undertaken to make sure that recurrent expenditures are financed only by domestic revenues and not debt. This approach will ensure that debt is used for capital investments that spur growth and yield returns to the economy.

ii) Program-Based Budgeting

41. **The proposed 2025/26 budget will continue to strengthen the linkage of line-item budgeting to the Program Based Budget.** This will ensure that MDAs are held accountable for how resources are allocated and used, and that their budgets reflect the objectives of the Malawi 2063 First 10-year Implementation Plan (MIP-1). The linkage between line-item budgeting and Program Based Budgeting will also strengthen the ability to monitor performance information of programs implemented by MDAs.

d) Monitoring and Evaluation (M&E) Reforms

i. Development of the National Evaluation Plan (NEP)

42. **Government is in the process of developing the National Evaluation Plan (NEP), with the aim of providing a structured framework for monitoring and evaluation** that ensures systematic planning and execution across sectors. The NEP is crucial for enabling evidence-based decision-making, improving the effectiveness of public programs and projects, and promoting accountability through clear evaluation standards.

ii. National Monitoring and Evaluation Policy

43. The Government developed the National M&E Policy which advocates for an efficient and effective M&E system that tracks progress towards set goals in the national development plan. It sets to institutionalize monitoring and evaluation systems to enhance public sector service delivery, accountability, and good governance. The policy will advance the establishment of the Harmonized National Management Information System (HN-MIS) that facilitates aggregation of the national-level monitoring and evaluation results.

iii. Guidelines for Regulating National Monitoring and Evaluation System

44. In order to ensure standardize M&E practices across government entities, Government is developing guidelines to regulate the National Monitoring and Evaluation (M&E) System to ensuring consistency of data collection, analysis, and reporting.

e) *Poverty Reduction and Social Protection (PRSP) Reforms*

45. **In order to enhance the implementation of the poverty reduction and social protection reforms Government is implementing the Malawi National Social Support Programme (MNSSP II).** Specifically, the programme implements the Social Cash Transfer Program (SCTP), also called Mtukula Pakhomo, targeting ultra-poor, labour-constrained households with over 292,449 households in all the 28 districts of Malawi. However, retargeting of beneficiary households is underway and the targeted total number of households is being estimated at 382,457.

46. **Further, the programme implements the Climate Smart Enhanced Public Works Program (CSEPWP) with 520,000 ultra-poor households;** Village Savings and Loans (VSL); and Microfinance (MF) interventions with over 61,880 Savings and Loan Groups (Comprising 279,826 male members, and 896,800 female members); Lean Season Programming (LSR) which distributed cash of MK70,000 per household per month, and 50Kg bag In-Kind maize support; and School Feeding Program reaching out to over 2,661 schools, with a count of 2,771,588 learners directly benefitting.

47. **Government will continue the use of the Unified Beneficiary Registry (UBR) in an effort to harmonize targeting by programmes as one way of strengthening systems for delivery of social support.** With the coming in of

the Social Safety Nets initiative, the UBR will play a significant role in the targeting of beneficiaries for the AIP.

VI. ECONOMIC GROWTH SECTORAL REFORMS

a) Agriculture

48. The Government of Malawi is committed to having an optimally productive and commercialized agricultural sector. In the 2025/26 fiscal year, the Government of Malawi will continue to implement prioritized interventions and will specifically focus on the following areas:

i. Agricultural Policies, Strategies and Legislation

49. One of the key reform areas in the agricultural sector is to create an enabling policy and regulatory environment. In this regard, the Government will implement the National Agriculture Policy, Agriculture Land Resources Management Policy, National Irrigation Policy, National Agriculture Extension and Advisory Services Policy and the National Horticulture Policy. It will also enhance implementation of the National Fertilizer Policy and the Fertilizer Act; National Seed Policy and the Seed Act; Irrigation Master Plan and the Irrigation Act; National Livestock Development Strategy and Master Plan; and National Rabies Strategic Plan.

50. **Government will review veterinary legislation to take onboard emerging and re-emerging issues.** This will culminate into formulation of 3 bills, namely, the Animal Health and Welfare Bill, Veterinary and Para-veterinary Practitioners Bill and the Animal Production and Marketing Bill. Furthermore, Government will develop a Livestock Identification and Traceability Strategy (LITS) to facilitate agricultural commercialization in livestock production.

51. In order to enhance farm mechanization, the Government will develop an agricultural mechanization policy and an agricultural mechanization strategy. This will provide a conducive environment for sustainable multisectoral participation in the provision of agricultural/farm mechanization services which is one of enablers of agricultural productivity and commercialization to all farmer categories.

52. The Government will also develop a national agricultural research and development policy and its inclusive strategy to align to current national priorities and approaches to problem solving through research. The agricultural research and development policy will not only emphasize the need for research to respond to demand and market but also include research on strategic issues in terms of identification of new technologies in response to the new environmental developments or production potential which the farmer may not be aware of and able to demand on their own.

ii. Implementation of Agricultural Programs and Projects

Affordable Inputs Program (AIP)

53. In order to improve farmers access to quality and affordable agricultural inputs, the Government of Malawi will continue to implement the reformed Affordable Inputs Program (AIP) in the 2025-26 farming season. The AIP program will subsidize fertilizer, cereal seeds, legumes and livestock. The Government will continue to carry out reforms for the AIP to make it more efficient and effective by targeting productive farmers and transferring vulnerable households to social protection programs.

54. Through the AIP, the Government of Malawi will target 1,100,000 productive households. These will access fertilizer, cereal and legume seed and

across the country (crop production beneficiaries) while 10,000 households will access female goats in Balaka and Mwanza (livestock production beneficiaries). A total of 150,000 MT of both basal and top-dressing fertilizers, 7,500 MT of cereal seed, 4500 MT of legume seed as well as 20,000 female goats will be procured by beneficiaries under the 2025/26 Affordable Inputs Program.

55. Each beneficiary will be purchasing a 5-kilogram cereal seed pack where government would have already contributed MK8,000 for cereals and MK5,000 for legumes and a beneficiary meets the difference. Furthermore, in the 2025/26 season, a crop production beneficiary and a livestock production beneficiary will contribute a total of MK30,000.00 for the access of either two bags of fertilizer or two female goats.

Agricultural Mechanization

56. The Government will continue with agriculture mechanization programme through procurement of agricultural machinery including value addition equipment (10 tractors, 10 planters, 10 boom sprayers, 10 multi-crop threshers, 10 Ground nut shellers, oil pressing machines) that are gender inclusive to reach out to many farmers that are ready to increase their agricultural productivity for food and nutrition security and economic status improvement.

57. The Government will further continue to negotiate with financial institutions, development partners and private sector on provision of financial resources to farmers for the procurement of agricultural machinery with good terms and conditions even subsidies.

Technology Development and Dissemination

58. Government will continue to invest in technology development and dissemination. Specifically, Government will continue to identify key strategic

issues that impact on agricultural development and prioritize high-level actions and strategies for increasing scientific contribution to the development of agriculture in Malawi. Thus, Government will be connecting science with the various dimensions and players that are critical for bringing about rapid agricultural transformation.

Livestock Infrastructure Development for Sustainable Animal Health, Production and Marketing Project (LIDP)

59. Government will continue implementing the Livestock Infrastructure Development for sustainable Animal Health, Production and Marketing Project. Through this Program, Government will construct 50 livestock canters, a one stop center approach, across the country so that various livestock services are provided to farmers ‘under one roof’. Each livestock center will have a vet clinic, cold room, slaughter house, feed bank, railage, manure bank, livestock market, water troughs, staff houses, offices and dip tank among others. Currently, the Project is being piloted in Chikwawa, Lilongwe and Mzimba North. Thereafter, the Project will be rolled out to other districts such as Blantyre, Mwanza, Mangochi, Ntcheu, Dedza, Salima, Dowa, Karonga and Chitipa.

Irrigation Development

60. Government launched a sustainable irrigation development initiative aimed at enhancing irrigated crop production by designing and constructing climate-resilient irrigation schemes. Additionally, efforts are underway to rehabilitate damaged irrigation schemes.

61. Further, Government will continue to implement the Shire Valley Transformation Programme. Under this Programme, 43,370 hectares will

continue to be developed with support from the World Bank and African Development Bank (AfDB). Currently, the Shire Valley Irrigation Scheme's intake and the first 6 kilometres of the main canal are at 97 percent completion.

62. In addition, Government under the Programme for Rural Irrigation Development (PRIDE) will continue to construct Chipofya, Dowa-Dambo, Mzenga, and Nazombe irrigation schemes. A total of 2,336 hectares is expected to be developed upon completing construction of the targeted irrigation schemes. It will also construct 4 Irrigation Schemes covering 3,445 hectares under Malawi Food Systems and Resilience Programme (MFSRP). These include Dwambazi, Bwanje Valley Extension, Lembani and Mwenelondo.

b) Energy, Climate and Natural Resources

i. Energy

63. Government remains committed to achieve universal Access to Electricity by 2030 from the current 25.9 percent to 100 percent. This will require an average of 408,000 on-grid connections, 401,000 off-grid connections per year and substantial investment in generation, transmission and distribution infrastructure. Government will also take advantage of the increasing demand of power within the region to export its excess generation.

64. Apart from electricity, Government has also renewed its commitment towards achieving 100 percent access to cleaner cooking solutions by distributing 594,000 units annually (mixture of clean cook stoves, e-cooking, LPG stoves, among others) and development of renewable energy resources, increasing their share from the current 14 percent to 23 percent by 2030, thereby contributing to increased reduction in carbon emissions.

65. Government also intends to make the energy sector sufficiently robust and efficient to support the transport sector in achieving social-economic development of the country while using clean energy solutions. Malawi being land-locked and a net importer of fuel, registers relatively high transport costs, particularly for road transportation of passengers and goods, due to high fuel prices. The rising fuel costs are also attributed to a number of factors from geopolitical conflicts and depreciation of the Malawi Kwacha to lack of uptake of modern transport technologies such as Electric Vehicles (EVs) among others.

ii. Electricity

66. Government will continue its efforts to increase the reliability, efficient supply and security of power. The country's current installed generation capacity is 556MW comprising 402MW from hydro (73%); 102MW from solar (18%); and 52MW thermal diesel (9%). Out of the 556MW, EGENCO generates 444MW, representing 80% of market share while Independent Power Producers (IPPs) generate 112MW. To achieve 50% grid access by 2030, the country requires 1,200MW implying the need for additional generation capacity of 644MW.

Electricity Generation

67. To catalyse such developments and meet the supply deficit, Government will continue to work on measures aimed at increasing generation capacity. Below are some of the initiatives being undertaken by the Government on **Electricity Generation** aimed at improving the Country's energy generation capacity:

- **Mpatamanga Hydropower Plant:** The 358.5MW Mpatamanga Hydro Power Flagship Project, being developed under a Public-Private Partnership

(PPP) with the World Bank's International Finance Corporation (IFC), is progressing steadily. The Project's basic design was completed in May 2024 and construction works are expected to commence in 2025/26 FY.

- **Rehabilitation of Kapichira Dam:** Due to the impact of the Tropical Storm Ana that occurred in 2022, the intake dam was extensively damaged rendering the hydropower station out of operation. Phase 1 of the repairs to the dam were completed and all 3 machines at the plant were restored and are back online. Phase 2 of the Project involves reconstruction of the dam structure based on an improved design that will ensure resilience to floods commenced.
- **50MW Salima Solar PV with Battery Energy Storage System (BESS):** As part of efforts to diversify Malawi's energy generation sources. The Project will be executed in phases, with the first phase targeting 10 MW currently underway. Civil works are in progress, supported by a completed feasibility study and Environmental and Social Impact Assessment (ESIA) report.
- **Kam'mwamba Coal Fired Power Plant Project:** Government still intends to implement the 300MW Coal Fired Power Plant at Kam'mwamba in Neno District. Currently EGENCO Limited has completed to review and update the feasibility study for the Project. The Project cost is estimated at around USD800 million with Engineering Procurement and Construction costing USD600 million.

Other Power Generation Projects

68. In the long term, Government still plans to develop a 261 MW Fufu Hydro, 210 MW Kholombidzo Hydro, and 180 MW Songwe Hydro (jointly with Government of Tanzania) power projects.

- **Power Interconnection, Transmission and Distribution Infrastructure:** Malawi is strategically positioned as a key player in regional energy interconnection efforts. Its location makes it a potential hub for cross-border electricity trade connecting Zambia, Mozambique and possibly Tanzania.
- **Malawi-Mozambique Interconnectors:** Government continues to implement the Malawi-Mozambique Interconnect with an objective of connecting Malawi and Mozambique's electricity transmission system to enable the two countries to engage in bilateral and regional power trade in the Southern Africa Power Pool (SAPP). The scope of the Project is to interconnect the Mozambique and Malawi Power Systems at 400kilovolts(kV) through a transmission line to be constructed from Matambo Substation in Tete Province in Mozambique to Phombeya Substation in Balaka District in Malawi. Construction works are underway and currently overall progress is estimated at 62.3% whereas commissioning of entire project is expected between April and June, 2025.
- **132kV Eastern Backbone Rehabilitation Project:** In an Effort to improve the resilience of Electricity transmission and distribution infrastructure in the country, Government will implement the 132kV Eastern Backbone Rehabilitation Project. This project will involve upgrading of the existing Transmission network which carries power from the Southern to the Central and Northern Regions.
- **Electricity Access and Rural Electrification:** In its quest to expand access to electricity, Government continues to implement MAREP Phase 9 and Malawi Electricity Access Project. MAREP Phase 9 is expected to electrify 416 rural sites. Construction works are underway with majority of the 12

contractors expected to complete the works by November 2024. Currently construction of power lines in 235 sites has been completed and overall progress is at 67%.

- **Government through MAREP continues to implement the Ndawala II initiative** in an effort to improve electricity access among Ultra poor households. In Phase 9 Government is targeting 19,000 new connections to ultra-poor households.
- **Government with support from the World Bank is implementing Malawi Electricity Access Project (MEAP)** which is running from 2020 to June 2025. The main objective of the project is to increase access to electricity through both, grid and off-grid solutions. Currently, 189,939 solar home systems (SHSs) have been distributed and installed by Ngwee Ngwee Ngwee Fund beneficiary companies, reaching 95% of the target of 200,000 SHSs and benefiting 835,731 people. Additionally, 82,300 households have been connected to the grid impacting 362,120 people.
- **The Government with support from the World bank is also expected to roll out the Accelerating Sustainable and Clean Energy Transformation (ASCENT) Project.** The Project which will focus on increasing access to electricity and clean cooking in the country will be implemented for 5 years starting in June 2025. The project is expected to build upon and scale up the success of the Malawi Electricity Access Project (MEAP) through Grid and Off-Grid Solutions.

iii. Cooking and Heating Energy

69. **Government will continue to promote use of alternatives to charcoal and firewood** which include use of Liquefied Petroleum Gas (LPG), biogas and biomass briquettes, and electricity.

70. **To achieve 100% access to clean cooking by 2030, Government in collaboration with NGOs aspires to distribute 594,000 clean cooking stoves, annually till 2030.** A Clean Cooking Fund, which provides performance-based grants ranging from \$10,000 to \$250,000 to support the development and scaling of clean cooking technologies was also established by Government and Development Partners including USAID and UKAID.

iv. Petroleum

71. To enhance the security of fuel supply in Malawi, the government has awarded contract for the refurbishment of the Chilumba Fuel Depo. The contractor began work on September 22, 2024. Additionally, the vetting process is ongoing for a project to construct rail siding and road tanker offloading gantries at the Lilongwe and Blantyre depots. The government has also completed rehabilitation of the railway between Blantyre and Lilongwe, enabling fuel transportation by rail.

c) Mining

72. **Enhancing Capacity for the Mines and Mineral Regulatory Authority:** Following the gazetting of the Mines and Minerals Act of 2023, the Malawi Government, through the Ministry of Mining, established the Mines and Minerals Regulatory Authority (MMRA) in July 2024. The Authority is now fully operational, with a Director General and a Board of Directors in place.

Additionally, a number of officers have already been deployed through secondment arrangements, and it is expected that the recruitment process will be fully completed by the 2025/2026 fiscal year.

73. Operationalize the Malawi Mining Company: Government is committed to ensuring that Malawi derives maximum benefits from its mineral wealth. In that regard Government is advancing efforts to operationalize the Malawi Mining Investment Company, a state-owned entity dedicated to strengthening the role of Government in the mining sector. Currently registration of the company is in final stages, whereas in the 2025/2026 financial year, Government will focus on operationalization of the Malawi Mining Company.

74. Developing a Robust Cadaster System: In the 2025/2026 financial year, Government will focus on strengthening Malawi's mining cadaster system by updating the existing framework, incorporating emerging issues, and ensuring that it is both robust and vibrant. The primary goal is to modernize the mineral licensing process through the strengthening of the web-based Cadaster system, which will enable transparent and efficient allocation and management of mineral exploration and mining rights.

75. Promoting exploration of critical mineral resources: In 2025/2026 financial year, Government will prioritize the identification and exploration of **essential minerals** such as rare earth elements, lithium, and graphite, which are vital for advancing green energy technologies. It will intensify exploration efforts, conducting comprehensive geoscientific surveys and assessments in areas with high critical mineral potential.

76.Promoting Open Governance in the Mining Sector: Government will continue to champion transparency in mining agreements, licensing regime, and revenue flows through dedicated mining sector working group. It will also maintain open access to the mining Cadastre system and consistently report extractive activities to the Malawi Extractive Industries Transparency Initiative. Furthermore, mining companies will also be held accountable to adhere to environmental regulations, uphold human rights, and fulfill their tax obligations.

77.Monitoring Implementation of the Mining Development Agreements: Government has successfully signed three Mining Development Agreements with prominent mining companies to recommission mining activities at Kayerekera in Karonga, and to commence new mining operations at Songwe Hills in Phalombe, and Kanyika in Mzimba respectively. Government is committed to diligently monitor and enforce strict compliance with the terms of these agreements, ensuring that they bring tangible benefits to our nation.

78.Promoting Artisanal and Small-scale Mining (ASM) Activities: Government remains committed to supporting the growth and sustainability of our ASM sub-sector. In 2025/26 FY, Government will prioritize the finalization of the Artisanal ASM Policy, a critical step towards creating a robust framework for this sector. It will ensure that artisanal and small-scale miners have access to capital and modern technology, equipping them to enhance productivity and add value to their work.

79.Legal framework: One of the primary goals is to carry out a comprehensive review of the Mines & Minerals Policy. In addition to policy reform, the Ministry will introduce new Mines and Minerals Act regulations. Government also

recognizes the need to work on the Explosives Act (1968) to strengthen oversight of explosives usage within the mining sector. Alongside the Act, the Explosives Regulations will also be drafted, addressing operational practices and safety protocols.

80. Petroleum (oil & gas): Government is currently working in close collaboration with the Commonwealth Secretariat (COMSEC) to revise the Petroleum Exploration and Production Act, to align it with international best practices and ensure a more robust regulatory framework. Additionally, plans are at an advanced stage to undertake the re-demarcation of oil and gas blocs, a crucial step in optimizing the exploration and production of these valuable resources.

d) Industry and Trade

81. Government is committed to operationalize the Special Economic Zones (SEZ). In that regard to operationalize the development of SEZ in Malawi, the Special Economic Zones Act was enacted in December, 2023. The Act amongst other issues, has designated the Malawi Investment and Trade Centre as the Special Economic Zones Authority. The Ministry is currently in the process of developing Regulations.

82. In order to promote investment and exports, Government enacted the Investment and Export Promotion Act on 6th December 2023. The enactment of this Act repeals the following Acts: Investment Promotion Act, Export Incentives Act and the Export Council Act. Currently, Government is in the process of developing Regulations for the Act.

83. Further, to provide an enabling environment for industry and trade, Government has developed the following regulatory instrument: Micro

Small and Medium Enterprises Act, the National Cooperatives Development Policy, Non-Tariff Barriers (NTBs) Strategy, and the National Rural Industrialisation Strategy. Further, Government also reviewed the National Industrial Policy, and the National Trade Policy.

84. In addition, Government will continue to implement the Micro Small and Medium Enterprises (MSME) Policy, the National Investment Policy, The National Export Strategy II, the Buy Malawi Strategy and enforces the Control of Goods Act (COGA).

e) Tourism

85. In 2025, Government will continue to implement a two-pronged strategy focusing on Product Development and Destination Marketing to advance Tourism in the ATM Strategy.

i. Tourism Product Development

86. Efforts to develop well-planned and competitive tourism products for enhanced position and visibility of Malawi in the global tourism market are guided by the twenty-year National Tourism Investment Masterplan.

87. Currently, Government is prioritizing implementation of projects with strong interest from investors namely the Golden Sands Hotel at Cape Maclear in Mangochi, Integrated Tourism Resort in Salima, an Activity Centre in Likoma and an Integrated Cable Car Resort in Mulanje. A total of 52.7 hectares of land has already been acquired by Government in Salima for the development of an Integrated Tourism Resort and public beach which is a model for tourism development along the lakeshore. Similar public beach projects are expected to be developed in Nkhatabay and Mangochi districts.

88. **Further, Government is finalizing the comprehensive review of the tourism legal framework to bring it up to date.** The new law will establish a Tourism Authority responsible for marketing and regulatory functions within the sector.

89. **Another key reform area is the digitization of payment systems for the Tourism Levy and Wildlife Conservation Fund.** To complement these efforts, Government intends to review and update policies guiding the sector, as the current ones have reached their expiry date.

90. **Consistent with the Protected Area Management and Investment Strategy, the sector leverages the high potential of wildlife resources to boost tourism growth** by developing National Park facilities and infrastructure. In that regard, the development of park infrastructure, including two ecolodges in Kasungu National Park, is underway. This development will adequately service the expected increase in tourist visits following the restocking of the park with 263 elephants, 80 buffaloes, 128 impalas, 109 waterbucks, 81 warthogs, and 33 sable antelopes from Liwonde National Park.

ii. **Tourism Destination Marketing**

91. **The Takulandirani Malawi International Tourism Expo (MITE) is a key marketing tool aimed at increasing Malawi’s visibility as a preferred tourist destination** and expanding market access for Malawian tourism businesses locally, regionally, and globally. Government designated September as Tourism Month to promote domestic tourism.

92. **Further, Government has introduced several innovative domestic and international tourism promotional campaigns,** such as London and Berlin taxi advertising and the “Tiziyamba ndife aMalawi” campaign. To improve Malawi’s

competitiveness in the region, the Government has also removed visa fee requirements for 79 countries, including key tourist source markets.

93. In 2025, Government will finalise the development a new Malawi Tourism Marketing Strategy following the expiry of the Strategy. The new Strategy will aim at attracting a larger number of tourists, significantly boosting revenue, and expand both business and leisure tourism, among other.

f) Transport and Public Works

i. Rail Transport

94. Works on the design, upgrade and rehabilitation of the Marka-Bangula railway section continues. The project is phase one of the upgrade and reconstruction of the rail line connecting Limbe in Blantyre to the port of Beira in Mozambique through Marka in Nsanje. Currently, the route is only served by road transport, but carries over 30% of Malawi's international trade, and remains the shortest route for Malawi to the sea.

95. Further, the rehabilitation of the Blantyre – Lilongwe railway line was completed and the route is now operational for cargo transport. The major works at Nanyangu bridge, as well as between Chipala and Lilongwe which caused significant delays were completed. Ultimately, however, the aim is to connect the line to Chipata via Mchinji and open up access to not only Zambia but potentially, Democratic Republic of Congo and Tanzania.

ii. Inland Water Transport

96. The construction of Likoma port, which is the major project under the sub-sector is nearing completion with physical progress at 90%. Preparatory

works continues for a feasibility study for Chipoka Port Intermodal Facility under the World Bank funded Southern Africa Trade and Connectivity Project (SATCP). Rehabilitation of ports is expected to complement the on-going works to rehabilitate the rail network across the country in order to develop a well-integrated, cost effective and efficient transport system.

iii. Road Transport

Road Transport Infrastructure

- 97. To improve the condition of the existing road network, Government is implementing a number of projects with financing from several development partners including the European Investment Bank, the European Union, African Development Bank (AfDB), World Bank and OPEC Fund among others. Some of the key projects include the rehabilitation and widening of the M001 road section from Kamuzu International Airport junction in Lilongwe to Kasungu (102KM), Kasungu to Jenda (86KM), Jenda to Mzimba turn off (46KM), and Kacheche to Chiweta (66KM) where works on all four sections of the road are in progress and on average at around 20% progress.**
- 98. Further, Government is rehabilitating the M005 road on which works are currently in progress for Kaphatenga – Dwangwa (60KM) section with financing from Government, Benga – Dwangwa (102km) section being financed by the AfDB and OPEC Fund; Nsipe - Liwonde M001/M008 road with financing from AfDB, Liwonde – Zomba M003 road section with financing from the World Bank under the SATCP.**
- 99. In addition, Government has registered capacity improvement of roads in the city of Lilongwe. Specifically, the capacity improvement of the M001 road**

section from Crossroads to Kanengo to dual carriage is almost complete with all works completed and most of the signage and road side furniture installed. The capacity improvement of Kenyatta road and Sharrar street as well as Mzimba street from Crossroads roundabout to Central Medical Stores to six lanes is also in its final stages.

100. **Government has also identified four corridor roads to support agricultural productivity** (under Millennium Challenge Corporation (MCC) Compact II). The four roads include; (i) Chikwawa (Bolero) – Euthini, 67 Km (ii) Mkanda – Mwase, 88 Km (iii) Namitete – Likuni, 63 Km and (iv) Chantulo – Mkutumula, 79 Km. In addition, several feeder roads will also be upgraded to gravel standard.

Road Transport Services

101. **Government fully recognises the importance of preserving the infrastructure.** In that regard, Government is constructing Kalinyeke Weighbridge in Dedza with financing from the Roads Fund Administration (RFA) with progress estimated at 15%. The project is the second phase of the Kalinyeke toll gate project.

102. **Further, Government is constructing Liwonde and Mwanza Weighbridge Stations** with funding from the Southern Africa Trade and Connectivity Project. Construction of Nkhotakota weigh station has made significant progress and is expected to address overloading issues currently being experienced along the M005 road.

103. **In order to improve service delivery and bring services closer to the people, the Government continues with preparatory works for establishing**

satellite offices in a number of districts in the country namely: Kasungu, Mzimba, Salima and Mulanje districts. These efforts are complementary to the Vehicle Inspection Stations (VIS) being constructed in Karonga, Mangochi and Ngabu where some of the core DRTSS' services shall be provided.

iv. Air Transport

104. **To support the regulatory reform efforts, Government has initialed two more Bilateral Air Service Agreements (BASA)** with Rwanda and DRC in addition to Uganda and Mozambique initialed in 2023. The introduction of additional flights between Malawi and the aforementioned countries is expected to cement the national carrier as the leading regional transit airline.

105. **Infrastructure development and improvement programs continue with international airports of Chileka and Kamuzu** in order to conform with the international standards and global best practices. Meanwhile, preparations for the construction of a new airport in Mzuzu continue with resources secured from BADEA/OPEC for a feasibility study.

v. Buildings Infrastructure

106. **Having formulated the National Buildings Policy, Government is developing the Buildings Act alongside enforceable National Building Codes** to ensure that buildings are constructed, rehabilitated and maintained to acceptable standards. Further, Government is working on rehabilitating existing buildings at Capitol Hill which are mostly in poor shape.

vi. PVHES

107. **On the sidelines of the recapitalisation drive, Government has embarked on resuscitating dormant functions of the Plant and Vehicle Hire and**

Engineering Services (PVHES) department and improving performance and service delivery. Government has implemented initiatives focused on: rehabilitation and equipping of workshops across the country including Rumphu, Kasungu, Mulanje, Lilongwe, and Zomba; maintenance and rehabilitation of plant and equipment; and acquisition of new plant and operational vehicles.

g) Labour and Employment Sector

i. Job Creation

108. **Job creation continues to be one of the key priorities that the Government is currently pursuing.** In 2025/26 financial year, the Government will continue implementing the National Job Creation Strategy (NJCS) 2021-2025. Further, it plans to expand its efforts in conducting Employment Impact Assessments (EMPIAs) to support job creation initiatives in Malawi. In addition, it will enhance job tracking initiatives across various sectors of the economy. This effort aims to ensure the availability of comprehensive employment data whereas the Labour Market Information System (LMIS) will be established.

ii. Establishment of Job Centres and a Job Portal

109. In order to address the information gap between job seekers and employers, Government intends to establish Job centres and develop a job portal. Government has engaged a consultant to develop a job portal which is expected to be completed in 2025.

iii. The Malawi Decent Work Country Program

110. **The Government in its efforts to domesticate the approach, it launched the Malawi Decent Work Country Programme II, 2020 – 2023** which aims to promote a labour market in Malawi that is more productive, delivers a fairer

income and provides better security in the workplace. Following the expiry of the program, Government initiated the development of the successor programme in 2024 which is expected to be finalized in 2025.26 financial year.

iv. **Workers Compensation Services**

111. **To accelerate the provision of workers' compensation services, the Government intends to establish a Workers' Compensation Fund.** The primary objective of this Fund is to replace the current individual employer liability system for workplace accidents with a social security model that offers protection to both employers and employees. By having a self-sustaining Fund, in which all employers—including Government—contribute monthly, compensation will be provided more efficiently and equitably when workplace accidents occur.

v. **Labour Migration**

112. **Government intends to enter into bilateral labour agreements/memorandum of understandings with popular destination countries to ensure Malawian workers are protected in those countries.** Further, Government is at an advanced stage in the development of a Labour Migration Policy to improve coordination of labour migration initiatives. It will also develop labour migration regulations which will also regulate private employment agencies which send workers outside Malawi. The regulations are expected to manage and safeguard the rights and interests of both sending and receiving countries, as well as the migrant workers themselves.

vi. Skills Development

113. **In order to increase TEVET Access and Equity, Government continues to establish Community Technical Colleges (CTCs).** The goal is to establish at least one CTC in every district of Malawi. Currently, 21 CTCs are operational, 5 are under construction (almost completed and equipment already procured). In the 2025/26 financial year, Government intends to operationalize 5 CTCs namely Machinga, Kalinda in Nkhotakota, Nsoni (Chiradzulu) and Lura in Rumphi.
114. Through the Skills for a Vibrant Economy (SAVE) project supported by the World Bank, Government is expanding 7 national technical colleges of Soche, Lilongwe, Namitete, Livingstonia, Salima, Nasawa, and Mzuzu and 15 community technical colleges and skills development centres in order to increase access to TEVET, especially to female students.
115. **Improved Quality and Relevance.** In the 2025/26 FY, Government intends to commence construction of a National Technical Teachers Training College. This is to ensure that there are adequate and qualified instructors for technical colleges, for improved quality of TEVET.

vii. Graduate Internship, and Volunteerism Programmes

116. **Government continues to implement the Graduate Internship Program** which aims at providing integrated work experience as well as increase employability of young graduates in Malawi. Government intends to engage another 4,000 interns in the coming financial year. Government will intensify stakeholder's engagement and monitoring of the program to ensure that the program is being effectively managed and achieving its intended purpose.

h) Lands

117. **Government has taken a big policy shift in regulating foreign ownership of land, safeguarding national interests and sovereignty.** Government is protecting the land rights of indigenous peoples often involving the demarcation and legal recognition of their ancestral territories, promoting social justice and economic development. In that regard, it has developed National Land Use Policy (NLUP), National Resettlement Policy (NRP), and Amended Land related laws.
118. **Further, Government is working towards enhancing the identification and allocation of land to Malawi Investment Trade Centre (MITC) for investment purposes.** In the same vein, Government is also promoting land acquisition in the developing secondary cities and trading centres to drive urbanization and stimulates economic activities.
119. **In addition, Government is developing the Land Information Management System (LIMS).** The system will link departments and records and enhance efficiency in land administration and management through computerisation of the capturing, processing, storage, retrieval, and dissemination of land information.

VII. CONCLUSION

120. **Government will ensure smooth and speedy implementation of all the proposed reforms and programs** outlined above to steer the economy towards a more resilient and prosperous path. Emphasis will be on enhancing macroeconomic stability, and attainment of sustainable, inclusive, and resilient economic growth. Further, Government will enhance efficiency in the use of public resources and accountability of the set targets during the 2025/26 FY.

FIRST SCHEDULE

OF THE

2025 ECONOMIC AND FISCAL POLICY STATEMENT

ECONOMIC AND FISCAL DATA

The tables below provide details of current economic and fiscal statistics and forecasts which have been used in developing the economic and fiscal policy statement for 2025.

Table 1: GDP growth estimates as revised in November 2024 (all figures presented in %)

GDP BY ACTIVITY IN 2017 CONSTANT MARKET PRICES (IN MK' MILLION)				
Sector	2023	2024	2025	2026
Agriculture, forestry and fishing	0.5	-0.2	4.5	5.0
Mining and quarrying	3.1	4.8	5.6	8.5
Manufacturing	0.1	0.3	3.9	4.7
Electricity and water supply	7.4	4.7	5.4	7.0
Construction	5.3	5.5	6.2	4.1
Wholesale and retail trade; repair of motor vehicles and motorcycles	-2.4	-1.6	4.7	5.8
Transportation and storage	2.5	2.8	6.1	6.7
Accommodation and food service activities	5.3	5.9	8.6	5.6
Information and communication	3.0	3.4	6.2	4.0
Financial and insurance activities	3.1	4.4	5.5	4.3
Real estate activities	1.5	2.1	4.8	6.8
Professional, scientific and technical activities; Administrative and support service activities	1.3	4.0	7.8	6.7
Public administration and defence; compulsory social security	3.3	4.1	4.4	4.1
Education	3.0	4.6	5.0	5.1
Human health and social work activities	2.5	3.7	4.1	4.2

Arts, entertainment and recreation; Other service activities; Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	4.5	4.2	6.5	4.3
Sum of All Industries	1.5	1.8	5.0	5.2
Plus: Taxes less Subsidies on products and production	9.5	1.5	-9.5	-11.5
GDP at constant 2017 prices	1.9	1.8	4.0	4.2

Source: Ministry of Finance and Economic Affairs

Table 2: Average and End Period Inflation Rates (Revised figures as of October 2024)

Inflation Rates	2023	2024	2025	2026
End Period	1.9	1.8	4.0	4.2
Annual Average	28.8	33.8	24.2	17.0

Source: Ministry of Finance and Economic Affairs

Table 3: Balance of payments (an illustration of exports and imports situation in Malawi)

Description	2022	2023	2024 June	2024 October	2025	2026
Reserve Assets (US\$ millions)	-309	78	116	-81	-55	-25
GDP at current market prices (US\$ millions)	12,429	13,364	9,801	11,343	11,445	13,120
Trade Balance (US\$ millions)	-1848.2	1945.2	-2017.0	-1850.4	-1921.1	-1864.3
Exports (US\$ millions)	1022.8	1051.5	1114.6	1105.1	1270.9	1423.4
Imports (US\$ millions)	3173.5	2868	2996.7	2955.5	3191.9	3287.7
CAB as a % of GDP	-18	-16	-23	-18	-19	-16
Trade Balance as % of GDP	-15	-15	-21	-16	21	20
Exports as % of GDP	8	8	11	10	11	11
Imports as % of GDP	23	22	32	26	28	25

Source: Reserve Bank of Malawi

Table 4: Summary of the Statement of Government Operations (Fiscal Table)

Item Description	2023-24 Estimate	2024-25 Approved	2024-25 Revised
Revenue	2,994	4,552	4,634
Domestic Revenue	2,269	3,384	3,350
Taxes	2,198	3,257	3,257
Other Revenue	71	127	92
Grants	725	1,168	1,284
Expense	3,199	4,227	4,458
Non-Financial Assets	959	1,772	1,714
Expenditure	4,158	5,999	6,171
Net Borrowing	-1,164	-1,447	-1,538
Financing	980	1,447	1,538
Foreign borrowing	218	150	425
Domestic borrowing	762	1,297	1,113

Source: Ministry of Finance and Economic Affairs