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MALAWI GOVERNMENT

ANNUAL ECONOMIC REPORT 2022

Ministry of Finance and Economic Affairs

ANNUAL ECONOMIC REPORT 2022

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Chapter 1

THE WORLD ECONOMIC OUTLOOK

1.1 World Output

Global economic growth increased from -3.1 percent in 2020 to 5.9 percent in 2021, reflecting improvements in economic activities due to the coming in of the COVID-19 vaccine. Global growth is projected to fall to 4.9 percent in 2022 as a result of the slow down in growth in advanced, emerging markets and developing economies brought on by the continued effects of the pandemic.

1.1.1 World Output Developments in 2021

World Economic growth increased from -3.1 percent in 2020 to 5.9 percent in 2021, reflecting substantial policy support as economies recover from the deep contraction of 2020. Growth in advanced economies increased to 5.2 percent in 2021 from -4.5 percent in 2020. Recovery paths also varied within the group. United States registered an increase of 6.0 percent from -3.4 percent in 2020, the Euro Zone improved to 5.0 percent in 2021 from -6.3 percent in 2020 and lastly, Japan registered 2.4 percent growth in the economy from -4.6 percent in 2020. Most of the Advanced economies have been able to vaccinate more than half of their population. The differences in recovery can be explained by differences in the policy support and shortages of key inputs which affected manufacturing output.

Growth in Emerging Markets and Developing Economies increased to 6.4 percent in 2021 from -2.1 percent in 2020. China registered a strong recovery in 2021 with growth estimated at 8.0 percent from 2.3 percent in 2020. Most emerging market and developing economies were affected by lack of supply of the COVID-19 vaccine which affected the vaccine rollout. This was partly contributed by export restrictions imposed by some countries to contain the virus.

Manufacturing activities in several countries have been affected due to shortage of key inputs as a result of the COVID-19 pandemic outbreak and weather disruptions. One top policy priority to enhance global economic recovery is to speed up the vaccination of the world population while pushing for widespread testing and investing in therapeutics. This would also help prevent the emergence of new variants.

1.1.2 World Output Prospects for 2022

The world economic growth is projected to grow by 4.9 percent in 2022 from 5.9 percent in 2021, reflecting continued adverse effects of the pandemic. The slowdown in growth in 2022 is on account of supply disruptions and rising commodity prices. In Advanced Economies growth is projected at 4.5 percent in 2022. Growth in Emerging Markets and Developing Economies is projected to slowdown to 5.1 percent in 2022. The differences in economic growth is partly attributed to disparities in policy support and vaccine access. In advanced economies almost 60 percent of the population is fully vaccinated while in low income countries about 96 percent of the population remain unvaccinated. Most economies are assumed to acquire broad access of the vaccine by the end of 2022.

TABLE 1.1: WORLD OUTPUT (ANNUAL PERCENTAGE CHANGE)

	2020	2021*	2022*
World Output	**-3.1**	**5.9**	**4.9**
Sub-Saharan Africa	**-1.7**	**3.7**	**3.8**
Advanced Economies	**-4.5**	**5.2**	**4.5**
United States	-3.4	6.0	5.2
Euro Area	-6.3	5.0	4.3
Japan	-4.6	2.4	3.2
United Kingdom	-9.8	6.8	5.0
Canada	-5.3	5.7	4.9
Emerging Market and Developing Economies	**-2.1**	**6.4**	**5.1**
Emerging and Developing Asia	-0.8	7.2	6.3
China	2.3	8.0	5.6
India	-7.3	9.5	8.5
Emerging and Developing Europe	-2.0	6.0	3.6
Latin America and the Caribbean	-7.0	6.3	3.0
Middle East and Central Asia	-2.8	4.1	4.1

Source: IMF World Economic Outlook October 2021.
* Projections.

1.2 Regional Output

1.2.1 Regional Output Developments in 2021

Sub-Saharan Africa countries registered an increase in economic growth of 3.7 percent in 2021 from -1.7 percent in 2020. The growth is largely due to increase in economic activities as the economies adapt to the pandemic. Growth in South Africa, the region's second biggest economy and Malawi's primary trading partner, registered 5.0 percent in 2021 from -6.4 percent in 2020. The pandemic continues to exert a large toll on Sub-Saharan Africa especially for Ethiopia, Zambia and Mozambique. Tanzania growth declined from 4.8 percent in 2020 to 4.0 percent in 2021.

TABLE 1.2: REGIONAL OUTPUT (ANNUAL PERCENTAGE CHANGE)

	2020	2021*	2022*
Sub-Saharan Africa	**-1.7**	**3.7**	**3.8**
Ethiopia	6.1	2.0	-
Kenya	-0.3	5.6	6.0
Uganda	-0.8	4.7	5.1
Nigeria	-1.8	2.6	2.7
South Africa	-6.4	5.0	2.2
Tanzania	4.8	4.0	5.1
Zambia	-3.0	1.0	1.1
Mozambique	-1.2	2.5	5.3
Zimbabwe	-4.1	5.1	3.1

Source: IMF World Economic Outlook October 2021.
* Projections.

1.2.1 Regional Output Prospects for 2022

Growth in the Sub-Saharan Region remains strong and is expected to slightly increase to 3.8 percent in 2022 from 3.7 percent in 2021 as a result of the increased external demand from the region's trading partners[1], containment of the COVID-19 and higher commodity prices. Tourism-reliant economies will likely be the most affected as countries continue to impose travel restrictions as one way of containing the virus. Malawi's three immediate neighbours, Zambia, Mozambique and Tanzania, are projected to register high growth rates in 2022. Mozambique growth rate is expected to rise to 5.3 percent this year. The regional outlook for most countries is considerably gloomy due to worsening pandemic dynamics.

1.3 Inflation and World Commodity Prices

1.3.1 Inflation and World Commodity Prices in 2021

Headline inflation in advanced economies averaged 2.8 percent and in emerging markets and developing economies it averaged 5.5 percent in 2021. In most cases, rising inflation reflects pandemic related supply-demand mismatches and higher commodity prices compared to their low base from a year ago. Increase in the price of metals and food resulted into an increase in non-oil commodity prices. The base metal price index in 2021 was estimated at 57.7 percent higher than the previous year. However, there is uncertainty in movement of prices of metal. The rise in cases and mutation of the virus is the major source of uncertainty as the resurgence of the virus may suppress demand for metals as well as disrupt supply. Precious metal prices were projected to rise by 5.1 percent in 2021 and 0.2 percent in 2022. The increase in prices is explained by the recovery

[1] Mainly China and the United States

in global manufacturing, improved prospects for infrastructure investment in advanced economies and supply disruption due to COVID-19.

Rise in food prices has tended to concentrate in places where food insecurity is high leaving poor household under great stress. In 2020 demand contracted which led many businesses to slash orders of intermediate inputs. As the economies started recovering in 2021, some producers were unable to supply enough to meet the demand. In addition, during the pandemic the world distribution of shipping containers was disrupted exacerbating delays in delivery time. Consumer price growth in Sub-Saharan Africa averaged 10.7 percent in 2021. In Sub-Saharan Africa rising prices of fuel and other commodities including food, contributed to an increase in inflation to an average of 10.7 percent from 10.3 percent in the preceding year.

1.3.2 Inflation and World Commodity Price Prospects for 2022

Inflation is expected to decline in both advanced economies and most emerging markets and developing economies, primarily due to the reduced price pressure. Inflation in advanced economies is expected to drop to 2.3 percent in 2022 while in emerging markets it is expected to drop to 4.9 percent. However, there is great uncertainty surrounding the 2022 outlook due to the path of the pandemic, duration of supply disruptions and how inflation expectations may evolve in this environment.

In Sub-Saharan Africa, consumer price growth will decline gradually to 8.6 percent in 2022. Rapidly rising food prices have lifted headline inflation rates in some regions including Sub-Saharan Africa and Asia.

TABLE 1.3: CONSUMER PRICES (ANNUAL PERCENTAGE CHANGE)

	2020	**2021***	**2022***
Consumer Price Growth			
Advanced Economies	0.7	2.8	2.3
Emerging Markets and Developing Economies	5.1	5.5	4.9
Sub-Saharan Africa	10.3	10.7	8.6

Source: IMF World Economic Outlook October 2021.

* Projections.

1.4 Global Financial Sector

1.4.1 Global Financial Sector Developments in 2021

Financial stability risks have been contained as the world continues to navigate the global pandemic. This is primarily on account of continued monetary and fiscal policy support to contain adverse effects on financial systems stability caused by the pandemic. However, investors have become increasingly concerned about the economic outlook amid rising virus infections and greater uncertainty about the strength of the recovery, particularly in emerging markets. Financial vulnerabilities remained elevated in a number of sectors despite some improvement during the recovery. In emerging market economies, financial conditions have remained stable but uneven access to vaccines and the rapid spread of virus mutations pose a threat to economic recovery.

The monetary policy remained accommodative in most economies with interest rates in many countries still at their lower bound. However, any sudden change in the monetary policy stance in advanced economies may result in high rates and a sharp tightening of financial conditions, adversely affecting capital flows and adding to debt sustainability concerns. In 2021, banks played a crucial role in supporting the flow of credit to the economy during the pandemic, but in many countries bank loan underwriting standards remained restrictive. Corporate balance sheets have been generally strengthened and profitability has improved. Defaults and bankruptcies have declined, but differences persist across countries, firm sizes, and sectors.

1.4.2 Global Financial Sector Prospects for 2022

Global financial conditions are assumed to remain accommodative in 2022 with some gradual tightening. Looking ahead, global Growth Domestic Product (GDP) growth is expected to decline in 2022, and the balance of risks to growth in 2022 is also expected to remain skewed to the downside. Monetary policy in advanced economies-especially in the United States, still has a large impact on financial conditions in emerging market economies. Furthermore, tightening in domestic monetary conditions could be amplified should the normalization process in advanced economies be accompanied by a sudden sharp rise in global rates, especially in the United States.

1.5 International Trade

1.5.1 International Trade Developments in 2021

International trade grew by 9.7 percent in 2021 compared to -8.2 percent in 2020. Part of this growth is explained by GDP growth as economies partly opened up. In 2022, growth in trade volumes is projected to slowdown to 6.7 percent. Annual growth in imports for emerging market and developing economies grew by 12.1 percent on account of increasing global oil and commodity prices. Global current account continued to widen in 2021 reflecting a larger deficit in the United States from the increased fiscal support and corresponding increases in surpluses. In 2020 the widening current account deficit was due to the impact of the pandemic which resulted into increase in exports of some goods like medical equipment and consumer durables, travel restrictions and lower oil prices.

TABLE 1.4: WORLD TRADE (ANNUAL PERCENTAGE CHANGE)

	2020	2021*	2022*
World Trade Volume (Goods and Services)	**-8.2**	**9.7**	**6.7**
Imports			
Advanced Economies	-9.0	9.0	7.3
Emerging Markets and Developing Economies	-8.0	12.1	7.1
Exports			

Advanced Economies	-9.4	8.0	6.6
Emerging Markets and Developing Economies	-5.2	11.6	5.8

Source: IMF World Economic Outlook October 2021.
* Projections.

1.5.2 International Trade Prospects for 2022

The volume of world trade is projected to decline to 6.7 percent in 2022, mainly because of the uncertainty in the dynamics of the pandemic resulting in uncertainty in trade. Current account balances are expected to narrow in 2022, reflecting anticipated declines in the US deficit and China's surplus. Growth in export in both advanced economies and emerging markets is expected to be lower than imports, at 6.6 percent and 5.8 percent respectively.

Chapter 2

MACROECONOMIC PERFORMANCE IN 2021 AND PROSPECTS FOR 2022 AND 2023

2.1 GDP Performance and Forecast

Malawi's GDP grew by 0.8 percent in 2020, the lowest growth rate since the recession of 2011. Growth was hampered by the onset of the COVID-19 pandemic which prompted the Malawi Government and countries worldwide to impose strict measures in an attempt to limit the spread of the virus. These measures, which included lockdowns, social distancing and travel bans reduced local and cross-border economic activities and transactions resulting in negative demand and supply shocks which adversely affected most sectors of the economy. The most affected sectors were: the accommodation and food services sector, transportation, education, wholesale and retail, health and manufacturing. Output from these sectors declined from the levels attained in 2019.

In 2021, the economy rebounded and grew by 3.9 percent. This uptick followed the relaxation of the COVID-19 preventive measures as countries worldwide, including Malawi started administering vaccines to vulnerable groups and those of working age in a bid to curb transmissions. Implementing the vaccine drive gave governments enough confidence to open up their economies thereby allowing both domestic and international economic activities to resume. Consequently, the resumption of economic activities boosted growth in most sectors including those that were affected. Growth during the year was driven by the following sectors: mining and quarrying, accommodation and food services sector, transportation, wholesale and retail, health, agriculture, electricity, water and gas and manufacturing. Aside from the relaxation of the COVID-19 preventing measures, growth during the year was driven by the following factors: improvement in energy production with the coming in of the solar farm in Salima, maintenance works carried out on hydro-electric power plants, favorable weather and the Affordable Input Program (AIP). The AIP intervention significantly increased crop production as it allowed a substantial number of farming households to access good quality seed and fertilizer.

The outlook for 2022 is optimistic as growth is projected to maintain an upward trajectory reaching 4.1 percent. This growth will be supported by the expected growth in, education, food and accommodation, transportation, construction and wholesale and retail sectors as the threat of the COVID-19 pandemic continues to recede.

By 2023, the continued COVID-19 vaccine drive is expected to further strengthen the resilience of the economy towards the pandemic thereby allowing economic activity to return to normal.

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

SECTOR	2019	2020	2021*	2022*	2023*
Agriculture, forestry and fishing	1,590,381.4	1,644,156.1	1,696,193.9	1,747,962.9	1,798,982.2
Crop and animal production	*1,490,491.6*	*1,556,841.5*	*1,617,827.1*	*1,676,479.5*	*1,731,371.7*
Forestry and logging	*9005.6*	*8,769.4*	*8,660.5*	*8,911.9*	*9,180.9*
Fishing and aquaculture	*90,884.2*	*78,545.1*	*69,706.3*	*62,571.5*	*58,429.6*
Mining and quarrying	52,748.4	54,383.1	56,819.8	59,453.5	62,400.6
Manufacturing	848,143.8	881,847	919,816.9	963,102.4	1,011,236.4
Electricity, gas and Water supply	206,556.9	216,348.4	224,178.0	235,160.8	243,132.5
Construction	230,378	245,800.2	257,510.3	271,772.5	283,996.5
Wholesale and retail trade	909,559.1	866,069	884,212.3	908,505.5	937,152.7
Transportation and storage	337,198.7	313,958.7	323,058.6	336,407	353,074.6
Accommodation and food service	107,857.9	82,652.4	83,761.7	85,975.4	88,615.1
Information and communication	407,821.9	435,685.3	460,177.4	489,304.7	511,733.3
Financial and insurance activities	430,698.1	451,181.8	473,196.4	497,497.5	525,248.3
Real estate activities	463,729.7	478,049.6	497,765.7	519,832.1	541,647.4
Professional and support service	92,408.1	89,098.9	92,008.7	96,085.2	100,121.8
Public administration and defense	227,559.4	237,138	245,617.6	256,188.9	269,294.8
Education	307,834.3	293,272.9	302,372.1	314,247.4	327,435.5
Health and social work activities	408,847.4	397,556.4	408,286.5	423,365.3	437,486.1
Other services	137,885.8	136,646.6	138,890.8	142,087.9	145,431.7
Sum of All Industries	6,759,609.1	6,823,844.3	7,063,866.6	7,346,948.8	7,636,989.6
Plus: Taxes less Subsidies on products	434,624.0	394,632.7	434,977.8	461,758.9	484,873.6
GDP AT CONSTANT 2017 PRICES	**7,194,233.1**	**7,218,476.9**	**7,498,844.5**	**7,808,707.7**	**8,121,863.2**

Source: National Accounts and Balance of Payment Committee

TABLE2.2: SECTORAL CONTRIBUTION TO OVERALL GDP (IN PERCENT)

Sector	2019	2020	2021*	2022*	2023*
Agriculture, forestry and fishing	22.1	22.8	22.6	22.4	22.1
Crop and animal production	*20.7*	*21.6*	*21.6*	*21.5*	*21.3*
Forestry and logging	*0.1*	*0.1*	*0.1*	*0.1*	*0.1*
Fishing and aquaculture	*1.3*	*1.1*	*0.9*	*0.8*	*0.7*
Mining and quarrying	0.7	0.8	0.8	0.8	0.8
Manufacturing	11.8	12.2	12.3	12.3	12.5
Electricity, gas and Water supply	2.9	3.0	3.0	3.0	3.0
Construction	3.2	3.4	3.4	3.5	3.5
Wholesale and retail trade	12.6	12.0	11.8	11.6	11.5
Transportation and storage	4.7	4.3	4.3	4.3	4.3
Accommodation and food service	1.5	1.1	1.1	1.1	1.1
Information and communication	5.7	6.0	6.1	6.3	6.3
Financial and insurance activities	6.0	6.3	6.3	6.4	6.5
Real estate activities	6.4	6.6	6.6	6.7	6.7
Professional and support service	1.3	1.2	1.2	1.2	1.2
Public administration and defense	3.2	3.3	3.3	3.3	3.3
Education	4.3	4.1	4.0	4.0	4.0
Health and social work activities	5.7	5.5	5.4	5.4	5.4
Other services	1.9	1.9	1.9	1.8	1.8
Sum of All Industries	94.0	94.5	94.2	94.1	94.0
Plus: Taxes less Subsidies on products	6.0	5.5	5.8	5.9	6.0

Source: National Accounts and Balance of Payment Committee

TABLE 2.3 ANNUAL PERCENTAGE GROWTH RATES (IN PERCENT)

Sector	2019	2020	2021*	2022*	2023*
Agriculture, forestry and fishing	5.9	3.4	3.2	3.0	2.9
Crop and animal production	*6.1*	*4.5*	*3.9*	*3.6*	*3.3*
Forestry and logging	*0.4*	*-2.6*	*-1.2*	*2.9*	*3.0*
Fishing and aquaculture	*3.5*	*-13.6*	*-11.3*	*-10.2*	*-6.6*
Mining and quarrying	7.4	3.1	4.5	4.6	5.0
Manufacturing	7.6	4.2	4.3	4.7	5.0
Electricity, gas and Water supply	7.9	4.7	3.6	4.9	3.4
Construction	7.8	3.7	4.8	5.5	4.5
Wholesale and retail trade	6.0	-0.1	2.1	2.7	3.2
Transportation and storage	8.7	-6.9	2.9	4.1	5.0
Accommodation and food service	3.4	-23.4	1.3	2.6	3.1
Information and communication	9.3	5.9	5.6	6.3	4.6
Financial and insurance activities	5.1	4.8	4.9	5.1	5.6
Real estate activities	2.8	3.1	4.1	4.4	4.2
Professional and support services	9.5	-3.6	3.3	4.4	4.2
Public administration and defense	6.1	4.2	3.6	4.3	5.1
Education	4.7	-4.7	3.1	3.9	4.2
Health and social work activities	0.8	-2.8	2.7	3.7	3.3
Other service	15.0	-0.9	1.6	2.3	2.4
Sum of All Industries	6.1	1.5	3.5	4.0	3.9
Plus: Taxes less Subsidies on products	-2.7	-9.2	10.2	6.2	5.0
GDP AT CONSTANT 2017 PRICES	**5.6**	**0.8**	**3.9**	**4.1**	**4.0**

Source: National Accounts and Balance of Payment Committee

2.2 Real Sector Performance in 2021 and Prospects for 2022 and 2023

2.2.1 Agriculture, Forestry and Fishing

Growth in the agriculture, forestry, and fishing sector declined from 5.9 percent in 2019 to 3.4 percent in 2020. The decline was due to reduced growth in output particularly in the forestry and logging subsector and the fisheries subsector.The forestry and logging sub-sector, faced challenges in importing raw materials due to logistical challenges faced by cargo ships which were not sailing as frequently as they used to before the pandemic. Output from the fishing and aquaculture subsectors declined as a result of reduced disposable income amid the pandemic. Notwithstanding the aforementioned, the sector still registered positive growth thanks favourable weather conditions which contributed to growth in the crops and animal subsector.

In 2021, growth in the agriculture sector further decelerated to 3.2 percent. The final figures from the 2020/21 APES shows a drop in the output of some crops (millet, sorghum, groundnuts, cotton, sesame, wheat) as a result of Seed scarcity. Additionally, although the country started implementing the AIP, there was late delivery of inputs in some areas which delayed access to inputs thereby affecting the yield. Furthermore, the fishing and aquaculture production registered losses due to the outbreak of the Epizootic Ulcerative Syndrome (EUS) also known as red spot disease. Lastly, there were restrictions on exports of fish feed by countries that produce quality fish feed leading to failure to meet the growing demand for these inputs.

The outlook for the sector in 2022 and 2023 remains subdued with growth projected at 3.0 percent in 2022 and 2.9 percent in 2023. The driving factors behind this growth are implmentation of irrigation programmes and projects such as the Programme for Rural Irrigation Development (PRIDE) and Malawi Watershed Services Improvement Project (MWASIP). In addition, implementation of Livestock infrastructure Development Project, Post Cyclone Idai Emergency Recovery Project and the AIP pass on programme will also contribute to growth in the livestock sub-sector.

2.2.2 Mining and Quarrying

Growth in the sector declined sharply from 7.4 percent attained in 2019 to 3.1 percent in 2020. The decline was on account of reduced demand for quarry aggregates resulting from the slowdown in construction activities due to the measures imposed by the Govenment to contain the spread of the pandemic and disruptions in the supply of electricity. Aside from the demand factors, the sector was affected by the failure of some foreign investors (including Lancaster Exploration Limited and Globe Metals and Mining Company) to come into the country to conclude the Mining Development Agreements (MDA).

In 2021, growth in the sector improved reaching 4.5 percent. This upsurge was attributed to increased production of industrial minerals such as rock aggregate and limestone as construction activities and maintenance works for roads, bridges, schools resumed. To add to this, there was a steady increase in exploration licenses granted coupled with generation of updated geological maps under French sponsored Geological Mapping And Mineral Assessment (GEMMAP) project. Noteworthy still, the establishment of the RBM-EDF gold buying initiative which offers competitive prices to miners, assisted in reducing smuggling of the commodity by ensurig that most of the gold mined by Malawi Artisanal and Small-scale Mining (ASM) is bought from the gold potential mining sites.

For 2022, growth for the sector is projected to reach 4.6 percent with the expectation that demand for quarry aggregate will increase. For 2023, growth for the sector is projected at 5.0 percent with the expectation that mining and mineral exploration will continue to grow as more miners obtain exploration licenses.

2.2.3 Manufacturing

Growth in the manufacturing sector fell from 7.6 percent attained in 2019 to 4.2 percent in 2020. The decline in growth was caused by the inability of companies to import essential raw materials for production as a result of the disruption of global supply chains. These disruptions also led to a spike in commodity prices, much to the disadvantage of importers and domestic consumers. Furthermore, the sector also relies on raw materials sourced domestically from the agriculture sector, however, the decline in agricultural productivity reduced the availability of inputs required for manufacturing.

In 2021, growth in the sector slightly increased to 4.3 percent. The driving force behind the uptick was improved capacity utilization brought-on by increased demand for the country's products as COVID-19 restrictions were lifted and normal economic activities resumed.

Growth in the sector is expected to continue on this upward trajectory reaching 4.7 percent in 2022. The assumption underpinning this projected growth is that the pandemic will be under control following the continued vaccination efforts in the country and globally which will help contain the virus and spur economic activities towards pre-COVID-19 levels. In 2023, the sector is projected to grow by 5.0 percent.

2.2.4 Electricity, Gas and Water

The sector declined from 7.9 percent in 2019 to 4.7 percent in 2020 reflecting the challenges the sector was experiencing in relation to the COVID-19 pandemic.

In 2021, the sector grew by 3.6 percent mainly on account of the rehabilitation of the machines, commissioning of the solar power plant, and the opening of Tedzani Hydroelectric Power Plant which added 80 Megawatts to the national grid. As for the water sub-sector, there was a boost in production on account of the resources from the World Bank amounting to US$2.5 million to assist water utility bodies in recovering from the COVID-19 pandemic. The sector also benefitted from the approval of the proposed tariff adjustment and expected reduction in Non-Revenue Water from 53 percent to an average of 41 percent.

In 2022, the sector is projected to grow by 4.9 percent on account of the implementation of Lilongwe Water Supply Resources Efficiency Programme which will increase the storage capacity of Lilongwe Water Board in proceeding years. In 2023, the sector is projected to grow by 3.4 percent.

2.2.5 Construction

Growth in the construction sector declined from 7.8 percent attained in 2019 to 3.7 percent in 2020. Many ongoing construction projects including schools and roads stalled as a result of disruptions in the supply of raw materials following the COVID-19 induced lockdowns and travel restrictions in Malawi's and abroad.

In 2021, growth in the sector reached 4.8 percent and this was attributed to the resumption of construction works such as schools, buildings, and roads which after the relaxation of the COVID-19 restrictions and the opening up of borders.

Prospects for the sector remain positive as it is expected to grow by 5.5 percent in 2022. This growth will be driven by the expected increase in infrastructure projects including roads and construction of secondary schools. Furthermore, improved supply of raw materials is expected as countries ease the COVID-19 related travel and mobility restrictions. In 2023, the sector is projected to grow by 4.5 percent.

2.2.6 Wholesale and Retail

The wholesale and retail sector was immensely affected by the COVID-19 pandemic evidenced by the negative growth rate of -0.1 percent registered in 2020. The COVID-19 containment measures imposed by the government and trading partners adversely disrupted supply chains thereby restricting products coming into the country. Additionally, these measures forced firms and institutions to scale down their functions leading to revenue losses which in turn, affected their ability to pay employees and worse still, to retain them. Consequenly, this reduced people's disposable income causing a decline in demand for the sector's goods and services and thus overall output.

For 2021, the sector rebounded and grew by 2.1 percent mainly due to a surge in consumer activities resulting from the gradual relaxation of COVID-19 containment measures. After the containment measures were relaxed, firms and institutions were able to resume their functions thereby and assisted in increasing people's disposable income.

In 2022, the sector is expected to grow by 2.7 percent. This will be aided by increased disposable incomes as the pandemic gets contained and the economy bounces back. In 2023, growth is projected to grow by 3.2 percent.

2.2.7 Transportation and Storage Services

The sector was heavily affected by the pandemic evidenced by the contraction of GDP from 8.7 percent in 2019 to -6.9 percent. This decline followed the reduction in the supply of transportation services due to the suspension and restriction of international and domestic travel. Additionally, derived demand for transport services from other sectors of the economy declined as the pandemic took its toll on these sectors.

Growth in 2021 slightly improved reaching 2.9 percent as transport and travel bans were lifted and international boarders were opened after the implementation of the vaccine drive. The demand for transport services from other sectors of the economy increased as the pandemic restrictions were lifted and economic activities increased.

For 2022, a growth of 4.1 percent was projected indicating continued recovery in the sector. This assumption is on the premise that governments worldwide wwill continue with their efforts to contain the pandemic thereby completely removing travel restrictions. In 2023, the sector is projected to grow by 5.0 percent due to the expected growth in the wholesale and retail trade sector.

2.2.8 Accommodation and Food Services

This sector was one of the worst hit sectors following the COVID-19 pandemic and as a result, there was a sharp decline of growth from 3.4 percent attained in 2019 to -23.4 percent in 2020. The travel restrictions prevented both domestic and international tourism and worse still, the popularization of virtual conferences reduced demand for the sector's services and thereby output. It is well known that the sector relies on the; inflow of foreign nationals, patronage of hotels and restaurants, all of which were prohibited due to social distancing measures, lockdowns, and travel restrictions.

In 2021, growth bounced back reaching 1.3 percent mainly on account of the relaxation of COVID-19 restrictions which led to increased demand for services in the sector.

Nevertheless, a rebound is expected in 2022 where it is projected that the sector will grow by 2.6 percent. The projection is on the basis that business will pick up as governments world-wide continue to put efforts to contain the pandemic. The sector will benefit from the SADC Meetings which will boost tourism in the country. In 2023, the sector is projected to grow by 3.1 percent as the demand for the services increase.

2.2.9 Information and Communication

In 2020, the sector grew by 5.9 percent and this was attributed to the political campaign activities which increased the demand for information and communication services hence the sector experienced high growth during this yer. The increase in the demand for mobile data and airtime as virtual conferences also attributed to this growth.

The sector grew by 5.6 percent due to the continued demand for internet data and airtime since businesses shifted to virtual and telephone communications leading to the improvement of growth in the sector. The sector is projected to grow by 6.3 percent in 2022 and 4.6 percent in 2023.

2.2.10 Financial and Insurance Services

The sector grew by 4.8 percent in 2020 down from 5.1 percent. Growth in the sector was influenced by the reduction of the reference rate by Reserve Bank of Malawi which enabled financial institutions to expand credit and minimize non-performing loans. This was further enhanced by the 40 percent reduction of fees and charges related to internet banking or mobile payments to encourage the use of electronic payment transactions.

Growth for 2021 reached 4.9 percent reflecting an improvement in the performance of the sector as economic activities picked up amind the vaccine drive. For 2022, growth will maintain this upward trajectory reaching 5.1 percent aided by expectations that the economy will continue to bounce back from the COVID-19 pandemic. The sector is projected to grow by 5.6 percent in 2023.

2.2.11 Real Estate

Growth for 2020 for the real estate sector was 3.1 percent up from 2.8 percent attained in 2019. As potential customers also suffered the economic effects of the pandemic, rental rates had to be adjusted downwards in order to boost room and house occupations. This upward trajectory continued into 2021 as growth reached 4.1 percent and the driving factor behind this growth was the continued containment of the COVID-19 and the opening up of the economy. This has been fueled by the presence of the COVID-19 vaccine in Malawi and the act of Malawi's trading partners to slowly reopen their borders. For 2022, growth for the sector is projected at 4.4 percent and 2023 at 4.2 percent.

2.2.12 Professional and Support Services

The growth in the professional and support services decelerated from 9.5 percent in 2019 to -3.6 percent in 2020. The sector was severely hit by the coronavirus pandemic which constrained activities in the sector.

For 2021, the growth improved and reached 3.3 percent mainly due to the gradual reduction in the threat of the COVID-19 pandemic as the consumer activities picked up after the relaxation of the preventive measures.

In 2022 growth is projected to reach 4.4 percent under the premise that the vaccine drive will increase consumer and firm confidence in the economy allowing the government to be in a position to invest in this sector once again. In 2023, the sector is projected to grow by 4.2 percent.

2.2.13 Public Administration and Defense

The growth rate in the public administration sector decreased from 6.1 percent in 2019 to 4.2 percent in 2020. Growth in 2021 remained on a downward spiral reaching 3.6 percent. However, prospects for growth in 2022 and 2023 are positive as the projections show that the sector will growt by 4.3 percent and 5.1 percent respectively.

2.2.14 Education

Growth for 2020 for the education sector is fell to -4.7 percent from 4.7 percent attained in 2019. This decline reflects the closure of schools due to COVID-19 pandemic. However, in 2021 growth climbed up to 3.1 percent in consideration of lifting of the stringent measures that enforced social distancing and mobility restrictions. For 2022, sectoral GDP is projected to grow by 3.9 percent as the pandemic subsides and school operations get back to normal. The sector is projected to grow by 4.2 in 2023 as schools continue operating at full capacity.

2.2.15 Health and Social Work Activities

Growth in the health and social activities sector declined from 0.8 percent attained in 2019 to -2.8 percent in 2020. In 2021, growth improved and reached 2.7 percent as the vaccination program helped to reduce the pandemic cases thereby fuelling economic recovery.

The decision by the government of Malawi to remove tariffs on imports for PPE and to undertake campaigns to make this development well known in 2021 had a positive impact on the growth of the sector. Sectoral growth for 2022 is projected at 3.7 percent and 3.3 percent for 2023, with the expectation that by then the pandemic will have been contained thereby allowing hospitals to return to their regular duties.

2.3 Price Developments

Malawi has in recent years, experienced a decline in inflation due to the availability of food and the stability of the Malawi Kwacha against major trading currencies such as the US Dollar. In 2020, the government's initiative to implement the AIP coupled with favourable weather conditions further contributed towards low inflation. According to Table 2.4, the end of period inflation rate stood at 7.6 percent and the annual average inflation rate was 8.6 percent in 2020. Whereas inflation remained in the single digits the previous year, in 2021 end of period inflation rate increase to 11.5 percent and the annual average inflation rate was at 9.3 percent. This uptick was attributed to the increase in fuel prices which had an impact on the economy.

Looking ahead to 2022, inflation is projected to continue rising. The end of period inflation rate and the annual average inflation rate are projected to increase to 9.7 percent and 9.6 percent respectively.

TABLE 2.4: AVERAGE AND END PERIOD INFLATION RATES, 2020-2022

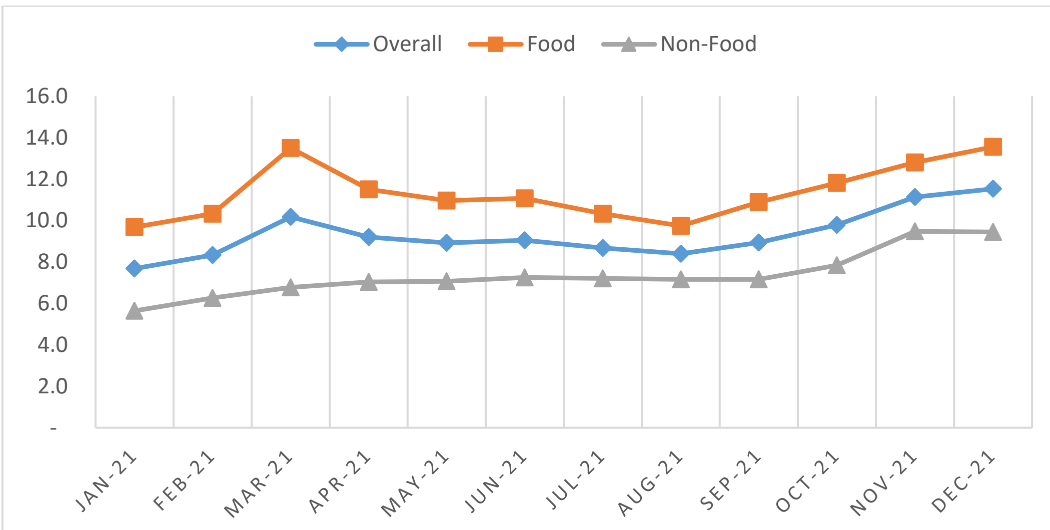
	2020	2021	2022
Inflation rate **(End of Period)**	7.6	11.5	9.7
Inflation rate **(Annual Average)**	8.6	9.3	9.6

Source: Ministry of Finance and Economic Affairs

Figure 2.1 illustrates that in 2021, overall inflation will be driven by both food and non-food inflation. According to the graph, there is an upward trend from January to December indicating an increase in the inflation rate. Overall inflation was low in January at 7.7 percent but by March it had increased to 10.2 percent, which is expected for this is the month right before the commencement of the harvesting season. By August, overall inflation declined to 8.4 percent which is the lowest level, however, in December it increase to 11.5 percent. The increase in inflation was mainly driven by food inflation which reached 13.5 percent in March. However, in August, food inflation also declined to its lowest at 9.7 percent.

During the second half of the year, the increase in the price of food saw the trend increase again to 13.6 percent in December. Whereas food inflation reached the double digits, non-food inflation remained in the single digits but steadily increased throughout the year and reached 9.5 in December from 5.6 percent in January. The rise in non-food prices was due to exchange rate depreciation against the major trading currencies such as the US dollar and increase in fuel prices among other things.

FIGURE 2.1: INFLATION RATES FOR THE YEAR 2021



Source: Ministry of Finance and Economic Affairs

2.4 Balance of Payments, 2021-2022

2.4.1 Current Account Balance, 2021-2022

The country continued to record a deficit Current Account Balance (CAB). In 2021, the country's CAB deficit worsend by 8.3 percent to a deficit of US$1,561.8 million representing 13.0 percent of the GDP. The CAB deficit is projected to improve in 2022 by 3.0 percent to US$1,543.8 million representing 12.5 percent of the GDP.

The CAB deficit improvement in 2021 is mainly as a result of the increase in exports of goods and services and slight stability in the imports of the same. The country's exports of goods and services increases by 6.1 percent and 4.2 percent in 2021 and 2022 respectively, on the other hand, imports are anticipated to slow down by 1.7 percent in 2022.

The primary income account deficit is expected to improve by 20.3 percent and 12.9 percent in 2021 and 2022 respectively, showing its net effect in the improvement of the CAB during these years.

The secondary income account is showing a slowdown in 2021 and anticipated to slow down further in 2022 as a result of decrease in transfers to general government and Non-profit Institutions Serving Households (NPISHs). In 2022, Transfers to general government and NPISH are expected to slow down by 49.4 percent and 5.9 percent respectively. However remittances to households are expected to increase by 7.6 percent and 4.7 percent in 2021 and 2022 respectively.

2.4.2 Goods Balance in 2021 and 2022

In 2021, export of goods improved by 13.2 percent, to a value of US$914.8 million from US$843.5 million in 2020. The country registered an increase in traditional export products especially tobacco, tea, sugar and edible nuts. In 2022, exports are estimated at US$1,007.5 million representing a 14.5 percent growth, while in 2023 they are expected to continue growing by 5.0 percent to US$1020.7 million. This is mainly on account of the projected growth in exports of tobacco, tea, sugar and edible nuts.

Imports grew by 2.0 percent in 2021 to US$2497.7 million from US$2,448.7 in 2020. This was due to a marginal increase in values of all major imports, including petroleum products and fertiliser. In 2022, a rise in the import value of 4.0 percent is estimated mainly due to the rise in world oil and fertilizer prices which has been translated to the local market.

TABLE 2.5 EXPORT VALUES OF TRADITIONAL COMMODITIES (US$ MILLION)

	2020	2021	2022
Tobacco	367.1	424.7	507.3
Tea	73.7	76.9	79.0
Sugar	75.5	77.6	80.6
Cotton	2.0	3.0	3.1
Coffee	1.9	2.0	2.0
Pulses	2.7	5.6	5.9
Edible Nuts	67.1	69.4	70.8

Source: National Statistical Office and Ministry of Finance and Economic Affairs

2.4.3 Capital and Finacial Account Balance 2021-2022

The capital account improved by 22.8 percent to US$906.1 million in 2021; this is as a result of an increase in transfers to General Government and Non Profit Institutions Serving Households. The account is projected to record a slow-down in 2022 by 28.7 percent to US$646.1 million.

The financial account continues to record a surplus. However in 2021, the country's financial account surplus decreased to US$685.7 representing a slow-down of 6.3 percent compared to the previous year. The decrease in financial assets in 2021 is as a result of a sharp slow-down in currency and deposits of deposit taking corporations except the central bank as well as a sharp decrease in general government loans. In 2022 financial resource available to finance the CAB imbalance is expected to slow-down further as a result of a sharp draw down in the country's reserve assets. The country is expected to dissipate its reserves by US$334.7 million in 2022.

TABLE 2.6: BALANCE OF PAYMENTS 2020-2022 (USD MILLIONS)

	2020	2021	2022
Current Account	**(1,469.3)**	**(1,591.8)**	**(1,543.7)**
Credit	2,152.3	2,208.9	2,169.2
Debit	3,621.7	3,800.7	3,713.0
Goods and Services	**(1,934.9)**	**(2,021.0)**	**(1,901.9)**
Credit	1,342.6	1,423.9	1,483.1
Debit	3,277.5	3,444.9	3,385.0
Goods	**(1,791.0)**	**(1,900.8)**	**(1,772.1)**
Credit	900.9	960.9	1,027.3
Debit	2,692.0	2,861.6	2,799.4
Services	**(143.9)**	**(120.3)**	**(129.8)**
Credit	441.7	463.0	455.9
Debit	585.6	583.3	585.6
Primary Income	**(289.9)**	**(231.0)**	**(201.3)**
Credit	23.2	20.4	21.6
Debit	313.1	251.4	222.9
Secondary Income	**755.5**	**660.2**	**559.4**
Credit	786.5	764.6	664.5
Debit	31.0	104.3	105.0
Capital Account	**737.8**	**906.1**	**646.0**
Credit	738.1	906.4	646.4
Debit	0.3	0.3	0.3
Net lending (+) / Net Borrowing (-) (balance from financial account)	**(970.9)**	**(163.3)**	**(724.6)**
Direct investment	**(75.5)**	**(32.0)**	**(32.3)**
Net acquisition of financial assets	(30.3)	14.5	14.5
Net incurrence of liabilities	45.2	46.5	46.8
Portfolio Investment	**(383.5)**	**(317.5)**	**(291.3)**
Net incurrence of liabilities	383.5	317.5	291.3
Financial Derivatives	**(4.0)**	**21.5**	**20.8**
Net acquisition of financial assets	(4.0)	21.5	20.8
Other Investment	**(250.2)**	**(86.5)**	**(87.1)**
Net acquisition of financial assets	143.6	(3.4)	(3.4)
Net incurrence of liabilities	393.9	83.1	83.7
Reserve Assets	**(257.7)**	**251.2**	**(334.7)**

Source: National Statistical Office

2.5 Fiscal Performance

In 2021/22 fiscal year the Government changed the fiscal calendar from one starting in July to one starting in April. In order to facilitate the change, the 2021/22 fiscal year has run for a period of nine months starting in July 2021 and ending in March 2022. This implies that the Government will fully transition to the new April-March fiscal year in 2022/23.

Revenue performance improved in 2021/22 compared to the previous year on account of receding threat of Covid-19. The economy progressively reopened from Covid-19 partial lock-downs of 2020 hence revenue performance recovered considerably. Additionally, the easing threat of Covid-19 led to increasing reopening of international trade routes and air travel. All this improved revenue performance in 2021/22 fiscal year, though the performance is slightly below target. Going forward, fiscal outlook is positive in 2022 as gains against Covid-19 will be consolidated especially as vaccines for the disease are administered to a significant portion of the population

Fiscal policy will continue to focus on economic growth, job creation, and economic empowerment all aimed at improving the country's productivity and the well-being of the people. The Government will continue to focus on managing public debt to avoid any further accumulation. To this end, it will focus on improving the performance of revenue through the implementation of the Domestic Revenue Mobilization Strategy (DRMS) while at the same time managing expenditure.

Revenue in 2021/22, is estimated at 12.1 percent of GDP. The 2021/22 estimated revenue consists of taxes amounting to 10.2 percent of GDP, grants amounting to 1.4 percent of GDP, and other revenue equivalent to 0.6 percent of GDP. The budget therefore was mainly financed by domestic resources.

Expenditure outturn in 2021/22 is estimated at 20.1 percent of GDP compared to 25.3 percent recorded in 2020/21. Net borrowing (fiscal deficit) is estimated at 8.0 percent of GDP in 2021/22 down from 8.8 percent of GDP recorded in 2020/21.

2.6 Monetary Policy Developments

The Reserve Bank of Malawi (RBM) remains committed to the objective of maintaining price and financial stability, while supporting sustained economic growth. In order to achieve this objective, the RBM conducts its monetary policy guided by the medium outlook for both the domestic and external macroeconomic developments. In 2021, monetary policy aimed at maintaining inflation in single digits, anchoring inflation expectations, entrenching the economy's recovery from COVID-19 pandemic and providing room for sufficient credit to the private sector.

However, the opening up of global economies following the progress in the administration of coronavirus vaccines induced the rebound of international commodity prices including oil prices. This, coupled with effects of pass-through of exchange rate depreciation resulted in significant upward adjustments in domestic fuel pump prices, thus led to heightened non-food inflationary pressures. Consequently, the average headline inflation rate for the 11-months period through November 2021 stood at 9.0 percent, which was higher than 8.7 percent recorded in the similar period of 2020. The increase is attributed to non-food inflation as food inflation declined. Specifically, non-food inflation picked up during the period as a result of pass-through of exchange rate depreciation; global supply chain disruptions; recovery in global oil prices which saw domestic fuel pump prices being revised upwards in March and October 2021, and the increase in utility tariffs in November 2021. Resultantly, non-food inflation rate averaged 7.0 percent between January and October 2021, up from 4.7 percent in a similar period of 2020. On the other hand, food inflation rate averaged 11.1 percent during January-November 2021 compared to 13.3 percent for the similar period of 2020. This followed relatively low food prices on account of improved supply, as the increased uptake of farms inupts following the implementation of the Agriculture Input Programe (AIP) amid favourable weather conditions, resulted in a bumper food crop harvest during the 2020/21 agriculture season.

While managing inflationary risks remained paramount in the year, the RBM maintained the Policy rate at 12.0 percent; the Liquidity Reserve Requirement (LRR) ratio on domestic and foreign deposits at 3.8 percent; and the Lombard rate at 20 basis points above the Policy rate. This has been the case in order to facilitate economic recovery from the pandemic and the distribution as well as value chain disruptions. It was envisaged that there are no significant medium term expectations which would pose an immediate risk to the monetary policy objective. Nevertheless, the RBM will continue to monitor the developments and take necessary action against any threats to the inflation objective when circumstances dictate so.

2.6.1 COVID-19 Response Measures in the Financial System

In cognizant of the increased uncertainty on the duration of COVID-19 pandemic and its prolonged adverse effects on the economy, some of the policy response measures instituted by the financial system including the RBM in April 2020 were extended further in 2021. These measure continue to cushion the private sector from the impact of the pandemic. In particular, the Emergency Liquidity Assistance (ELA) facility by the RBM remained activated during the year. In addition, moratoriums on interest and principal repayments for loans as well as loan resturcturings for borrowers who were adversely affected by the pandemic were still in place. However, they were being applied on a case by case basis. These measures are subject to review end December 2021 depending on the evolution of the fourth wave of the pandemic.

2.6.2 Transactions with the International Monetary Fund

In 2021, the Malawi Authorities have continually engaged the International Monetary Fund (IMF) for a successor Extended Credit Facility (ECF) program. The previous program was cancelled in September 2020 with an aim of negotiating for a new program whose policies and the macroeconomic framework were to be aligned with the aspirations and the vision of the new administration. However, commencement of the new ECF program has delayed due to delayed concensus on the public debt sustainability path and some legacy issues on economic governance.

The aforementioned notwithstanding, technical discussions were concluded in October 2021. Meanwhile, the IMF Board already concluded the Article IV general obligations for macroeconomic surveillance on the country in December 2021. The Board underscored a fundamental economic adjustment for the country in order to entrench macroeconomic stability, restore public debt sustainability and support inclusive growth in line with the Malawi 2063 economic transfomation agenda. More subtly, commensurate fiscal consolidation, scaling up of domestic value addition and external adjustment are tenets for durable economic transformation for the country.

The above notwistanding, Malawi also benefitted from the third and fourth Tranche under the IMF's Catastrophe Containment and Relief Trust (CCRT) in 2021. The country benefitted from debt service relief on current obligations with the IMF falling due between April 2021 through April 2022. Thus, Malawi was granted debt service relief of SDR7.8 million (US$10.9 million) from the third tranche for the period April to October 2021 and SDR10.6 million (US$14.8 million) from the fourth tranche for the period October 2021 through April 2022. In addition, Malawi benefitted SDR133.0 million (US$188 million) SDR allocations from the IMF as part of the IMF's global economic recovery support made in August 2021. The SDR allocations formed part of budget support in the year.

Chapter 3

AGRICULTURE AND NATURAL RESOURCES

3.1 Overview

This chapter reviews performance of the Agriculture and Natural Resources Sector in 2021. The chapter is divided into three sections namely; agriculture, fisheries and forestry.

3.2 Agriculture Sector

This section reviews weather forecast, crop and livestock production, national food security, National Agriculture Investment Plan (NAIP) and Affordable Input Programme (AIP).

3.2.1 2020/21 Weather Forecast

The country experienced late onset of rainfall over southern and central areas and normal onset over northern half of the country. The cumulative mean rainfall received by the Agricultural Development Divisions (ADDs) by January, 2021 was 319.3 millimeters (mm) which is lower when compared to same time last season, 449.6 mm. Salima ADD (covering Salima and Nkhotakota districts) recorded the highest cumulative mean rainfall, 479.0 mm, while Shire Valley ADD (covering Chikwawa and Nsanje districts) recorded lowest rainfall amounts, 180.6 millimeters. Additionally, pockets of dry conditions were reported in some parts of Shire Valley ADD and Blantyre ADD. According to the Department of Climate Change and Meteorological Services (DCCMS) report, most areas continued receiving normal to above-normal rainfall amounts with pockets of dry conditions in southern and central areas from January to March 2021.

3.2.2 Crop Production

The results of third round of the 2020/21 Agriculture Production Estimates Survey (APES) indicate that maize production increased to 4,581,524 Metric tonnes (Mt), from 3,785,712 Mt reported in 2019/20 season, this represents 21 percent increase from the 2019/20 final round estimate (see Table 3.1). Production of rice increased from 142,591 Mt to 155, 433 Mt but it is still below the 220,000Mt/season targeted in the National Agriculture Investment Plan (NAIP). Improved production of the maize and rice is attributed to favorable weather conditions and improved uptake of inputs by farmers mainly from Government programs and Non-Governmental Organizations (NGOs) and the increased inputs uptake by farmers sponsored by the Affordable Inputs Programme (AIP).

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

Crop	2019/20 Third Round	2020/21 Third Round	Percentage Change
Maize	3,785,712	4,581,524	21
Rice	142,591	155,433	8.3
Wheat	665	302	(54.6)
Millet	45,848	42,289	(7.8)
Sorghum	128,731	118,351	(8.1)
Groundnuts	425,885	402,993	(5.4)
Cotton	53,349	21,075	(60.5)
Sunflower	21,004	21,356	1.7
Pulses	956,143	1,001,739	4.8
Beans	219, 305	227,795	3.9
Pigeon Peas	403,928	421,402	4.3
Soya Beans	264,497	264,372	(0.04)
Cow Peas	52,488	52,808	0.6

Source: Ministry of Agriculture

3.2.2.1 Maize Production

All the ADDs, except Shire Valley registered an increase in maize production in 2020/21 growing season as compared to 2019/20 season. Salima ADD registered the highest increase in maize production at 30.9 percent, while Shire Valley registered a decline of 5.9 percent. Table 3.2 summarizes maize production by their respective ADDs.

TABLE 3.2: 2020/21 MAIZE PRODUCTION BY ADD IN METRIC TONNES

ADD	2019/20 Third Round	2020/21 Third Round	Percentage Change
Karonga ADD	196,057	239,851	22.3
Mzuzu ADD	330,638	434,543	23.9
Kasungu ADD	973,914	1,242,221	27.6
Lilongwe ADD	811,486	964,852	18.9
Salima ADD	161,097	210,857	30.9
Machinga ADD	408,087	488,609	19.7
Blantyre ADD	763,037	867,491	13.7
Shire Valley ADD	141,396	133,100	(5.9)
National	**3,785,712**	**4,581,524**	**21.0**

Source: Ministry of Agriculture

3.2.2.2 Tobacco Production

2020/21 production estimates show that all the tobacco varieties registered a decrease in production as compared to 2020 actual sales. Production of Burley and Flue Cured Virginia (FCV) have decreased by 16.1 percent and 49 percent respectively. According to the estimates from the Tobacco Commission (TC), Malawi was expected to produce around 122 million Mt of tobacco in the 2020/21 season against an estimated buyer demand of 132 million Mt. Estimates for 2020/21 production are 15 percent below last year and 25 percent below the five -year average. Lower production in the 2020/21 according to some reports is attributed to the fact that some farmers were unable to grow tobacco this season due to the insufficient income realized from production in the previous season. These farmers likely grew alternative crops (e.g., maize, soya beans), but these crops do not earn as much income when compared to tobacco.

TABLE 3.3: NATIONAL TOBACCO PRODUCTION ESTIMATES IN KILOGRAMS

Type	2019/20 Third Round	2020/21 Second Round	Percentage Change
Burley	128,207,508	103,245,201	(19.5)
FCV	22,429,021	18,145,788	(19.1)
NDDF	3,146,577	2,295,652	(27.0)
SDF	687,237	601,530	(12.5)
Total	**154,470,343**	**124,288,171**	**(19.5)**

Source: Tobacco Commission

TABLE 3.4: 2020/21 TOBACCO PRODUCTION ESTIMATES BY REGION IN KILOGRAMS

Type	North	Centre	South	Total/National
Burley	22,744,116	74,845,948	5,655,137	103,245,201
FCV	3,355,219	10,913,402	3,877,167	18,145,788
NDDF	1,470,401	825,251	-	2,295,652
SDF	-	-	601,530	601,530
Total/ National	**27,569,736**	**86,584,601**	**10,133,834**	**124,288,171**

Source: Tobacco Commission

3.2.2.3 National Horticultural Crops Production

The 2020/21 production of sweet potatoes, potatoes and cassava increased by 24.5 percent, 61.1 percent and 2.6 percent respectively due to availability of planting materials and favorable weather. Furthermore, production of bananas, pineapples, tangerines and lemons increased by 16.8 percent, 9.3 percent, 19.3 percent and 13.3 percent respectively in the 2020/21 compared to the 2019/20 APES third round figures. However, production of mangoes and onions decreased by 5.5 percent, and 4.6 percent partly due to price disincentives. Table 3.5 provides more details on horticulture production.

TABLE 3.5: 2020/21 NATIONAL HORTICULTURAL CROPS PRODUCTION ESTIMATES IN METRIC TONNES

Crop	2019/20 Third Round	2020/21 Third Round	Percentage Change
Cassava	5,946,312	6,101,396	2.6
S/Potato	5,982,699	7,448,247	24.5
Potato	881,136	1,419,527	61.1
Pineapples	391,181	369,796	9.3
Mangoes	1,156,371	1,395,925	(5.5)
Oranges	84,714	91,834	8.4
Avocado Pears	113,982	104,197	(8.5)
Tomatoes	736,624	706,448	(4)
Banana	740,344	864,849	16.8
Cabbage	229,814	231,989	(0.1)
Onions	274,814	264,147	(4.6)
Tangerines	213,810	256,373	19.9
Lemons	17,231	19,522	13.3

Source: Ministry of Agriculture

3.2.3 Livestock Production

According to the APES third round figures of the 2019/20 and 2020/21, data for all livestock species in the country, population of cattle has increased from 1,893,971 to 1,959,101 representing 3.4 percent increase. The population of pigs, goats, sheep, rabbits and chickens has also increased by 11 percent, 10.7 percent, 6.3 percent, 11.7 percent and 28.5 percent respectively. The rise in livestock production is attributed to increase in births as a result of improved management practices which include good housing, feeding and breeding, and disease control. Furthermore, there is an increase in number of households keeping livestock due to government and stakeholder injections and pass-on programmes.

TABLE 3.6: LIVESTOCK CENSUS

Species	2019/20 Third Round (Actual)	2020/21 Third Round	Percentage Change
Cattle	1,893,971	1,959,101	3.4
Goats	10,028,678	11,104,382	10.7
Sheep	351,458	373,715	6.3
Pigs	8,383,086	9,312,073	11
Chickens	176,810,939	227,140,227	28.5
Guinea Fowls	2,500,377	2,785,288	11.4
Doves/Pigeons	10,010,315	10,494,914	4.8
Ducks	3,327,056	3,719,461	11.8
Rabbits	3,096,033	3,458,230	11.7
Guinea Pigs	652,688	729,107	11.7

Source: Ministry of Agriculture

3.2.4 National Food Security

The percentage of households that did not have food from own production varied across all the Agriculture Development Divisions (ADDs) in last half of December, 2020. However, the general observation is that the food situation has improved across the country this production season compared to last year. Although with a slight improvement, five of the eight ADDs still reported to be worse off in terms of food situation. Karonga ADD, Mzuzu ADD and Kasungu ADD have reported a single digit percentage of families without food which are 4.1, 5.2 and 9.2 percent respectively. Overall, 17.6 percent of the 4,032,400 farming households were reported to have no food from own production as of December, 2020 compared to 21 percent in December, 2019. To cope with the situation, households without food from own production engaged in various income generating activities such as receiving relief items, food for work/cash, selling quarry, firewood and charcoal, remittances and bicycle hire. Consequently, most food commodities, such as maize, rice, cassava and potatoes are readily available in the local markets. Table 3.7 provides more details on the food situation.

Average prices for main staples such as maize have been lower in the 2021/22 consumption year compared to the 2020/21. By June, 2021 maize prices averaged MK121 per kilogram compared to MK166 per kilogram in June 2020. The depressed staple prices are due to increased production of maize registered in the 2019/20 production year. On the other hand, cash crop prices increased fetching higher prices compared to same period in the 2020 and over and above the government set minimum farm gate prices. For instance, Soy bean averaged MK600 per kilogram in August, 2021 above the set farm gate price of MK320 per kilogram and MK280 per kilogram registered in August 2020. Groundnuts prices averaged MK750 per kilogram in June, 2021 up from MK630/Kg in 2020. Rice prices also increased from around MK630 in June 2020 to MK634 in June 2021.

The increase in Soya bean prices is buoyed by the reduction in production from major consuming countries.

TABLE 3.7: NATIONAL FOOD SITUATION AS AT 30TH MARCH 2021

	2019/2020 SEASON			2020/2021 SEASON		
ADD	**Total Farm Families**	**Farm families without food**	**Percentage of Farm families without food**	**Total Farm Families**	**Farm families without food**	**Percentage of Farm families without food**
Karonga	120,107	6,415	5.3	130,255	5,393	4.1
Mzuzu	317,623	23,131	7.3	317,105	16,389	5.2
Kasungu	667,226	87,690	13.1	566,154	52,185	9.2
Lilongwe	807,548	254,378	31.5	807,548	185,940	23
Salima	231,893	27,784	12	214,113	24,513	11
Machinga	829,986	238,574	28.7	821,375	194,912	24
Blantyre	846,688	180,563	21.3	812,067	143,308	17
Shire Valley	211,316	62,668	29.7	213,057	58,708	276
National	**4,032,400**	**881,203**	**22**	**3,881,674**	**681,348**	**17.6**

Source: Ministry of Agriculture

3.2.5 National Agriculture Investment Plan (NAIP)

In this period under review, National Agriculture Investment Plan (NAIP) still remains the main implementation vehicle for the National Agriculture Policy (NAP). The sector continued its programming guided by the National Agriculture Investment Plan which is a prioritized and harmonized investment framework for the sector and it is aligned to the national medium and long term development frameworks as well as both regional and global development policies. It forms a reference sectoral policy document for harmonized investment. Furthermore, the development of programmes was vetted within the consultation structures provided in the sector to make sure that they are addressing priority areas of the sector as defined in the NAIP. The agriculture sector aligns its programming and budgeting to the NAIP results framework.

The agriculture sector continues to implement its programs and projects within the NAIP framework and among them are: Agriculture Sector Wide Support Project (ASWAp-SP II): the Agriculture Infrastructure and Youth in Agribusiness Project (AIYAP); the Sustainable Agriculture Production Programme (SAPP); and the Agricultural Commercialization (AGCOM) in collaboration with the Industry and Trade sector. During the period under review, a number of activities to create an enabling policy environment were implemented.

3.2.6 Affordable Inputs Programme (AIP)

Affordable Inputs Programme (AIP) was launched in 2020 as a successor of Farm Inputs Subsidy Programme (FISP). Unlike FISP, AIP targeted all farmers in all the districts across the country.

In the 2020/21 season, AIP targeted four million two hundred and seventy-nine thousand and one hundred (4,279,100) farming households. This list of farmers was subject to the Nation Registration Bureau (NRB) for validation. Consequently, the figure dropped to three million seven hundred and eighty-eight thousand one hundred and five (3,788,105) due to the reasons that some were duplicated, some could not be traced and some have died. Currently, AIP is in its second year of implementation.

Out of the three million and seven hundred eighty-eight thousand one hundred and five (3,788,105) validated beneficiaries 3,455,437 redeemed their inputs representing 91 percent achievement of AIP. In the current 2021/22 AIP season, there are 3,714,105 farmers who are benefitting in crop production. 30,000 farmers from the districts of Chikwawa and Nsanje will benefit in animal production, i.e., each beneficiary will receive two female goats.

The drop of the initial target also led to change of target of fertilizers and seed from 427,910 metric tonnes to 378,810 metric tonnes and from 21,396 metric tonnes to 19,145 metric tonnes respectively. In monetary terms the budget requirement for the programme also reduced from MK160.2 billion as presented earlier to MK140.2 billion due to reduction in targeted fertilizer and seed. The programme managed to sell 345,543.7 metric tonnes of fertilizer (which is 172,753 MT of NPK and 172,790.7 MT of Urea) against the target of 378,810 MT which is a 91 percent. Seed uptake however is lower than fertilizer where 13,497.51MT against 19,145 MT has been sold out representing 68 percent. In the 2021/22 AIP season, a total of MK141.9 billion has been allocated to be used in the programme and the total tonnage per each fertiliser allocation are (185,705MT NPK and 185,705MT UREA). Each bag of fertiliser is costing a farmer MK7,500 and each farmer is entitled to two bags of fertiliser (NPK and UREA). Due to increase price of fertiliser on the international market there are few suppliers on the market and this is affecting redemption of the inputs, hence the programme is progressing slowly in the current year.

There is also total seed tonnage allocation of 18,571 for maize, sorghum and rice in the current season. Seed uptake is also slow due to the amount of top up money which each farmer is supposed to contribute in the 2021/22 season compared to the 2020/21 where there was a constant amount per each 5kg seed pack redeemed.

The 2020/21 AIP was a success among others due to the following approaches;

i. Use of the electronic system as platform of inputs provision to programme beneficiaries
ii. Suppliers allocated EPAs to retail their inputs
iii. Multi-sector approach of implementation
iv. Empowerment of local development structures
v. Reduced contribution to the programme by each farmer from MK9, 000 to MK4, 495

There were however some challenges encountered during the 2020/21 implementation and the following were the major challenges faced;

i. Stock-outs
ii. Poor network connection that delayed the process of redemption
iii. Missing of names
iv. Selling of IDs
v. Mismatching of IDs in the system and the IDs that beneficiaries brought

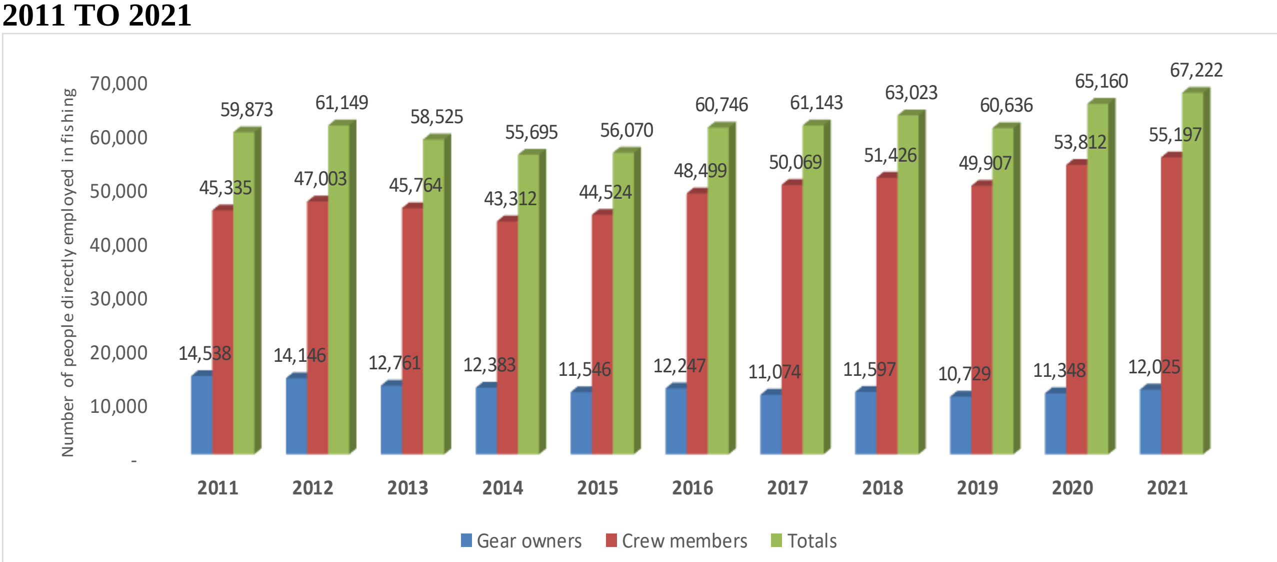
3.3 The Fisheries Sector

3.3.1 The Socio-Economic Role of the Fisheries Sector

3.3.1.1 Employment

The Fisheries sector is composed of capture fisheries, aquaculture and aquarium trade sub-sectors. The sector continues to be a major source of employment. Figure 3.1 shows that in 2021 there was an increase of 3.2 percent in the number of fishers employed from 65,160 in 2020 to 67,222 in 2021.

FIGURE 3.1: NUMBER OF FISHERS EMPLOYED IN THE FISHING INDUSTRY FROM 2011 TO 2021



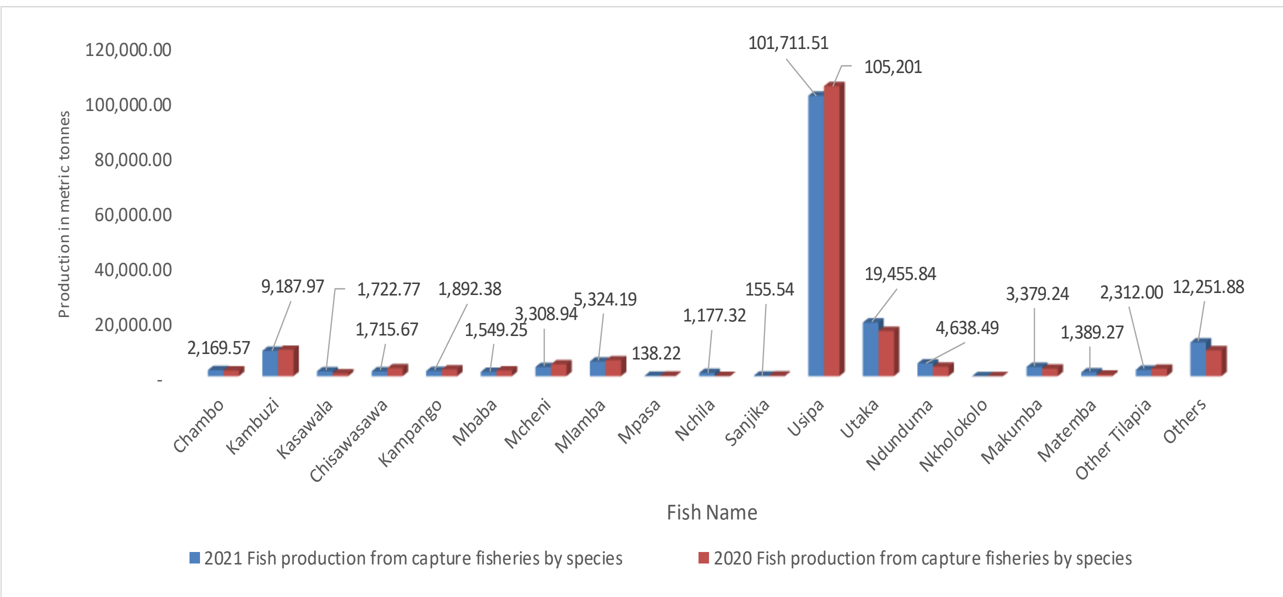
Source: Department of Fisheries

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

3.3.1.2 Food and Nutrition Security

The Fisheries Sector plays an important role in food and nutrition security. With a production of 173,480 metric tonnes, fish continues to be the main source of animal protein in the country. It contributes over 70 percent of the dietary animal protein intake of Malawians and 40 percent of the total protein supply. Figure 3.2 shows fish production of different species in 2021. It shows that usipa comprises the majority of fish protein in the Malawian diet. However, there has been an increase in total fish landing by 1.5 percent when compared with 2020 fish landing of 170,844 metric tonnes.

FIGURE 3.2: FISH PRODUCTION BY SPECIES FOR 2021 COMPARED WITH 2020



Source: Department of Fisheries

3.3.1.3 Source of income

In 2021, fish landings had a beach or landed value of MK187.3 billion (US$227.0 million), with a volume of 173,480 metric tonnes. This is an increase of fish landing volume by 1.5 percent compared to 2020. In 2020, fish landings were worth MK183.8 billion (US$229.8 million), representing a volume of 170,844 metric tonnes.

The national average beach price was MK1,079.55 per kilogram of fish, which is a slight increase from MK1,076.07 per kilogram in 2020. In general fish prices in 2021 have slightly increased, especially for Usipa, Mcheni, Kambuzi, Matemba, Mlamba, Ndunduma, Mpasa and Sanjika.

These are key species that are largely afforded by the rural communities interms of market prices. The rise in beach prices was caused by the increased demand of fish locally and the rising costs of operation. However, at MK1, 904/kg, chambo continues to fetch the highest average beach price.

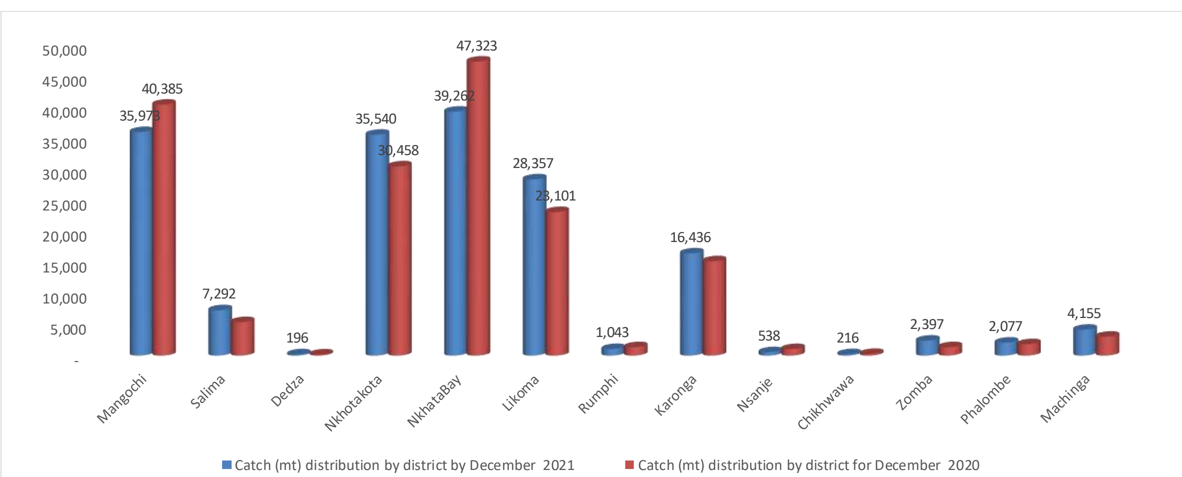
3.3.1.3.2 Average Beach Prices by District

There was a general upward trend of average beach prices for Phalombe, Machinga, Zomba, Karonga and Rumphi in 2021 compared with 2020. Thus, average beach prices for all fish species were reported to be the highest in Phalombe (MK1, 861/kg), whilst the lowest average beach prices were registered in Zomba (MK700/kg).

3.3.1.3.3 Fish Landings by District

Figure 3.3 illustrates fish catch contribution by district in 2021 compared with 2020. The statistics show that NkhataBay District contributed the highest catch of 39,262 metric tonnes in 2021, representing 23 percent of the total followed by Mangochi (35,973) and Nkhotakota (35,540) metric tonnes representing 21 percent respectively, Likoma 28,357 metric tonnes at 16 percent, Karonga 16,436 metric tonnes at 10 percent and Salima 7,292 metric tonnes at 4 percent. However, it should be noted that there has been significant increase in total fish landing in 2021 for Nkhotakota and Likoma districts implying that more fishers are now migrating to these two districts to tap the deep water fish resources that have remained untapped for years. This has affected the overall fish landing for the year 2021 that is currently at 173,480 metric tonnes from 170,844 metric tonnes. There is also steady rebuilding of the Lake Chilwa fish stocks as evidenced by increased cumulative fish landing from 6,204 metric tonnes in 2020 to 6,734 metric tonnes in 2021.

FIGURE 3.3: FISH CATCH CONTRIBUTION BY DISTRICT FOR 2021 COMPARED WITH 2020



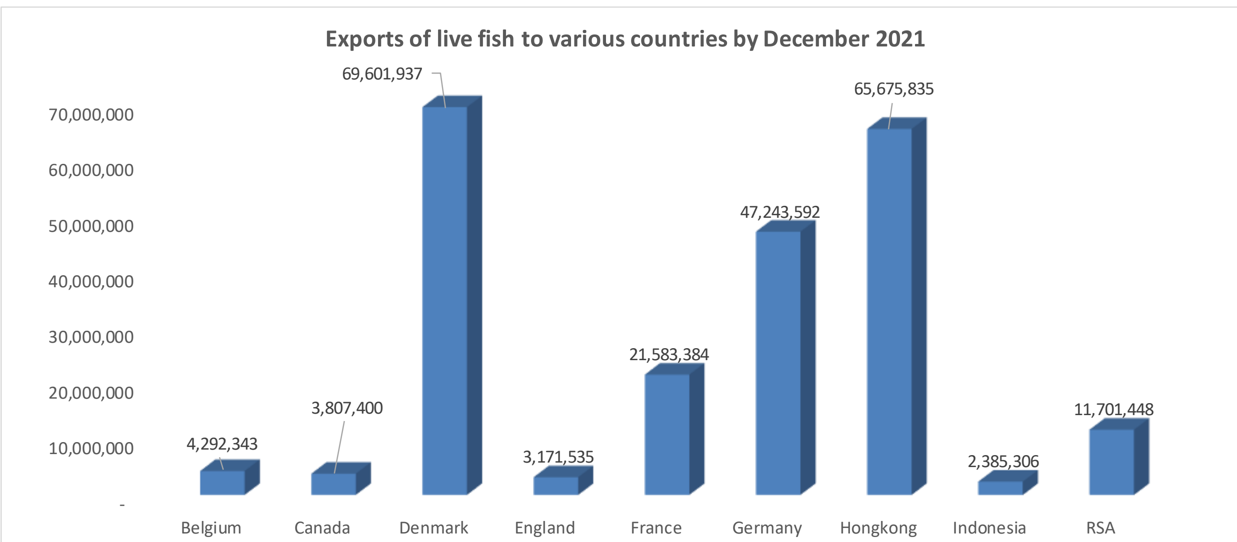
Source: Department of Fisheries

3.3.1.4 Foreign Exchange Earnings from Ornamental Fish Exports

Lake Malawi has over 800 endemic fish species, which are of both local and international scholarly importance and also act as a source of tourism attraction. Some fish species, such as Mbuna, are exported outside the country and this brings in foreign exchange. Cumulatively, from January to December 2021, a total of 32,726 live fish was exported, generating MK229.5 million. This is an increase when compared with the 2010 figure of 23,985 live fish, which generated a total income of MK141.3 million. This is attributed to the increased level of exports due to reduced incidences of COVID-19 that have promoted exports to outside the country.

As shown in Figure 3.4, Denmark was the major importer of Malawi's ornamental fish (MK69,601,937.00) followed by Hong Kong (MK65,675,835.00), Germany (MK47,243,592.00) and France (MK21,583,384.00). There were no exports to China, Sweden and Thailand.

FIGURE 3.4: EXPORT VALUE OF LIVE ORNAMENTAL FISH IN 2021 TO VARIOUS COUNTRIES



Source: Department of Fisheries

In terms of monthly export trends, it was observed that more exports were made during the months of April, May, June, September and December. There were reduced exports in July and August 2021 due to the onset of winter season.

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 170,844 metric tonnes in 2020 to 173,480 metric tonnes in 2021 representing 1.5 percent increase.

In 2021, Lake Malawi alone registered a total landing of 158,336 metric tonnes, when artisanal and commercial production figures are added (156,681 and 1,655 metric tonnes respectively).

The cumulative catch by December 2021 showed that over 93.9 percent of the total catch originated from Lake Malawi when artisanal and commercial production figures are added, whilst the other water bodies of Lake Malombe, Lake Chilwa, Lake Chiuta and Shire River system contributed minimal figures of 2.3 percent, 1.8 percent, 0.9 percent and 1.1 percent respectively to the total catch implying that Lake Malawi continues to be the major source of fish for the country.

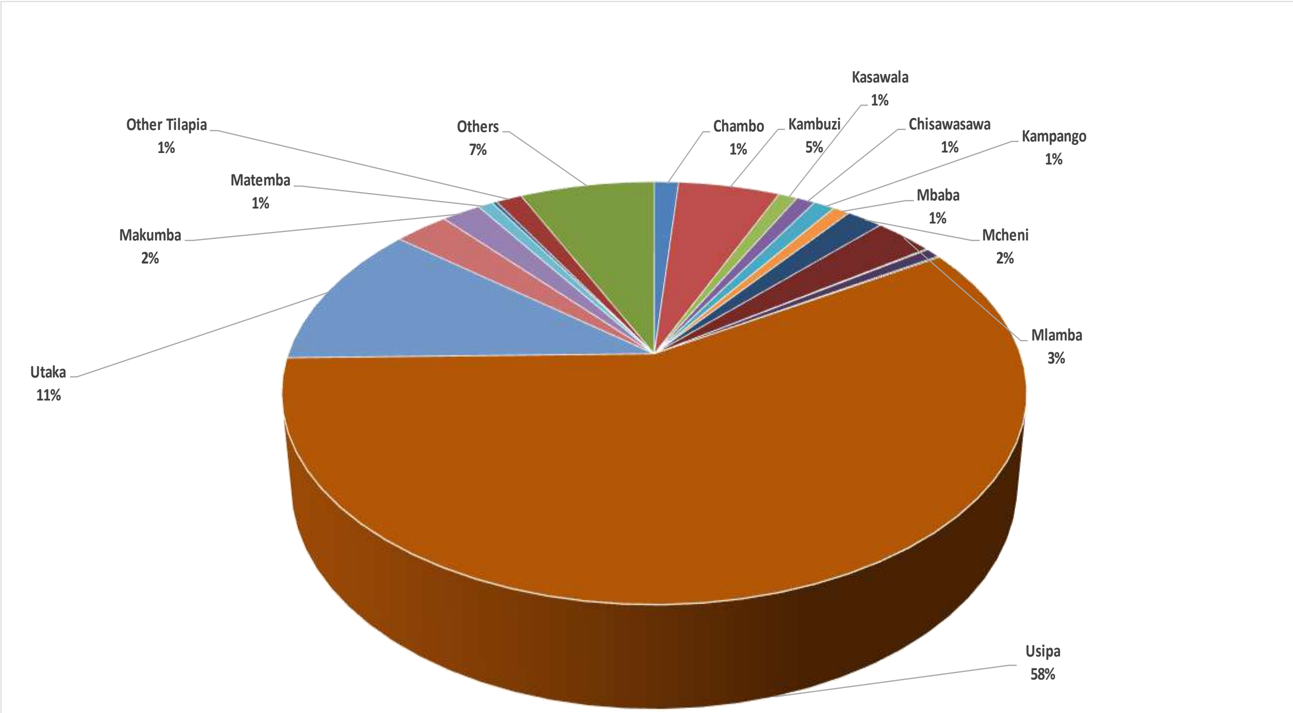
TABLE 3.8: FISH CATCH BY WATER BODY FOR 2010 – 2021

Year	L Malawi-Artisanal tons	L Malawi Commercial-tons	L Malombe -tons	L Chilwa —tons	L Chiuta-tons	Upper,Lower &Middle Shire-tons	TOTAL tons	Landed value (MK'000)	Beach price (MK/kg)
2010	80,623	3,470	3,336	8,019	2,549	1,197	95,724	19,900,000	210.00
2011	56,923	1,296	4,109	16,960	2,627	451	82,366	18,944,180	230.00
2012	106,769	2,367	1,608	7,993	1,322	269	120,328	35,903,597	298.38
2013	102,079	1,867	1,847	2,982	290	823	109,889	52,422,568	477.05
2014	105,284	2,455	4,170	2,889	293	1,037	116,128	74,332,669	640.09
2015	127,438	2,672	5,904	5,660	1,150	1,491	144,315	108,703,888	753.24
2016	143,556	4,416	4,053	2,834	1,298	1,111	157,268	129,738,212	824.95
2017	185,096	3,249	4,663	3,270	1,498	1,679	199,454	173,036,178	867.55
2018	205,814	2,818	6,985	1,835	1,703	2,694	221,849	196,691,396	928.96
2019	143,325	2,110	3,532	2,818	1,447	1,691	154,923	169,556,716	1,094.46
2020	154,212	2,154	6,197	5,353	851	2,076	170,844	183,839,582	1,076.07
2021	156,681.2	1,655.7	5,288.9	6,734.8	1,584.9	1,535	173,480	187,280,388	1,079.55

Source: Department of Fisheries

In terms of catch composition, Usipa was the dominant fish species that contributed the largest share at 58 percent of the total catch. This was followed by Utaka, Kambuzi, Mlamba and Mcheni which accounted for 11 percent, 5 percent, 3 percent and 2 percent respectively, Figure 3.5.

FIGURE 3.5: CATCH COMPOSITION IN 2021



Source: Department of Fisheries

3.3.2.2 Annual Fish Production and Landed Value

The total annual fish production has been fluctuating with an increasing trend over the years as seen from Table 3.8 which shows that in 2010 the fish catch was as low as 95,724 metric tonnes to the current 173,480 metric tonnes in 2021 representing 181.2 percent increase. It is however, anticipated that fish production will increase from the current 173,480 metric tonnes to 178,684 metric tonnes and 182,258 metric tonnes in year 2022 and 2023 respectively as illustrated in Table 3.9. This would translate to increased projected accrued monetary value of MK194.8 billion and MK200.5 billion respectively.

TABLE 3.9: FISH CATCH AND VALUE FROM 2021 TO 2023 FOR MAJOR SPECIES

Sale of Fish Species		2021 Provisional		2022 Estimate		2023 Projection	
Local Name	**Scientific Name**	**Quantity(tonnes)**	**Value(K'millio)**	**Quantity(tonnes)**	**Value(K'million)**	**Quantity(tonnes)**	**Value(K'million)**
Chambo	Oreochromis spp.	2,170	2,342,159,294	2,235	2,435,776,239	2,279	2,507,285,266
Kambuzi	Lthrinops spp. & A	9,188	9,918,873,014	9,464	10,315,333,919	9,653	10,618,169,410
Kasawala	Juvenile oreochrom	1,723	1,859,816,354	1,774	1,934,153,879	1,810	1,990,936,378
Chisawasawa	Lethrinops spp. & A	1,716	1,852,151,549	1,767	1,926,182,709	1,802	1,982,731,192
Kampango	Bagrus meridionalis	1,892	2,042,918,829	1,949	2,124,575,026	1,988	2,186,947,871
Mbaba	Bucco chromis spp	1,549	1,672,492,838	1,596	1,739,342,975	1,628	1,790,406,255
Mcheni	Rham phochromis sp	3,309	3,572,166,177	3,408	37,14,946,938	3,476	3,824,009,600
Mlamba	Bathyclarias & clarias spp	5,324	5,747,729,315	5,484	5,977,468,113	5,594	6,152,953,415
MPasa	Opsaridium microlepis	138	149,215,401	142	155,179,594	145	159,735,325
Nchila	Labeo mesops	1,177	1,270,975,806	1,213	1,321,777,164	1,237	1,360,581,631
Sanjika	Labeo cylindricus	156	167,913,207	160	174,624,758	163	179751356
Usipa	Engraulicypr is sardella	101,712	109,802,660,621	104,763	114,191,512,277	106,858	117,543,923,647
Utaka	Copadichro mis virginalis & relatives	19,456	21,003,552,072	20,040	21,843,071,568	20,440	22,484,336,054
Ndunduma	Diplo taxodon spp	4,638	5,007,481,880	4,778	5,207,632,723	4,873	5,360,517,353
Makumba	Oreochromis shiran	3,379	364,8058,542	3,481	3,793,872,748	3,550	3,905,252,498
Matemba	Barbus paludinosus	1,389	1,499,786,429	1,431	1,559,733,429	1,460	1,605,523,768

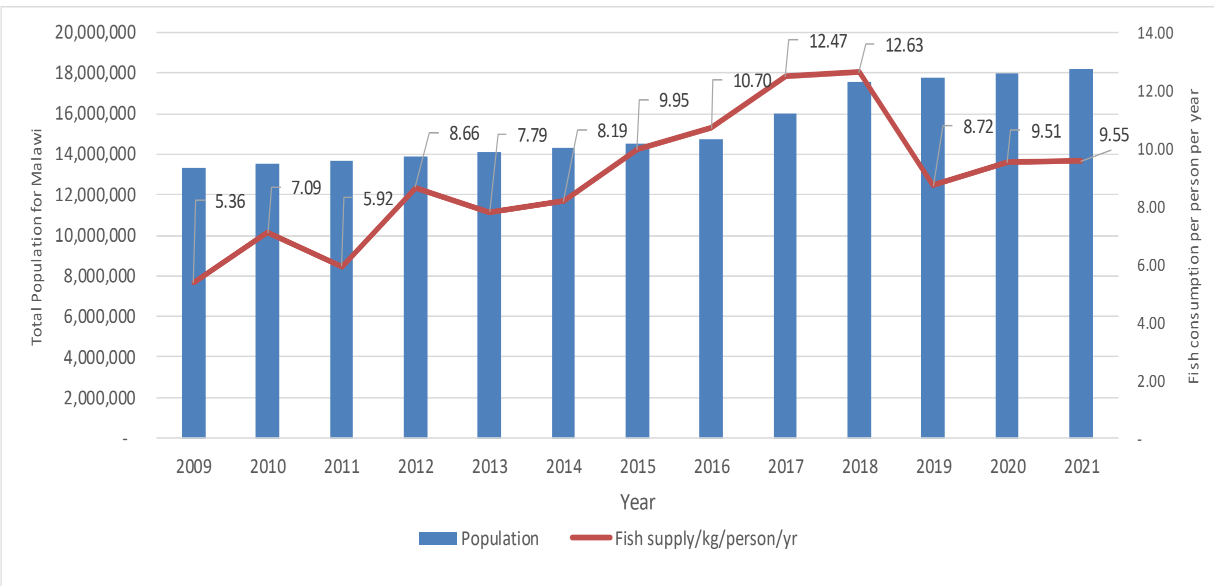
Other Tilapia	Tilapia rendalli & ot	2,312	2,495,919,600	2,381	2,595,682,400	2,429	2,671,885,920
Others	Various spp	12,252	13,226,517,054	12,619	13,755,185,676	12,872	14,159,007,641
TOTALS		**173,480**	**187,280,387,978**	**178,684**	**194,766,052,135**	**182,258**	**200,483,954,583**

Source: Department of Fisheries

3.3.3 Fish Supply Per Capita

There has been a continued increase in the per capita fish consumption, reaching 12.6kg/person/year in 2018, from 5.4kg/person/year in 2009, as shown in Figure 3.6 and Table 3.10 below. However, with the decline in fish production for 2019, there was a drop to 8.7kg/person/year. It is further noted that the per capita fish consumption has in years 2020 and 2021 increased from 8.7kg/person/year to 9.6kg/person/year which is still below the recommended 13-15 kg of the World Health Organisation (WHO).

FIGURE 3.6: TRENDS IN PER CAPITA FISH SUPPLY FROM 2009 TO 2021



Source: Department of Fisheries

TABLE 3.10: PER CAPITA FISH SUPPLY (2009 TO 2021) WITH ESTIMATED POPULATION GROWTH

	Population	Total Catch (kg)	Fish Supply /kg/person/yr
2009	13,300,000	71,289,000	5.4
2010	13,500,000	95,724,000	7.1
2011	13,700,000	81,070,000	5.9
2012	13,900,000	120,238,000	8.7
2013	14,100,000	109,889,000	7.8
2014	14,300,000	117,094,878	8.2
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

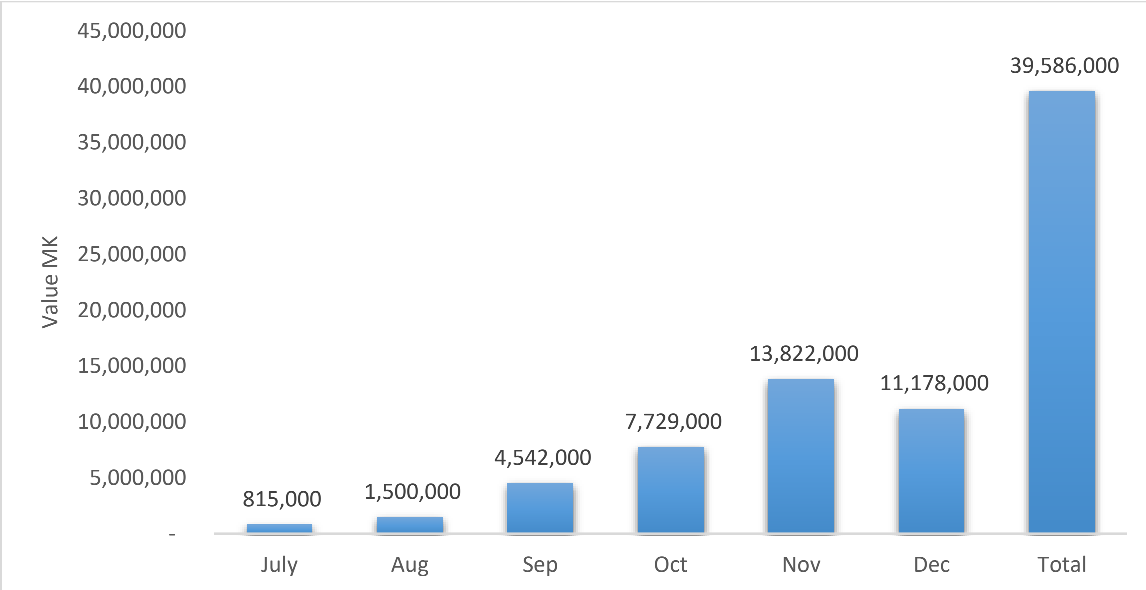
Source: Department of Fisheries

3.3.4 Fish Resource Monitoring and Licensing

To increase fisheries and aquaculture investments, the sector continued to promote fishing related activities through Public Private Partnerships (PPPs). In this regard, a total of 14 large scale commercial fishing units have been licensed to tap the offshore deep water fish resources generating MK13,640,000.00. In addition, 668 small scale fishing licenses and 40 sanitary certificates have been issued generating MK25,946,000.00.

Hence the total revenue generated from the licensing exercise of both commercial and small scale fishers is currently at MK39,586,000.00 representing 76 percent of the annual revenue target of MK52, 000,000.00 set by Treasury. Figure 3.7 shows the monthly revenue collections from July 2021 to December, 2021. Overall there has been increased collections during the months of November and December 2021 due to the closed season that enabled the licensing team to access the fishing economic units at their designated landing sites.

FIGURE 3.7: MONTHLY REVENUE COLLECTIONS FROM LICENSING OF FISHING ECONOMIC UNITS FROM JULY 2021 TO DECEMBER 2021



Source: Department of Fisheries

As can be seen in Table 3.11, there has been continued increase in the collection of revenue from 2011/12 fiscal year to the current fiscal year of 2021/22. The increase is explained partly by the continued revision of the licence fees and enhanced awareness by the district offices of the importance of collecting more revenue from the fisheries related entrepreneurs along the value chain.

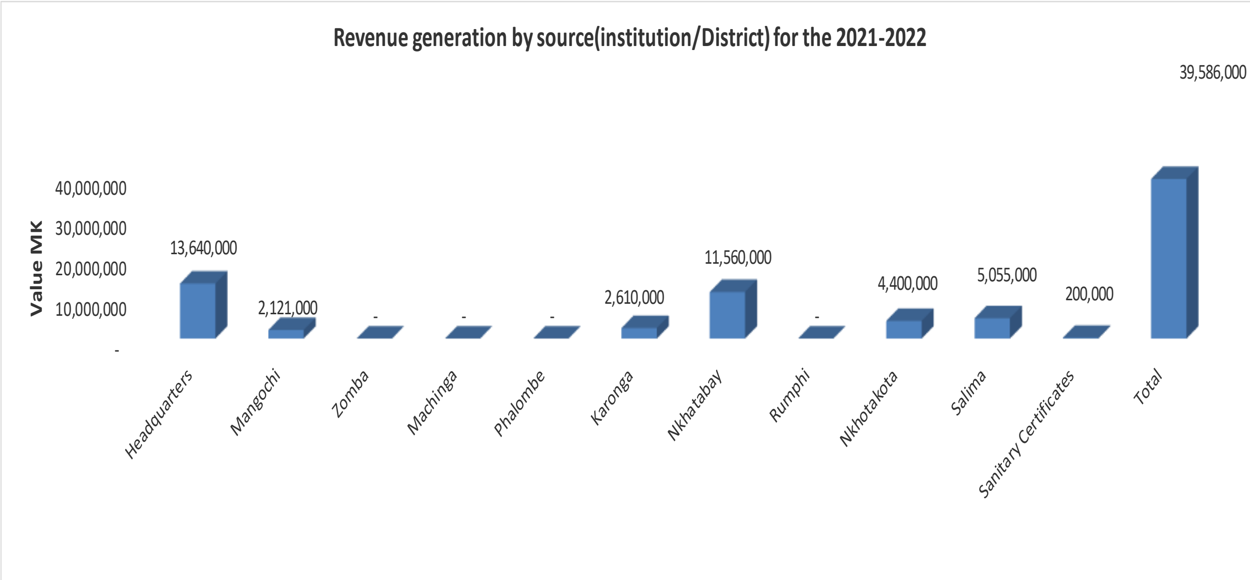
TABLE 3.11: TRENDS IN REVENUE COLLECTION FROM LICENSING OF FISHING ECONOMIC UNITS

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

Source: Department of Fisheries

In terms of performance of all the districts involved in revenue collection, it is noted that NkhataBay District had the highest collections of MK11.6 million followed by Salima (MK5.1 million) and Nkhotakota (MK4.4 million) respectively, Figure 3.8.

FIGURE 3.8: REVENUE COLLECTIONS FROM LICENSING OF FISHING ECONOMIC UNITS FOR LAKESHORE DISTRICTS AND HEADQUARTERS



Source: Department of Fisheries

3.3.5 Performance of Aquaculture Sector

The aquaculture sub-sector continues to show that in total there are approximately 15,465 fish farmers where 61.5 percent are males and 38.5 percent are females with a total recorded number of ponds currently at 10,000 countrywide with a total pond area of 251.6 hectares.

In terms of fingerling production, a total of 7,173,294 fingerlings were produced during the year as shown in Table 3.12. The production came from four hatcheries: National Aquaculture Centre (NAC), Mzuzu Fish Farming Station, Kasinthula and MALDECO Aquaculture Limited. When compared with the production of 2020, there was a decrease in fingerling production by 34 percent. This could be explained by the reduced level of investment by private hatchery operators as well as the impact of COVID-19.

TABLE 3.12: TRENDS IN FINGERLING PRODUCTION FROM PUBLIC AND PRIVATE HATCHERIES

Year	Number of Fingerlings Produced by Public Hatcheries(NAC,Mzuzu)	Number of Fingerlings Produced by Public Hatcheries(Maldeco)	Total Number of Fingerlings(Public + Private)
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	10,358,000	12,765,050
2019	5,464,290	9,166,380	14,630,670
2020	2,049,670	9,870,000	10,919,670
2021	2,364,958	4,808,336	7,173,294

Source: Department of Fisheries

In terms of aquaculture fish production, a total of 9,324 metric tonnes of fish was harvested from ponds and cages in 2021 compared to 9,393 metric tonnes harvested in 2020 as illustrated in Table 3.13.

TABLE 3.13: ESTIMATED PRODUCTION LEVELS (TONNES) AND VALUE (US$) OF THE MAJOR CULTURED FISH SPECIES (2010 – 2021)

Species	Estimated UNITS	Years											
-	-	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Oreochromis Shiranus/ Mossambicus	Production(t)	850	1,420	2,186	2,578	3,300	3,422	7,080	8,624	6,460	6,553	6,669	6,620
	Value(US$)	869,550	869,550	121,9780	2,704,783	3,462,123	3,849,012	18,893,010	23,498,202	17,602,977	17,856,771	21,130,419	24,072,227.3
Tilapia Rendalli	Production(t)	630	862	633	641	820	851	142	2,593	1,878	1,871	2,261	2,732
	Value(US$)	113,647	740,458	543,747	813,460	1,041,229	957,027	37,7860	6,919,542	501,0785	4,994,036	7,164,863	9,935,436.8
Clarias Gariepinus	Production(t)	42	175	262	333	426	508	212	900	676	782	440	440
	Value(US$)	42,000	150,325	225,058	339,786	434,926	571,915	566,790	2,452,316	1,842,172	2,131,499	139,4170	1,600,000
Cyprinus Carpio	Production(t)	30	76	67	71	91	94	118	44	0	11	11	11
	Value(US$)	42,000	65,284	57,553	88,884	113,772	106,005	314,884	119,891	-	30,180	35,134	40,365.9
Oncorhynchus mykiss	Production(t)	48	98	84	82	105	109	94	56	0	12	12	12
	Value(US$)	307,200	56,078	72,156	103,511	132,494	122,428	251,907	152,589	-	32,695	38,070	43,747.2
Total Major Species(t)		1,600	2,631	3,232	3,705	4,742	4,984	7,646	12,217	9,014	9,230	9,393	9,324
Total Value(US$)		**1,374,397**	**22,260,029**	**2,776,288**	**40,050,425**	**5,184,543**	**5,606,387**	**204,044,51**	**33,142,539**	**24,455,934**	**25,045,934**	**29,762,656**	**35,691,777**

Source: Department of Fisheries

3.3.6 Challenges

i. High gaps in district data relating to employment and fish harvesting resulting in under estimation and under valuation of the sector;

ii. Low participation of private sector in aquaculture value chain resulting into low fish production;

iii. Limited accessibility to high quality farm inputs such as floating feed and fingerlings

iv. Low adoption of fish farming husbandry by majority of the farmers

3.3.7 Proposed Mitigation Measures

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

ii. 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.

iii. Investment in fish feed production being made by two potential investors such as Lenz mills and Mr. Kunje

iv. There is a plan to procure a small scale feed mill for the production of extruded floating feed

v. Capacity building activities for all fish value chain actors to be implemented through SFAD WM and Aquaculture Value Chain

3.4 The Forestry Sector

This section reviews the forestry sector's performance and contribution to the economy in the 2021/22 Financial Year. It focuses much on forest utilisation and marketing; budget allocation and revenue collection; tree planting and forest plantations rehabilitation. The section also looks at the expectations for 2022/23 and projections for 2023/24 financial years.

3.4.1 Forest Utilisation and Marketing

3.4.1.1 Exports

The Sector issued 37 Forest Export Licences and 858 Forest Export Permits to various exporters such as Raiply Malawi Limited and Vizara Rubber Plantations, to export forest products including medium density fibre (MDF). Major destinations of exports for forestry products are the Republic of South Africa, Kenya, Tanzania and Zambia. The quantities and values of forestry products that were exported in the period under review are summarised in Table 3.14.

TABLE 3.14: EXPORT OF FOREST PRODUCTS DURING THE 2021/22 FY

Forest Product	Quantity Exported	Unit of Measure
MDF Laminated Boards	89,000	Number
Rubber	1,081,116	Number
Shutter ply	71,740	Number
Ply wood	72,245	Number
Blockboard	44,433	Number
Rubber timber	56,052	m^3
MDF Plain Boards	10,279,720	kg
Colombo roots	48,000	kg
Wood carvings/curios	681	Number

Source: Department of Forestry

3.4.1.2 Imports of Forest Products

During the 2021/22 financial year, the sector issued 22 forest import licenses and 107 forest import permits. Major imported products included; hardwood timber, treated *Eucalyptus* poles and flush doors. Most of the imported products were supplied to Electricity Supply Commision of Malawi (ESCOM). Table 3.15 shows imported forestry related products in various quantities by different stakeholders.

TABLE 3.15: IMPORT FIGURES OF FOREST PRODUCTS FOR 2021/22

Forest Product	Quantity Imported	Unit of Measure
MDF Laminated Boards	480	m^3
Melamine Boards	422	m^3
Eucalyptus Poles	145	Number
Hardwood Timber	83	m^3
Flush Doors	1,473	Number
Shutter Ply	90	Number
Hardboards	6,400	kg

Source: Department of Forestry

3.4.3 Revenue Collection

The major sources of revenue for the Department of Forestry in the year under review were sale of logs, sale of firewood and royalties on forestry products. Much revenue was collected from plantations, mainly Viphya Plantations as shown in Table 3.16.

TABLE 3.16: REVENUE COLLECTED BY END-NOVEMBER 2021

Source of Revenue	Collection by End November, 2021(MK)
Sale of firewood	19,675,570.00
Log sales	549,374,814.82
Phytosanitary Certificate/receipts on Certificates	125,000.00
Rest House Fees	612,330.00
Licence Fees	24,524,029.48
Miscellaneous	3,977,217.90
Accommodation and Hall hire	166,000.00
Transfer certificates Fees	19,774,958.00
Royalties on forestry produce	10,968,929.95
Charcoal sales	9,744,500.00
Sale of poles	14,882,803.00
Permits	61,241,788.44
Seed sale	999,537.80
Sale of planks	3,866,500.00
Penalty fees	9,582,000.00
Tuition fees	355,500.00
Total	**729,871,479.39**

Source: Department of Forestry

Table 3.16 shows a decrease in revenue collection during the fiscal year under review. The major causes include; decrease of the forest resource base ready for harvesting for the next fiscal year, ban on disposal of confiscated forest produce and revised fees and loyalties not yet approved. However, the sector has the potential to increase its revenue collection if more investments are made in the development and management of timber, pole and fuelwood plantations.

3.4.4 Tree Planting and Plantation Rehabilitation.

3.4.4.1 Customary Estates and Government Plantations.

Tree planting target, for the fiscal year under review, both on customary estates and in Government plantations was 40 million trees. About 30,459,476 trees had been produced on customary estates as of 30th November, 2021, while 6,285,697 trees have been produced in Government Plantations. This accumulates to 36,745,173 trees produced, representing 91.9 percent of the targeted 40 million seedlings of the annual target. Different stakeholders, such as Non-Governmental

Organisations (NGOs), religious organisations, local communities, private companies and educational institutions, all contributed to the achievement of the tree planting figures. In Government plantations, *Pinus* species (pine) and *Eucalyptus* (blue gum) trees have been planted, whereas on customary estates, both exotic and indigenous trees were grown. The table 3.17 summarises tree seedlings produced by Zones and Forest plantations.

TABLE 3.17: TREE SEEDLING PRODUCTION BY ZONES AND PLANTATIONS

No	ZONE/PLANTATION	TARGET	PRODUCTION
1	NORTH	8,000, 000	8,908,679
2	CENTRE	11,000,000	8,107,754
3	SOUTH	10,000,000	7,290,957
4	EAST	7,000,000	6,152,086
5	PLANTATIONS	4,000,000	6,285,697
GRAND TOTAL		**40,000,000**	**36,745,173**

Source: Department of Forestry

3.4.4.2 Fire Protection

Out of 90,000 ha of Government Plantations, 86,869.9ha were protected from bush fires through firebreak maintenance, weeding activities, early controlled burning and fire fighting activities.

3.4.5 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 MK135,524,350.00 and MK1,550,000,000.00 respectively. ORT 2022/23 FY proposed budget is MK223,672,325.00. The projection for ORT for 2022/23 FY is MK561,412,500.00.

The main focus of the funding was on the promotion of conservation and management of forest resources in order to increase forest cover in the country. The major activities included the following:

i. Tree planting and management
ii. Payment for Contract work in Government plantations for various silvicultural operations.
iii. Management of natural regenerants including demarcation and mapping

iv. Conducting law enforcement through patrols in forest reserves and other hot spots including all issues to do with court cases.
v. Support to Forestry Research in four strategy areas.
vi. Training of technical staff at Malawi College of Forestry and Wildlife

3.4.7 Other Major Achievements for the Sector

i. General Forestry Certificate Course Number 42 (GFC 42) for 80 students has been completed at the Malawi College of Forestry and Wildlife in Dedza District. This will help ease the challenge of vacancies at technical level.
ii. Recruitment of 300 forest guards is in progress. This will improve law enforcement in plantations and forest reserves which are under threat due to illegal activities.
iii. Recruitment of 42 Forestry Officers (PO) is in progress.
iv. 5,386.1 hectares of natural regeneration sites on hilly, rocky and degraded sites have been demarcated and management is in progress.
v. 6,222.82 hectares out of the annual target of 7,000 hectares have been weeded in all the plantations as of end November, 2021.
vi. 54.1 km of boundaries were retraced around some priority forest reserves.
vii. 2,328 camping and routine patrols have been conducted in 10 priority forest reserves. It was conducted in collaboration with National Parks and Wildlife rangers, Police and MDF.

3.4.8 Challenges

Amongst the many challenges, the following have been picked as major ones impeding progress in the implementation of activities in the forestry sector:

i. Encroachments in protected forest areas and on customary estates remains a major challenge in forestry management. This is mainly through illegal commercial charcoal, illegal commercial firewood production, illegal cultivation and settlements.
ii. High rate of vacancies for both technical and support staff in all stations. For example, the post of forest guards has a vacancy rate of over 80 percent. Although the Department of Forestry is recruiting 300 forest guards, it is not sufficient to fill the vacancy rate. This affects implementation of law enforcement activities in forestry reserves hence influencing illegal activities. The same vacancy rate has a negative impact on management of forest plantations since all activities in plantations require a lot of labour.
iii. Inadequate and inconsistent funding (ORT mainly), often not well aligned with timing of field operations, affects implementation of activities since forest activities are calendar based.
iv. Inadequate transportation of front line staff, mainly motor bikes and push bikes. This is affecting implementation of forestry extension delivery since forest assistants and guards have larger area to cover due to high vacancy rate.

v. High rate of forest fires in Government plantations thereby retrogressively affecting growth of trees.

Chapter 4

IRRIGATION AND WATER DEVELOPMENT

4.1Overview

This chapter provides a brief of the major achievements for Irrigation and Water Development Sector during the 2021/22 Financial Year (FY), as well as a summary of the prospects of the 2022/23 FY. The policy objectives for the sector are to achieve sustainable and integrated water resources management systems; increase availability and accessibility of water and sanitation services for social economic growth and development; and develop the institutional capacity of the water and sanitation sector, increase agricultural production and finally enhance food security through irrigation development.The sector has direct linkages with agriculture and food security, industrial development, climate change, natural resources and environmental management, health, tourism, energy generation, fisheries and other socio-economic developments.

4.2 Irrigation

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

In terms of irrigation development, during the reporting period, the total land developed for irrigation increased by 9,616 hectares (ha) which is 6.6 percent and is slightly above the 6 percent targeted minimum annual growth rate stipulated in the Comprehensive African Agriculture Development Program (CAADP) for the agricultural sector and also above the 5 percent average stipulated in the National Irrigation Master Plan and Investment Framework (2015-2035)

Out of the developed land for irrigation of 145,659.9 hectares, about 78.9 percent of the developed area was utilized compared to 82.6 percent utilization in the previous financial year. Utilization was affected by floods which destroyed some irrigation infrastructure hence reducing output from supplemental irrigation while other irrigation groups failed to raise enough funds to operate diesel operated pumps or pay for electricity where pumping stations are powered by ESCOM power.

The Department, therefore, continued promotion of the solar powered irrigation technology with the hope of improving utilization of irrigation schemes and also making irrigation an economically viable business for farmers. The initial heavy investment cost and security of the irrigation equipment remains a challenge to some farming communities.

4.3 Expectations for 2021/22 and Prospects for 2022/23 Financial Years

4.3.1 Expectations for 2021/22 Financial Year

Guided by the Irrigation Master Plan and Investment Framework (IMPIF), the sector expects developed area to increase by 5,200 hectares under private sector led investments as well as Government led irrigation programmes and projects such as Shire Valley Transformation Programme (SVTP), Programme for Rural Irrigation Development (PRIDE), Agriculture Infrastructure and Youth in Agribusiness Project (AIYAP), Malawi Watershed Services Improvement Project (MWASIP), Malawi Resilient and Disaster Risk Management Project (MRDRMP), with cumulative area reaching 150,200 hectares. Utilization rates is expected to reach 80 percent with more initiatives taken at farmer mobilization and organization.

4.3.2 Prospects for 2022/23 Financial Year

The sector expects developed area to increase by 5,200 hectares through private sector investment and continued implementation of Government irrigation programmes and projects such as SVTP, PRIDE, AIYAP, MWASIP, MRDRMP, that follows a pragmatic approach to irrigation development shifting from subsistence irrigated agriculture to commercialized oriented irrigated agriculture with cumulative area reaching 155,400ha. The associated projected investment costs for the projects and programmes are estimated at US$40,960,086. Utilization rates is expected to reach 85 percent through promotion of fully functional and financially autonomous farmer organizations, Water User Associations (WUAs) and Water User Groups (WUGs) which are designed to ensure efficiency and sustainability in utilization of the schemes. The number of registered WUAs are expected to increase by 15. Furthermore, the sector plans to rehabilitate and reorganize over 2,000ha of old schemes.

4.4 Progress on MGDS Targets

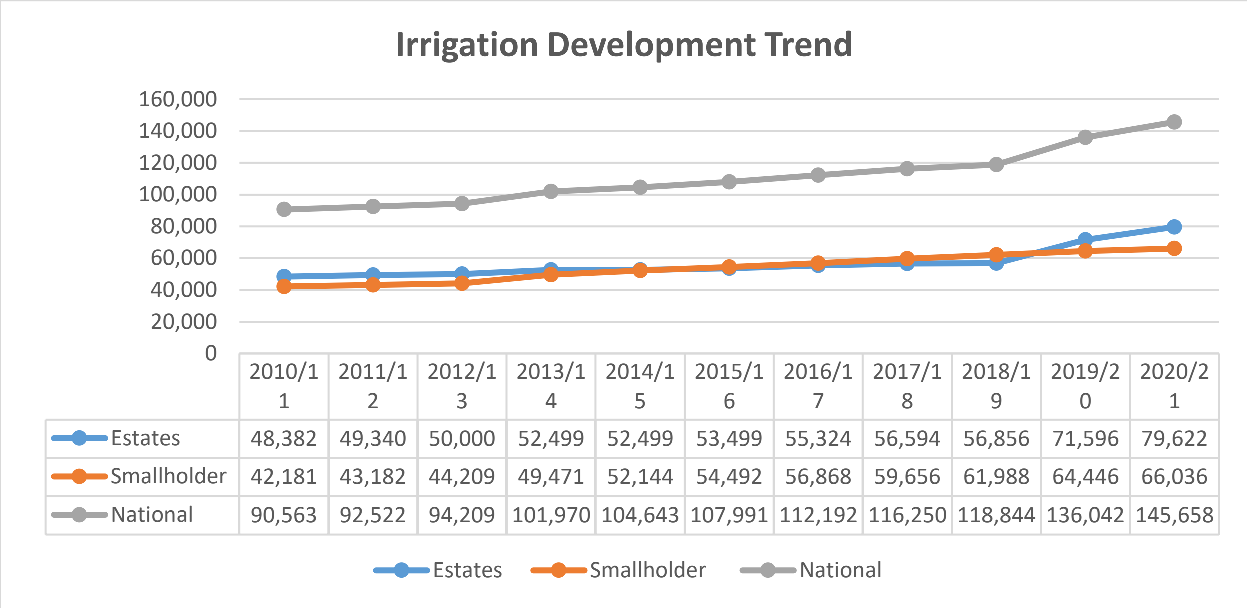
From the developed 66,036hectares of which 52,160ha were utilized in the 2020/21 financial year by 367,391smallholder farmers, the contribution to crop production can be estimated to be around 343,000 metric tonnes of food crops and from the developed 79,622.98 hectares by the private sector of which 49,137.4 ha were utilized, the total estimated production could be estimated to be around 617,000 metric tonnes of export crops.

4.5 Irrigation Development in Malawi

Malawi has a potential irrigable land size of 407, 862 ha according to the Irrigation Master Plan and Investment Framework (2015-2035). Considering the human and financial resources the country has the capacity to develop 220,000ha by the year 2035. In the 2020/21 financial year, 145,659.9 ha were under irrigation representing 35.7 percent of potential irrigable land. Figure 4.1

shows trends in irrigation development in the country disaggregated according to private sector and smallholder share since the 2010/11 financial year.

FIGURE 4.1: IRRIGATED AREA UNDER THE PRIVATE SECTOR AND SMALLLHOLDER FARMERS



	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Estates	48,382	49,340	50,000	52,499	52,499	53,499	55,324	56,594	56,856	71,596	79,622
Smallholder	42,181	43,182	44,209	49,471	52,144	54,492	56,868	59,656	61,988	64,446	66,036
National	90,563	92,522	94,209	101,970	104,643	107,991	112,192	116,250	118,844	136,042	145,658

Source: Department of Irrigation

Smallholder irrigation has over the years increased significantly while private estate irrigation had remained virtually static between 2013/14 and 2015/16 possibly due to difficulties in identifying new pieces of land for new irrigation development and lack of access to capital. However, thereafter there is renewed momentum by the private sector in irrigation development. The huge investments that are being made in transformative projects like Shire Valley Transformation Programme will result into area under smallholder irrigation surpassing area under private sector. Overall, there is an increasing trend for irrigation development country-wide despite challenges such as high electricity tariffs and insufficient funds to spur large-scale investments in the sub-sector.

4.5.1 Farmers Organisation

Water Users Associations (WUAs) are legally registered farmers organisation that assume all the responsibilities of managing smallholder irrigation schemes. This includes operation and maintenance of the developed areas as well planning for crops to be irrigated. During the reporting year, a total of 3 WUAs were registered bringing the total of registered WUAs to 94. Most of the smallholder irrigation schemes are managed by Water User Groups as they have not been legally registered.

4.5.2 The Irrigation Master Plan and Investment Framework

The IMPIF has prioritized projects into short, medium and long term categories. The total cost is estimated to be around US$2.4 billion of which 46 percent will be invested in new irrigation development; 32 percent in sustainable irrigation management; 21 percent in capacity building; and 1 percent in coordination and management. Around 89 percent of IMP costs represent investments and 11 percent recurrent costs, mainly irrigation scheme operation and maintenance. The IMPIF is significantly assisting in having orderly irrigation development as more rewarding projects are implemented first. The main projects through which the IMPIF is being implemented are the Shire Valley Transformation Programme (SVTP) financed by the World Bank, African Development Bank, Global Environmental Facility and Malawi Government targeting about 43 000 ha in Chikwawa and Nsanje; Programme for Rural Irrigation Development (PRIDE) targeting 5,100 ha in districts of Chitipa, Karonga, Nkhatabay, Phalombe, Machinga, Zomba, and Chiradzulu.; and, the Agricultural Infrastructure and Youth in Agri-business Project (AIYAP) funded by the African Development Bank and European Union targeting 1,000 ha in Nkhatabay. Other projects include Malawi Resilient and Disaster Risk Management Project which involves rehabilitation of existing schemes and construction of solar powered schemes mainly in plain areas of the country, targeting a total of 690 ha; KULIMA funded by the European Union which has a Technical Assistant component to conduct detailed design studies for two priority schemes and enhance WUA and Cooperatives capacity for sustainable management of seven developed irrigation schemes; The Malawi Watershed Services Improvement Project (MWASIP) financed by the World Bank, targeting about 2,400 ha for Irrigation development, in Ntcheu, Zomba, Machinga, Neno, Blantyre, Mangochi and Balaka

4.6 Major Challenges

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

TABLE 4.1: MAJOR CHALLENGES AND THE PROPOSED WAY-FORWARD

ISSUE	WAY-FORWARD
Dwindling of water resources and poor catchment practices	Scaling up construction of dams, and creating awareness on guidelines for catchment management
Fall army worm attacks on crop reducing profits	Incorporate pest and disease management and prevention in the farmer training programs.
Theft of Solar equipment (Pumps and panels)	Community sensitization on problems of vandalism on area development
Unpredicted storms continually damaging irrigation structures	Intensify catchment protection in all irrigation schemes
High electricity bills at Nkopola, Lweya and Lifuwu making it difficult for farmers to utilize the scheme	The Department should continue lobbying for lower electricity tariffs for irrigation farmers
Under-utilization of developed irrigation schemes	Collaborate with other technical departments; Ensure proper handovers involving relevant stakeholders at all levels. Proper community sensitization; Provide for security facilities during design
Catchment degradation	Enforce buffer zone and ensure it is included in the constitution Introduce village forest areas; Follow catchment management guidelines
Poor high-level representation of the Department at district level	The Department should lobby for promotions of its officers as is the case with other departments at district council level
COVID-19 affected interaction with farmers and importation of irrigation equipment	Implementing social distancing and all other COVID-19 guidelines, use of virtual platforms for conducting meeting

Source: Department of Irrigation

4.7 Recommendations

A number of irrigated crops such as sugarcane, tea, rice, maize, vegetables, macadamia, tubers and fruits continue to contribute significantly to the stabilization of Malawi’s economy. Land developed for irrigation continues to increase and during the reporting period, the percentage increase of 6.6 percent was well above the minimum target of the 6 percent. However climatic shocks tend to undermine efforts towards irrigation development. Recovery measures taken against damaged irrigation infrastructure in past years could have gone a long way in sustaining the momentum towards achieving the irrigation potential as identified in IMPIF. This calls for adequate and timely funding towards the sectors programmes and projects.

The following recommendations have been made for the smooth implementation of irrigation development programmes.

i. There is need to construct dams and conserve the catchment areas.
ii. Lobby for more budget support from GoM and Development Partners (DPs) to fully implement the Masterplan
iii. Reduce farmer dependency syndrome on O&M through establishment and continuous training of WUAs and other stakeholders
iv. Embark on sensitization and civic education of communities on irrigated agriculture to reduce land wrangles for irrigation development
v. Encourage private sector participation in the entire value chain, i.e. from production to marketing

4.8 Water Resources Management and Development

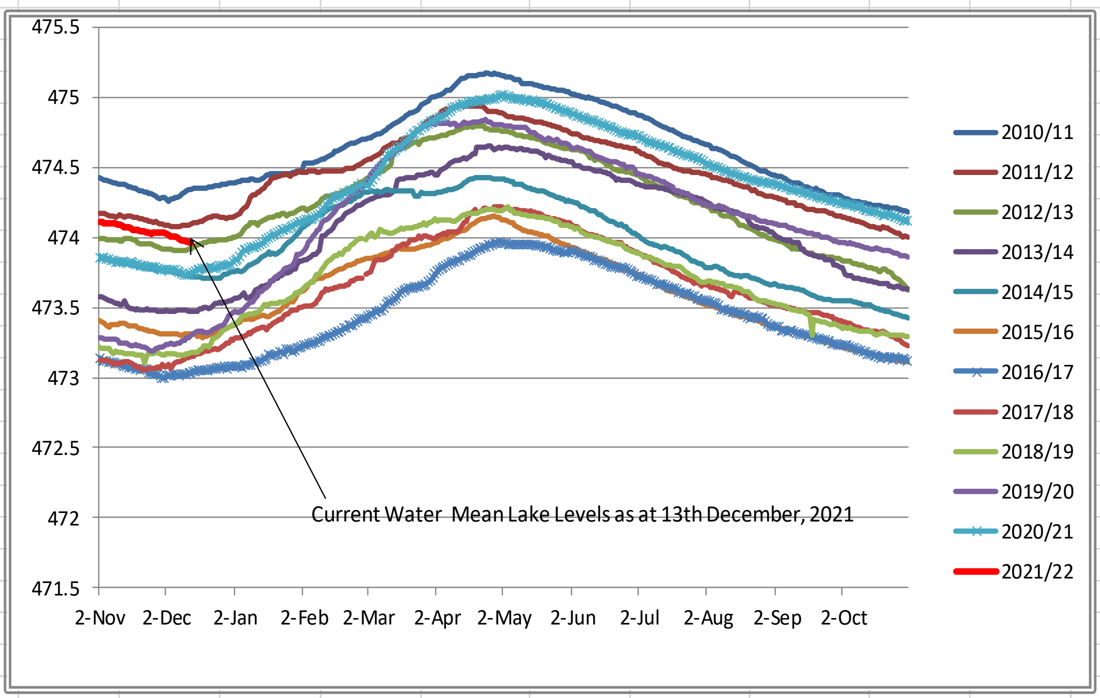
Water still remains one of the core elements for sustainable development and very critical for social economic development of our country including ensuring sustainable healthy ecosystems and human survival. The water sector, therefore, continued to prioritize water resources management and development activities in the reporting period. Among others, the sector implemented various projects which focused on provision of sustainable infrastructure such as multipurpose dams and other hydraulic structures (including flood protection structures). Water resources monitoring was also emphasised in order to ensure capturing of accurate information on the condition and trends of the country’s water resources (both surface and groundwater)for socio-economic development and maintenance of environmental quality. As such during the period under review, the department collected and analysed 405 drinking water samples,155 surface water samples and 30 waste water samples. Out of these 362 of the drinking water samples complied with the Malawi standards for drinking water whereas 102 out 185 samples complied with treated waste water before disposal into environment standards. From the results it can be calculated that the ambient of surface water systems was at 55.1 percent and the compliant rate of drinking water was at 89.4 percent.

Furthermore, during the reporting period, the estimated water availability still stood at 1102.5m3/capita/year showing a downward trend when compared to 2016/17 period in which it was 1170 m3/capita/ year. This shows that Malawi is slightly heading towards a water scarce country, if nothing happens, as it is getting closer to be below 1000 m3/capita/year, a mark that is used to measure water scarcity of any country based on annual renewable water. This situation is exacerbated by unevenly spatial and seasonal distribution of the water resources in the country.

Nevertheless, a good foundation for implementation of strategic interventions has been provided in the reforms and the National Water Policy under review, which will foster an increase in the water availability in the years ahead. Such interventions include construction of water harvesting structures and promotion of managed aquifer recharge.

As one way of increasing water availability for various productive uses, the sector continues to enhance the efficient operation of the Kamuzu Barrage at Liwonde using the Kamuzu Barrage Operational Model (KABOM). This enables the regulation of flow in the Shire River to meet hydropower generation and other water demands downstream but also helped to regulate the water level in Lake Malawi. This, in principle, enabled the overall conservation of water in the Lake as evidenced by the significant improvement of the lake levels above those recorded for the past nine years as indicated in Figure 4.2. The improved operation of the barrage abated occurrence of extreme low flows in the Shire River thereby sustaining hydropower generation. Additionally, the barrage also continued to help in management of weeds which usually affect hydropower generation downstream.

FIGURE 4.2: LAKE MALAWI MEAN LEVEL SINCE 2010



Source: Department of Water

In an effort to reduce water flooding levels and reduce impacts on livelihoods, health, assets and the socio- economic development of the country, the sector further embarked on the construction of the North Rukulu River flood protection structure in Karonga. Procurement of consulting services for feasibility study detailed design and construction supervision of 10 small and medium sized dams some high yielding boreholes is underway. In terms of the preparatory activities for the construction of the Lower Songwe Dam, procurement of various Consultancy services is currently at an advance stage including, those on flood early warning systems, MIS,GIS,ICT and M&E systems development. These structures and activities are expected to enhance water harvesting to support irrigation, water supply, fisheries, domestic uses, livestock watering, groundwater recharge, recreation and also used for flood control.

As the country continue to experience water scarcity problems, the need for reliable hydrological data becomes more urgent. This will stimulate political commitment, public and private investments including facilitating informed decision making at all levels thereby triggering well placed investments targeted towards optimum health, environment and economic gains. For example, information on drinking water quality including wastewater discharge helps to support public health intervention and protection of water bodies. As such, 15 early warning monitoring stations have been upgraded, 22 Data Collection Platform (DCPs) have been constructed and procurement of consultant to upscale the Shire River Operation Decision Support System (ODSS) is underway for flood monitoring and forecasting systems. These stations will go a long way in supporting the operations of flood early warning system.

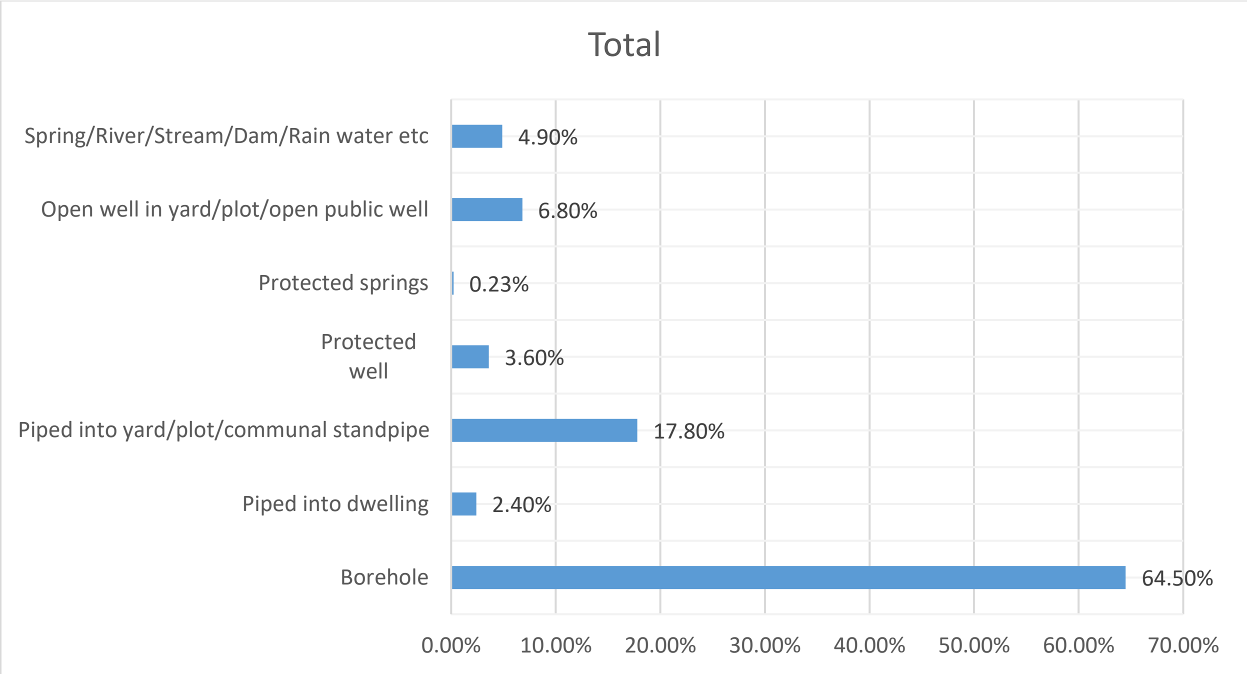
Furthermore, the sector has continued with development of ground water sources, as such during the period under review a total of 28 ground water resources have been developed and recapitalisation of the Borehole fund has been initiated too.

4.9 Water Supply and Sanitation

Provision of rural water supply services is the responsibility of the Department of Water Supply and Sanitation Services (supported by various CSOs/NGOs) while urban water supply is a responsibility of the five Water Boards[2] (National Water Policy, 2005). According to the Malawi Integrated Household Survey (2020), 88.3 percent of population living it cities, towns and rural areas have access to improved sources of drinking water (97.1 percent in urban areas and 86.5 percent in rural area). As presented in Figure 4.3, majority of the population access safe drinking water through boreholes (64.5 percent) while 17.8 percent have access to piped water into yard/plot/communal standpipe and only 2.4 percent have access to piped water into their dwelling.

[2] Lilongwe, Blantyre, Southern Region, Central Region and Northern Region Water Boards

FIGURE 4.3: DISTRIBUTION OF ACCESS TO SAFE DRINKING WATER



Sources: IHS5, NSO (2020)

4.9.1 Rural Water Supply

The Integrated Household Survey (2020) estimates that 86.5 percent of the population in rural areas have access to improved water sources of drinking water of which, 9.2 percent is through piped water, 73.9 percent through boreholes, 3.5 percent through protected wells and 13.4 percent for unprotected and surface water sources. According to recent data from the districts (2020), functionality of improved rural water supply sources on average was estimated at 84 percent.

In order to ensure that access to safe water supply for all is achieved, the sub-sector continued with implementation of various projects aimed at extending, upgrading and rehabilitating rural gravity water supply systems but also development and rehabilitation of boreholes across the country. These projects include; Post Cyclone Idai Emergency Recovery and Resilience Project (PCIERP), Malawi Drought Resilience and Recovery Project (MDRRP), Malawi Resilience and Disaster Risk Management Project (MRDRMP), Sustainable Rural Water and Sanitation for Improved Livelihood Project (SRWSILP) and Groundwater Extraction project. Through these projects the sector has managed to rehabilitate and extend 4 gravity fed piped water supply schemes, and rehabilitation for 7 others is in progress. During the year under review a total 475 water supply connections (tap points) have been made and this number is expected to increase considerably once all rehabilitation works are completed. Construction of 350 boreholes is also currently underway in selected districts across the country.

To enhance sustainability of the rehabilitated and newly constructed water facilities and improve their functionality rate, 3 Water User Associations have been established and another 3 have been revamped. In addition to this, 350 borehole management committees will be formed and trained for the boreholes that are currently under construction.

The sector has also commenced the review process of the National Water Policy (2005) and the Water Works Act (1995).

4.9.2 Urban Water Supply

The Integrated Household Survey (IHS5, 2020) estimates that access to potable water supply in the urban areas stands at 97.1 percent. As presented in Table 4.2, during the reporting period the population covered with safe drinking water in the urban and town centers serviced by the water boards increased by 174,941 representing a 5.2 percent increment. At an individual water board level, Northern Region Water Board (NRWB) registered the highest increment of about 12.7 percent while Blantyre Water Board (BWB) registered the lowest percentage increment of 1.3 percent. The substantial increase in the population served by Northern Region Water Board is partly attributed to the number of connections made following rehabilitation and upgrading of various water supply systems which have either just been completed as well as those in progress. These schemes included Mzimba, Karonga, Chitipa and Nkhatabay Water Supply Schemes.

TABLE 4.2: POPULATION SERVED BY WATER BOARDS

Water Board	Population Served		Increase in Population	Percentage increase
	2020/2021	2021/2022		
LWB	930,770	975,079	44,309	4.7
BWB	1,283,099	1,300,000	16,901	1.3
CRWB	334,020	369,020	35,000	10.4
NRWB	405,232	456,913	51,681	12.7
SRWB	368,044	395,055	27,050	7.32
TOTAL	**3,321,165**	**3,496,067**	**174,941**	**5.2**

*Source:*Water Boards Reports, 2021/22

On average the population that access water within 30 minutes from a water source (within Water Boards service areas) increased to 95.4 percent from 92.7 percent the previous financial year as presented in Table 4.3. The table indicates that NRWB and LWB registered the highest rate at 100 percent attributed to increase in the number of connections as well as systematic planning which ensure that kiosks are constructed within a spacing of a radius of not more than 30 minutes' walk distance. Blantyre Water Board has registered the least population within 30 minutes of access to improved water sources pegged at 86 percent.

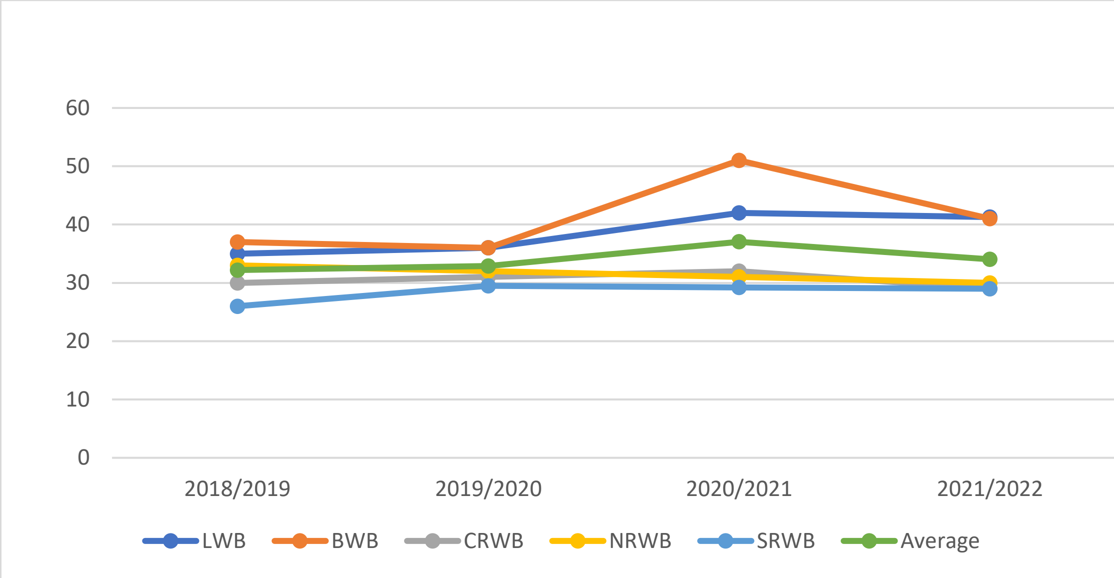
TABLE 4.3: POPULATION WITHIN 30 MINUTES WALKING DISTANCE (IN PERCENT)

Water Board	2018/19	2019/20	2020/21	2021/22
LWB	87.3	88	88.1	100
BWB	78	78	84	86
CRWB	98	96	98	98
NRWB	79	83	100	100
SRWB	89	89	90.9	93
Average	**86**	**87**	**92.2**	**95.4**

*Source:*Water Boards Reports, 2022

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 ageing and variations in pressure, unauthorized water use, vandalism of water supply plants, and inaccuracies in billing or meter reading. A reduction in the percentage of NRW implies an improvement in utility efficiency. The internationally recommendation maximum level of NWR is 25 percent. In the period under review, the percentage of NRW on average was 34.06 percent representing a decrease from the previous year average of 37.4 percent. Although there was a general decrease in non-revenue water across the boards, individually, none of the water boards met the recommended international standard. In as much as that all the Water Boards registered a decrease in non-revenue water compared to what was reported during the previous year, the highest decrease was by BWB which was at 41 percent compared to 51 percent as reported in the previous year. All the Water Boards are trying their level best in reducing the non-revenue water through maintenance and pipe replacement activities of their distribution lines as well as replacement of faulty meters. The reduction of Non-Revenue water is also one of the reforms which the water boards have embarked on. Figure 4.4 illustrates levels NRW for each of the water boards for the past 4 financial years.

FIGURE 4.4: PERCENTAGE OF NON-REVENUE WATER LEVELS IN WATER BOARD



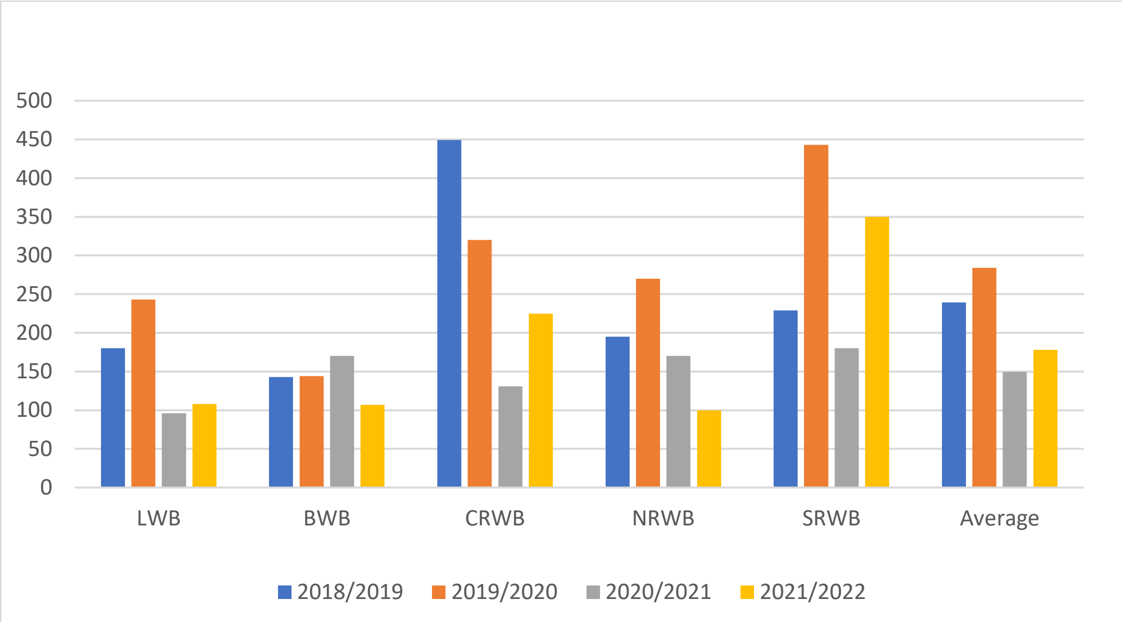
Source: Water Boards Report 2020

The average number of debtor days for all the Water Boards decreased from 285 in the previous year to 178 in the reporting period. However, CRWB was the worst performer with its debtor days increasing from 131 to 225 days while NRWB registered the lowest (100) number of debtor days indicated in Figure 4.5 below. Debtor days describe the average number of days that pass before its debtors pay and an indication of how efficiently a utility bills and collect debts from its customers. The recommended international standard is a maximum of 60 days.This therefore means that none for the water boards met the standard. This has been attributed to delays in payment of water debt mostly by Government Departments/Agencies.

This negatively affects the Boards' cash flow position. In turn the crippled cash flow affects not only the Water Boards operational efficiency but also the ability in maintenance and rehabilitation of their water supply systems, among other things, hence incidences of high non-revenue water due to aged infrastructure.

In an effort to reduce water debtors, the Water Boards are implementing various initiatives among which are installation of prepaid meters in government institutions and all new water connections while replacing the existing post-paid meters as an ongoing activity.

FIGURE 4.5: AVERAGE NUMBER OF DEBTOR DAYS



Source: Water Boards Report 2020

4.10 Sanitation and Hygiene

According to IHS5 (2020),the population with access to improved toilet facilities was 35.2 percent. Improved toilet facility is defined as one that hygienicallyseparates humanexcreta from human contact. These include flush or pour flush toilets to piped sewer system, septic tanks and pit latrine, ventilated improved pit latrines, pit latrine with slab and composite toilets. 65.5 percent of the population in the urban areas had access to improved toilet facilities compared to 29 percent in the rural areas. Notable achievements during the reporting period include continuation of rehabilitation and expansion works for the Kauma Sewer System and commencement of review of the Sanitation Policy (2008).

4.11 Prospects for 2021/22 Fiscal Year

In 2022/23 FY, the sector will continue to work towards attainment of its goal of water and sanitation for all always.

The sector will continue its initiatives towards catchment protection for dams, and water supply schemes. Construction of high yielding boreholes for multipurpose use, construction of water harvesting structures in the form of excavated tanks, small and medium sized dams to harness water for productive uses such as water supply, irrigation and fish keeping will be continued. Through various projects, in the upcoming year, the sector plans to develop about 10 small and medium dams and upscale the shire river Operation Decision Support System (ODSS).

Through both the Department of Water Supply and Sanitation and Water Boards, the sector will continue with construction of new water supply systems, rehabilitation and extension of existing schemes through the various projects currently under implementation but also new project to start being implemented in the 2022/23 financial year.

For instance, the Southern Region Water Board will continue with extension of Mangochi Potable Water Supply scheme, rehabilitation and extension of Liwonde and Balaka Water Supply Project under EIB as well as implementation of projects under Indian Line of Credit comprising of establishment of new centres of Ulongwe, Thondwe, Migowi, Zalewa and Fatima; Upgrading and Extension of Mwanza Water Supply Project and Upgrading and Extension of Liwonde and Balaka Project (Mangochi Route to DMI).

Lilongwe Water Board will continue with expansion of pipe network and water supply infrastructure under the Lilongwe Water and Sanitation Project, commence construction of Treatment Works Plant III that will produce 50,000 cubic meters of water per day, continue with construction of Solar Powered Mbabvi Ground Water Project, construction of Lumbadzi and Area 23 customer service centers, construction and installation of Water Bottling Plant and completion and commissioning of Kamuzu Dam 1 Raising. All these efforts are aimed at improving access to water supply within Lilongwe.

In case of Blantyre Water Board, it will proceed with the development of a New Water Source on Shire River Phase I being financed by EXIM Bank of India, development of a 30MW Independent Power Generation Plant for Blantyre Water Board Phase I being financed by EXIM Bank of India as well as embark on implementation of Non-Revenue Water Reduction project through major pipeline rehabilitation and meter replacement to be financed by African Development Bank and other multi-lateral development banks.

On the other hand, Central Region Water Board will commence construction of Kholongo multipurpose dam for Mponela water supply scheme and continue with rehabilitation, upgrading and expansion of Dowa Water supply scheme as well as rehabilitation and upgrading of treatment work of Ntcheu Scheme. Northern Region Water Board too will continue with the rehabilitation and extension of Nkhatabay Water Supply System as well as the Karonga and Chitipa Water Supply Systems. All these efforts will assist the Board in increasing service coverage as well as improve efficiency in its operations.

4.12 Challenges Experienced in the Sector

Although the sector has recorded achievements as highlighted above, it has also faced a number of challenges. During the period, the sector experienced the following challenges; vandalism of water supply infrastructure which has been a recurring problem in the past few years; delays in completion of rehabilitation works for some piped water supply schemes due to contractual issues and the COVID-19 pandemic; ageing infrastructure; non-revenue water challenges especially for the water boards; dwindling of the water resource due to climate change effects; outdated policy documents, which has been a major issue in the sector but this is now being addressed as the sector has revised its National Water Policy and is waiting for the approval of the same. Furthermore, the sector has also embarked on the review of the Sanitation Policy.

Chapter 5

TRANSPORT AND PUBLIC INFRASTRUCTURE

5.1. Overview

This chapter reviews the performance of the Transport and Public Works sector and highlights the major activities carried out during the 2021/22 fiscal year whilst also providing projections for the 2022/23 fiscal year.

The sector completed the development of the Comprehensive Medium-Term Implementation Framework (CMTIF), a tool aimed at spearheading methodical implementation of development projects as informed by the National Transport Master Plan (NTMP) and hence achieving its goals and operational objectives.

Implementation of projects in the different modes of transport continued with some achieving significant milestones as detailed below. In addition, preparatory works have been undertaken for 9 key flagship projects that will be financed using resources from the Local Infrastructure Finance Bond which has been listed on the Malawi Stock Exchange. In the same vein the sector has received financing from several Development Partners including the African Development Bank (ADB), World Bank, European Investment Bank, Japanese International Corporation Agency and the Chinese Government for implementation of several road projects along major corridors as well as within the City of Lilongwe. These projects will be implemented in the 2022/23 Financial Year (FY).

The pandemic continues to affect the sector in terms of revenue performance. The air transport subsector, the single largest source of revenues within the sector continues to suffer from restrictions due to COVID-19.

5.2 Road Infrastructure Programmes

Road infrastructure programmes are implemented by the Roads Authority (RA) and local councils with funding from the Roads Fund Administration (RFA), the Government of Malawi and Development Partners (DP). In coordination with the local councils, the Roads Authority develops an Annual National Roads Programme (ANRP) which outlines a comprehensive plan of action for the construction, maintenance and rehabilitation of public roads, tracks and trails for a financial year. The aim of the ANRP is to faciliate the attaiment of goals and objectives set in the Malawi 2063, Malawi Growth and Development Strategy III and the National Transport Master Plan. Ultimately, the ANRP aims at accelerating the economic growth of the country. The ANRP is divided into recurrent and development programmes.

5.2.1 Performance in 2021

For the 2021/22 FY, the ANRP was worth MK149.9 billion of which MK55 Billion was for the recurrent programmes and MK94.6 billion was allocated towards development programmes.

5.2.1.1 Recurrent Programmes

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

5.2.1.1.1 Planning and Design Services

Planning and design services constitute the initial and completion phases of road infrastructure project management cycle. Some of the activities under planning and design services are road asset management; studies and design services; research and development; and monitoring and evaluation.

In preparation for various road projects the Roads Authority is undertaking a number of consultancy services for the feasibility study, detailed engineering for rehabilitation , construction and capacity improvement of various roads across the country. By September, 2021, the Roads Authority was at advanced stage in finalising the consultancies in Feasibility Study and Detailed Engineering Design of Chimwaza - Nambuma road; Feasibility Study and Detailed Engineering Design and Construction Supervision of Mkanda - Kapiri road, Feasibility Study and Detailed Engineering Design and Construction Supervision of Monkeybay - Cape Maclear road.

5.2.1.1.2 Road Maintenance Programmes

Road maintenance activities are carried out by the Roads Authority on a continuous basis for road asset preservation and also to ensure that the roads remain passable at all times. The programmes under recurrent road maintenance include routine and minor periodic maintenance, concrete decking of bridges, grading and reshaping, grass cutting, emergency works and provision of associated supervision services. The recurrent programmes are funded from the fuel levy and road user charge. Recurrent programmes for the 2021/22 FY are as detailed in the following sections.

TABLE 5.1: ROAD MAINTENANCE PROGRAMMES, BUDGET, COMMITMENT AND CERTIFICATION

Road Maintenance Programme	Approved Budget (Million Kwacha)	Total Commitment (Million Kwacha)	Total Certification (Million Kwacha)
Cyclic/Routine Maintenance	3,123.76	713.02	271
Grading & Reshaping	2,329.85	596.29	506.6
Pothole patching	1,658.96	242.50	190.50
Road Centre and Edge lines Marking	492.69	0	0
Accident Spots Improvement	89.89		
Road Signs Replacement/Marking	76.74	21.55	21.55
Routine and Periodic (tracks and trails)	1,127.81	0	0
Repair of major drainage structures	3,835.52	2,052.58	25.92
Sectional Periodic maintenance and shoulder reconditioning of paved roads	6,702.01	727.43	0.00
Upgrading of unpaved roads to LVSR	495.37	0.00	0.00
Replacement of Timber and Bailey Bridges with Concrete Decks	1,085.95	889.28	0.00
Spot gravelling	205.74	0.00	0.00
Embankment Formation	163.97	0.00	0.00
Concrete pads	324.10	0.00	0.00
Lined drains	87.67	0.00	0.00
Drainage Protection works	69.98	0.00	0.00
Supervision recurrent	2,430.00	0.00	0
Total	**24,300.01**	**5,242.65**	**1,015.57**
Emergency		956.31	313.50

Source: Ministry of Transport and Public Works

The total approved budget for routine road maintenance programme was MK24.3 billion. By 30th September, 2021, certified works were worth MK1.02 billion, representing 4 percent utilisation of the approved budget. Progress in routine road maintenance programme has been affected by the significant delays caused by the rigorous vetting processes in procurement for works and supervision services. To date, there are some contracts that are still being vetted by relevant authorities which affects not only expenditure by RA but ultimately it contributes towards the condition of the road newtwork. Despite this, there has been progress in some of the major activities under the routine maintainance programme as detailed below.

5.2.1.1.3 Routine Maintenance

Routine road maintenance works targets the entire road network and is mainly labour based to ensure that road sections remain passable throughout the year. Activities carried out included cleaning the drainage system, minor repairs of damaged road sections and grass and shrub cutting in order to sustain the functionality of the road network. The total approved budget for Routine maintenance activities was MK3.1 billion. By 30th September 2021, certified works were worth MK713 million, representing 9 percent utilisation of the approved budget.

5.2.1.1.4 Grading and Reshaping

The grading programme is carried out on main, secondary and tertiary road while reshaping programme, which is labour based, is carried out on districts roads. The approved budget for Grading and Reshaping was MK2.3 billion. By 30th September 2021, certified works were worth MK506.6 million, representing 22 percent utilisation of the approved budget.

5.2.1.1.5 Pothole Patching

The main objective of this programme is to prevent further damage of the road network by filling all the potholes that develop due to environment, age and the impact of traffic. The total approved budget for the activity was MK1.66 billion. By 30th September, 2021, certified works were worth MK190.5 million, representing 11 percent utilisation of the total approved budget.

5.2.1.1.6 Road Signs Replacement/Marking

This programme aims at replacing damaged or vandalised warning, regulatory and informative road signs so as to improve safety of the road users. The total approved budget for the activity was MK76.7 million kwacha. By 30th September, 2021, certified works were worth MK21.6 million, representing 28 percent utilisation of the total approved budget.

5.2.2 Development Programmes

The approved 2021/22 budget for development programmes was MK94.6 billion, out of which MK23.8 billion was secured for donor funded projects and MK70.7 billion was for projects that are wholly or partially funded by the Malawi Government. The Development Partners that supported road infrastructure programmes during the year include the African Development Bank, World 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) and the Peoples' Republic of China.

The scope of planned works and the respective estimated budgets for the development programmes are presented in Table 5.2.

TABLE 5.2: DEVELOPMENT PROGRAMMES BUDGET 2021/22

Programmes	Approved Budget (MK' million)	Percentage of Total Budget	Planned Targets (km)
Road Upgrading and Construction	70,331	74.4	180
Periodic Maintenance / Rehabilitation	21,125	22.3	3
Feasibility studies and designs	3,100	3.3	
TOTAL	**94,556**	**100.00**	**183**

Source: Ministry of Transport and Public Works

Table 5.3 provides actual physical completion of road works against planned coverage for all the programmes for the period from July, 2021 to September, 2021. As at 30th September, 2021 certification in the year was MK5.4 billion for Development programmes.

TABLE 5.3: PLANNED DEVELOPMENT PROGRAMMES VS. ACTUAL PROGRESS

Programmes	Planned Targets (km)	Actual Progress in (Km)	% Progress
Road Upgrading and Construction	180	32	18
Periodic Maintenance / Rehabilitation	3	0	0
TOTAL	**183**	**32**	**18**

Source: Ministry of Transport and Public Works

5.2.2.1 Road Upgrading and Construction

By 30th September 2021, 32km of the planned road projects had been upgraded and constructed against a target of 180km. The projects under this programme included the upgrading of the Njakwa- Livingstonia, Phwezi-Phwamphwa and Livingstonia Mission Loop Road, Jenda-Edingeni road Lot 2, Nsanje - Marka, Thyolo-Makwasa - Muona-Bangula. Remarkable progress has also been registered on Jenda-Edingeni road Lot 2, Nsanje - Marka, Thyolo-Makwasa - Muona-Bangula roads where all works are close to being substantially completed.

Delayed payments to Contractors who were implementing projects wholly funded by Government affected progress of work as most Contractors either suspended works or slowed down activities on site. The projects whose works were either suspended or activities were slowed down included upgrading of Mzimba-Mzarangwe, Jenda-Edingeni and Nsanje-Marka road.

5.2.2.2 Periodic Maintenance / Rehabilitation

By 30th September, 2021, only advance working capital for capacity improvement of Kenyatta road project was paid to the contractor. There was also delay in the commencement of the EIB/EU funded M01 rehabilitation project which covers the section from junction with Kamuzu International Airport to Mzimba T/Off and from Kacheche to Chiweta.

5.2.2.3 Road Condition

The results of the interventions and performance cited above is reflected in the condition of the road network as shown in Table 5.4.

TABLE 5.4: ROAD CONDITION OF PAVED NETWORK 2011 – 2022

Condition	2011	2014	2017 (Est)	2022 (Desired)*	Strategic Action
GOOD - Km (%)	2,447 (40%)	1,639 (38%)	1,552 (36%)	2,768 (54%)	Routine Maintenance
FAIR - Km (%)	1,346 (33%)	1,725 (40%)	1,725 (40%)	1,384 (27%)	Periodic Maintenance
POOR - Km (%)	286 (7%)	949 (22%)	1,035 (24%)	974 (19%)	Rehabilitation
Total - Km (%)	**4,079 (100%)**	**4,312 (100%)**	**4,312 (100%)**	**5,125 (100%)**	

Source: Roads Authority – Road Condition Surveys

*Desired estimate after implementation of the RA 5-Year Strategic and Business Plan (2017 – 22).

Results of road condition surveys carried out in 2011 and 2014 and the 2017 estimate reflect the deteriorating condition of the road network. This can mostly be attributed to inadequate funds being invested in road intervention works. While an expansion of the paved road network would significantly improve accessibility to most areas, the availed resources are not adequate to sustainably preserve the existing network.

Despite the trend depicted from the road condition surveys, it is estimated that 54 percent of the road network will be classified as good, and 27 percent and 19 percent will be classified as fair and poor respectively by 2022. This aspiration is dependent upon sustainable and adequate funding of all programmes; clearing of backlog payments to the construction industry; and carrying out the necessary reforms in the Roads Authority and the Transport sector.

5.2.2.4 Payments and Arrears

During the period under review, Malawi Government settled almost all the arrears it was owing contractors and consultants. These are contractors and consultants who had been registered with PPDA such that those not registered still have outstanding payments. As at 30th September, 2021 total Government liabilities to contractors and consultants had reached approximately MK11.3 billion, this figure comprises of outstanding payments for 2021/22 financial year and arrears.

Government has also finished the repayment of RFA bond used for the capacity improvement of Area 49- Area 18- Parliament Roundabout and Interchange road project. This released resources for the capacity improvements to be undertaken on the Kenyatta road.

5.2.2.5 Challenges

i. Contractors who were not registered with PPDA could not be paid during the period although funds were available.
ii. NCIC issued stop orders to several foreign registered contractors for not complying to 30 percent sub-contracting and foreign consultants for not being in a joint venture with local consultants.
iii. Delays in the vetting processes for works contracts as well as for addenda to existing contracts resulting in low utilisation of funds and delays in project implementation
iv. Inadequate funding especially for the maintenance budget.
v. Continued encroachment into the road reserve.
vi. Continued vandalism of Armco culverts and road furniture.

5.3 Outlook for 2022/23

During the year under review, preparatory works were advanced for the rehabilitation of the M1 road from KIA turn-off to Mzimba turn-off and from Kacheche to Chiweta with funding from the European Investment Bank (EIB) and the European Union (EU); the capacity improvement of the M1 from Lilongwe CCAP to crossroads Hotel road co-financed by JICA and Malawi Government and from Crossroads Hotel to Kanengo to be financed by the Chinese Government, capacity improvement of Bingu stadium to Chendawaka junction and upgrade of Lirangwe -Namatunu – Machinga road. In addition, preparatoty works commenced for the rehabilitationn of the Nsipe – Liwonde road section and Rehabilitation of the M5 Balaka Market-Kaphatenga-Dwangwa-Mukwiya/Nkhatabay Phase II with funding from the African Development Bank.

Government is also at an advanced stage in rolling out the implementation of flagship road projects that will be financed by a Local Currency Bond. The projects earmarked are Rehabilitation of the M5 Balaka Market-Kaphatenga-Dwangwa-Mukwiya/Nkhatabay Phase I, Upgrading of the Jenda-Embangweni-Engalaweni-Manyamula-Mzimba Road Lot 3, Upgrading of the Dzaleka –Ntchisi-Mpalo-Malomo Road Lot 2, Upgrading of Ntcheu- Tsangano-Neno Mwanza Road Lot 3, Chikwawa - Chapananga Phase II, and Rumphi – Nyika- Nthalire- Chitipa Road.

The main objective of investing in road construction, rehabilitation, periodic and routine maintenance works is to improve accessibility and mobility of goods, services and people. One of the major indicators for this improvement is the condition of the road network.

5.4 Road Traffic and Safety Services

The Directorate of Road Traffic and Safety Services (DRTSS) continues to provide Traffic and Safety Management Services in the country as prescribed by the Road Traffic Act (1997) and Regulations (2000). The existing legislation gives DRTSS the overall responsibility for road traffic regulations as well as ensuring and promoting road safety in the country.

5.4.1 Performance in 2021

5.4.1.1 Revenue Performance (July -October 2021)

As at 31st October, 2021, the Directorate of Road Traffic and Safety Services collected a total of MK5.5 billion against the projected revenue target of MK12.2 billion representing a 45 percent performance. From the MK5.5 billion collected, MK3.6 billion was from DRTSS services, MK343 million from Roads Fund Administration towards road safety and MK1.7 billion collected by MERA comprising the road tax component of the fuel levy.

Despite the improved revenue performance for the Directorate in the 2021/22 FY in comparison to the same period in 2020/21 where the Directorate collected MK4.6 billion, COVID-19 pandemic continues to prove a challenge in terms of revenue collection. The Directorate will continue to search and implement robust measures to enhance and further improve revenue collection even amidst the COVID-19 pandemic and other related shocks.

5.4.2 Protection of Road Infrastructure Enhanced

The DTRSS has statutory powers to manage vehicle and axle load control and to enforce the regulations dealing with control of vehicle loading. The primary purpose of vehicle load control is to protect the road network against damage by overloaded vehicles. To this end, the Department formulated a Vehicle Load Control Strategy in 2016. The Strategy’s end term review is expected to commence in the first half of the 2022/23 Financial Year after which development of the successor strategy will follow. The strategy identifies the expansion and upgrading of the network of weighbridge stations across the nation in line with the Tripartite Transport and Transit Facilitation Program (TTTFP) weighbridge location plan.

The Directorate is working to finalise the construction of the Nkhotakota Weighbridge Station during the 2021/22 financial year with works focusing on the access road, installation of the scale, abolition facilities and parking yard. Contractual issues have however slowed down progress on the site. The station will be very crucial for the M5 road which is in a bad shape and continues to deteriorate due to heavy goods vehicles using the road.

Meanwhile works at the Dedza Weighing Station, which will form part of the Kalinyeke Toll Plaza, continue. The station is being constructed in collaboration with the Roads Fund Administration and Roads Authority.

The Terms of Reference for the construction of Bwengu Weighbridge Station in Rumphi have been finalised. In addition to this, the Directorate is procuring 2 additional portable weighing scales which will be in place before the end of the 2021/22 FY. Table 5.5 demonstrates that the vehicle load control measures are beginning to have the desired impact as the proportion of vehicles that are overloaded is falling even as the number of vehicles weighed increases.

TABLE 5.5: VEHICLE LOAD CONTROL

	2018/19	2019/20	2020/21	2021/22*
Vehicles Weighed	116,386	186,508	203,184	56,153
Vehicles Overloaded (%)	2.7	2.2	2.0	1.5

Source: Ministry of Transport and Public Works
* Figures cover the period up to September, 2021

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

Within the 2021/22 FY, beginning September 2021, the Directorate of Road Traffic and Safety Services in conjunction with the Plant and Vehicle Hire & Engineering Services (PVHES) continued with the phase II in the construction of the Vehicle Testing Stations (VIS) in Karonga, Mangochi and Ngabu (Chikhwawa). Phase I of the project which included construction of the canopy, testing lane and installation of testing equipment was completed in the 2021/22 FY. Phase II of the project includes construction of the office blocks, parking yard and drainage system among others. To date, construction of office blocks in Karonga and Ngabu is at an advanced stage with roofing, lime putty and blundering completed. Mangochi VIS is at over 95 percent completion rate. Drainage systems, car park and office finish works are ongoing.

This project is part of the reforms program aimed at bringing the DRTSS services closer to the people in terms of vehicle testing for the issuance of Certificate of Fitness (CoF). The Ministry is anticipating to add more services at these stations when operations start such as issuance and renewal of driving licenses and permits, vehicle registrations etc.

5.4.4 Launch of the Mobile MalTIS Services

The Directorate of Road Traffic and Safety Services within the 2021/22 Financial Year tested and successfully rolled out Mobile MalTIS, whereby services offered by the Directorate are taken to the people. Services offered through Mobile MalTIS include vehicle registration, renewal of Driver's Licenses, Permits and Professional Drivers Permits (PrDPs) amongst others.

5.4.5 Road Safety Situation

During the first half of the year 2021, a total of 5,997 road traffic accidents were registered as compared to 4,860 road traffic accidents which occurred in the first half of 2020 representing a 23 percent increase. With regards to these accidents, 718 people lost their lives, 433 people suffered severe injuries, 3,413 people sustained slight injuries and 2793 damages were recorded. This constitutes a 17 percent increase in actual people killed, 8 percent decrease in severely injured people and 20 percent increase in minor injuries sustained as compared to the situation in the year 2020. Table 5.6 shows the worrying trend on accidents and fatalities in the country.

TABLE 5.6: ACCIDENT DATA

Type of Accidents	2018	2019	2020	2021*
Total Accidents	35326	10193	5997	10,799
Fatal	1095	1061	636	1,110
Serious	657	683	283	687
Fatalities**	1275	1241	718	1,221

Source: Ministry of Transport and Public Works

* Statistics showing for the period January-June 2021

**Number of People Who Have Died Due to A Road Accident

To address this trend, the Roads Authority, with financing from the World Bank, will be commencing works aimed at instituting mitigation measures at 5 accident black spots along the M1 Road. The EIB funded rehabilitation of the KIA Turn Off to Mazimbo Turn Off road section will cover an additional 2 accident black spots. It is expected that, going forward, all major rehabilitation works covering sections where accident black spots were identified will include mitigation measures.

5.4.5 Challenges

i. The COVID-19 pandemic continues to affect services for DRTSS both in terms of the overall revenue collection as well as the supply of raw materials for service delivery.
ii. High Vacancy rates especially in technical sections has also been an issue which affects some of the key technical services such as Enforcement and Surveillance as well as Awareness and Civic Education programs. This is compounded by a lack of adequate office space which affects service delivery in serving the ever growing motoring public in all cost centres.
iii. Delays in approvals for the procurement of various items for the Directorate has also derailed some of the achievements and targets.

5.5 2022/23 Outlook

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

5.5.1 Finalise Construction of Nkhotakota (Dwangwa) Weighing Station

DRTSS aims to finalise the construction of Nkhotakota Weighbridge Station with construction of an access road and installation of the weighbridge equipment at the station as the main deliverables. Progress has been delayed due to other contractual issues which are now being resolved. Commissioning of the station is expected within the 2022/23 Financial Year.

5.5.2 Dedza-Kalinyeke Weighing Station

The 2022/23 financial year will see the DRTSS start construction of Dedza Weighbridge Station at Kalinyeke with financing from the Roads Fund Administration and in coordination with the Roads Authority. Currently the station is still using a mobile scale and works delayed because of the construction of the Toll Plaza at the site which has now been completed. The station will be very important to control overloading considering the increase in traffic passing through Dedza.

5.5.3 Construction of Bwengu Weigh Station

Terms of Reference for the construction of Bwengu weigh station have been finalized and resources are being identified to begin civil works. Procurement of the consultant who will come up with drawings is in its preliminary stages and the Directorate will ensure significant progress is seen over the course of the year.

5.5.4 Construction of the Mwanza Weighbridge Station

DRTSS is relocating the Mwanza Border Weighbridge Station to a new inland station between Mwanza and Blantyre after a Government directive to limit number of institutions operating at the border. Land has been identified and is awaiting compensation. The next financial year will see designs for the project finalised and works beginning. The project is expected to be finance by the World Bank. The new site will be upgraded to a multi deck scale to facilitate a once off weighing of the vehicles at a station.

5.5.5 Vehicle Testing Stations

DRTSS in partnership with the Plant, Vehicle Hire and Engineering Services (PVHES) intends to out scale the Vehicle Inspection Services in other strategic districts such as Kasungu, Mzimba, Ntcheu and Liwonde after finalizing construction in Karonga, Mangochi and Ngabu. A needs assessment exercise will be carried in all the regions to ascertain the districts to be targeted.

Further to this, the Directorate will aim at constructing a Vehicle Testing Pit at its Zomba Office as a way of improving service delivery in relation to Certification of Vehicle Fitness. The Directorate further plans to maintain its stations in all the regions.

5.5.6 Expansion of the E-Enforcement Programme

DRTSS in the year 2022/23 also expects to continue expanding implementation of E-Enforcement by procuring more PDAs and other equipment such as speed cameras. DRTSS together with Malawi Police Service are therefore expected to stop spot fines as well as manual payments to improve efficiency and accountability in revenue collection.

5.5.7 Construction of DRTSS Head Office and Lilongwe Regional Offices

In 2019, land was identified along Lumbadzi-Lilongwe Road for construction of DRTSS Office Park to accommodate the Headquarters and Lilongwe regional office. In the year 2022, the plan is to complete payment for the land and complete designs for the office buildings.

5.5.8 Updating of the Accident Database

The Directorate in the next FY also looks to update the existing accident database. The current database has out-lived its time and faces a number of challenges ranging from quality of the crash data to timely reporting of the accidents. The updated database will make use of the PDAs which will be used to record the accidents at the scene in real time. This initiative will be implemented with assistance from the World Bank.

5.5.9 Expansion of the Mobile MalTIS Services

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

5.6 Civil Aviation

5.6.1. Performance in 2021

Air transport remains the most efficient mode of transport in linking the country with the surrounding region and the rest of the world. These links are key for business operations as well as providing quick access to our tourism hot spots. Despite the evident growth in our tourism industry, the air transport sector continues to suffer from the effects of COVID-19 pandemic. Aeronautical revenue performance of 2020/21 FY was 81 percent down from that of pre-COVID era, 2018/19 FY. Despite the poor performance in aeronautical revenues from slow recovery of the industry, there has been slight indications of positive recovery as of late with expectations that the levels of performance of 2018/19 shall be reached in the 2023/24 FY. Table 5.7 provides details on traffic data through Malawi's airports in the year under review.

TABLE 5.7: PERFORMANCE OF AVIATION SUB-SECTOR

Indicator	2020	2021 (Target)	2021 (Actual)
Total Number of Passengers	340,000	417,000	177,574
Total Freight (Tonnes)	5,000	9,200	5,265
Total number of flights	12,300	14,000	6,700

Source: Ministry of Transport and Public Works

In the 2021/22 FY processes to establish and operationalise the Civil Aviation Authority (CAA) as the regulator of the air transport sector have progressed with the expected target date for fully operationalising the regulatory body of end March 2022. A Board was established which instituted an Interim Secretariat to assist the establishing and operationalizing process.

In the meantime, the Ministry of Transport and Public Works has also initiated the process of establishing an entity that will assume the responsibility of managing and operating all public airports in the country and oversee the provision of other necessary services. The result shall be a restructured air transport industry where the Malawi Civil Aviation Authority is the regulator and an airport operator, as a service provider, who shall operate all public airports

The Japan International Cooperation Agency (JICA) is financing a study for the development of Master Plan for Chileka International Airport. This study, expected to be completed by May 2022, will inform the various interventions that would be undertaken in a bid to modernise and expand the airport.

The project of upgrading of essential aviation and safety equipment at Chileka and Kamuzu International Airports, respectively, is on-going. The European Investment Bank (EIB) funded project aims at addressing deficiencies with regard to essential aviation safety and security at the two airports. The project has seen the following deliverables; 5 major fire fighting vehicles and assorted fire-fighting equipment. The following are still ongoing; acquisition of specialised airport ambulances and rehabilitation of high voltage and medium voltage electrical systems. The processes for award of contract for supply of ground service equipment and supply of aviation security equipment and infrastructure are also underway with the Project expected to be completed by December 2022.

5.7 Outlook for 2022/23

Additional resources, amounting to MK1.7 billion, have been allocated for the 2022/23 FY by Government for the upgrade of essential aviation safety and equipment. In addition to this, in the 2022/23 FY, the sector will undergo improvements in a bid to improve safety and security to ensure the various aviation activities are safe. Amongst them is the improvement of the runway at KIA involving removal of rubber deposits on the runway. The intervention is part of the recommendations made by an audit report done by APEX, a branch of the Airport Council International (ACI), in a bid to prepare the airport to meet the prescribed standards with the result of certification. It is now a requirement that all International Airports be certified.

Government plans to develop a new modern regional airport in the city of Mzuzu, to facilitate air transport activities in the best possible conditions of the economy, regularity and safety in the Northern region. Financing for a feasibility study has been provided through a grant aid of US$700,000.00 from the Arab Bank for Economic Development in Africa (BADEA), and, Organization of the Petroleum Exporting Countries (OPEC) with an additional US$100,000.00 from Government as a part contribution for the Study. Procurement processes for the study are anticipated to be completed by June 2022. The Study shall include identification of an appropriate and ideal site for a new airport in Mzuzu.

5.8 Railway Services Sub-Sector

5.8.1. Performance in 2021

As informed by the National Transport Master Plan, rail transport is key to reducing transport costs for the country. Low transport costs improve competitiveness of commodities at both domestic and international markets. This is particularly important as economic activities and incomes decline due to the COVID -19 pandemic.

In the 2021/22 FY works for the 399 Kilometre (KM) railway from Nkaya in Balaka to Mchinji border with Zambia have continued with financing from the concessionaire, Central East African Railways Limited (CEAR). The scope of works includes rehabilitation of the railway infrastructure to a carrying capacity of 18 tons per axle and a maximum operating speed of 50km/hr. Phase I

(Nkaya – Chipala) and Phase II (Chipala – Mchinji border) of the project are at 85 percent and 15 percent completion rates respectively. Under the same Concession Agreement works for the rehabilitation of the 72 Km railway section from Limbe to Sandama progressed well, reaching an 80 percent completion status.

Construction of the road and rail bridge over Ruo river has also progressed well reaching 81 percent completion. In the meantime procurement of a contractor to design and build the Marka – Bangula railway section was cancelled in December, 2021. A restricted tender procurement process has been instituted and a contractor is expected to be in place by the start of the 2022/23 FY. Table 5.8 summarises the performance of the rail transport sub-sector.

TABLE 5.8: PERFORMANCE OF RAIL TRANSPORT SUB-SECTOR

Indicator	2020	2021 (Target)	2021 (Actual)
Total Km rehabilitated	90	70	50
Total Passengers (passenger/km)*	16,702,322	23,881,000	18,500,689
Total Freight (Tonnes/km)**	3,474,043,240	3,675,000,000	3,492,469,958

Source: Ministry of Transport and Public Works

* Total number of passengers transported by rail multiplied by the distance travelled within Malawi (km)

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

5.8.2 Outlook for 2022/23

The major project for the 2022/23 FY is the commencement of works on the Marka – Nsanje railway line. The Ministry further plans to commence the recruitment process and engagement of contractors and consultants for the Bangula – Makhanga and Makhanga- Sandama railway sections in 2022/23 FY. The process to upgrade the Limbe – Sandama railway section from 15 tonne axle load to 20.5 tonne axle load is also planned to commence during the 2022/23 FY. The Ministry of Transport and Public Works is also in the process of resuscitating Malawi Railways (1994) Limited (MR94) as the manager of all railway infrastructure. An Executive Board is in place along with an interim management. Recruitment of staff is expected to commence in 2022/23 FY.

Related to this is the establishment of a Railway Training Centre which will be responsible for training personnel working in rail transport.

5.9 Water Transport Sub-Sector

5.9.1. Performance in 2021

Significant progress has been registered on the construction of Likoma Jetty. In the year under review, all pre-cast deck units and other construction materials were transported to Likoma from Zalewa and Monkey Bay respectively. The contractor has further commenced works on the jetty. The works are at 32 percent, as of January 2022, and the expected date of completion is June 2022. Table 5.9 summarises the performance of the sub-sector.

TABLE 5.9: PERFORMANCE OF WATER TRANSPORT SUB-SECTOR

Indicator	2020	2021 (Target)	2021 (Actual)
Total Passengers (passenger/km)*	3,268,431	2,847,300	3,600,000
Total Freight (Tonnes/km)**	378,342	10,600,000	385,350

Source: Ministry of Transport and Public Works
* Total number of passengers transported on Malawi waters multiplied by the distance travelled within Malawi (km)
** Total mass of goods (Tonnes) transported on Malawi waters multiplied by the distance travelled within Malawi (km)

5.9.2. Outlook for 2022/23

The Likoma jetty project is expected to be completed in the 2022/23 FY. The Ministry of Transport and Public Works recognises that the existing concession on Shipping and Port operations has and continues to experience challenges that are negatively impacting the shipping services. The Ministry in conjunction with the Public Private Partnership Commission will, therefore, be reviewing the existing concession agreements as well as make efforts towards encouraging investment in sustainable water transport infrastructure.

5.10 PVHES

The Department of Plant &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.

5.10.1 Performance in 2021

The Department's key operations continue to suffer from the effects of COVID-19. The situation is worsened by the constant dilapidation of its plant and equipment. The result is a negative effect on performance in terms of revenue collection. To this effect, in the first five months of the financial year, the Department has a revenue performance of 47 percent against a time lapse of 55 percent .

In light of the consistent decline in revenue performance over the years, as well as the prevailing macroeconomic environment, the Department continues to make efforts towards widening its revenue base. In the year under review therefore, the Department has diversified and commissioned operations of number plate embossing business. This is expected to improve revenue performance. As highlighted above, PVHES is expected to commission operations of the Vehicle Inspection Stations (VIS) at Mangochi, where vehicle inspection services will be provided for the issuance of a Certificate of Fitness (CoF).

In addition to this, PVHES is highly committed to improve its governance and operational efficiency. Steps are being undertaken to revamp operations which have significantly declined over the years in the Districts. This will be key at strategically preparing the Department for recapitalization which is being worked on.

5.10.2 Challenges and Lessons Learnt

The decline in revenues due to dilapidation of plant and equipment has resulted in PVHES pursuing other business operations such as number plate embossing. The VIS project is further expected to provide a platform of experience in delivering PVHES services in the districts, which will be key if recapitalization is realized.

Beyond this however, PVHES has a very high vacancy rate which coupled with limited resources affects its ability to effectively deliver services to its clients. In light of this, the Department will continue to engage relevant authorities for implementation of its function review which was done.

5.10.3 Outlook for 2022/23

In 2022, PVHES is expected to commission operations for Karonga and Ngabu VIS. However, as outlined above, to improve its governance and operational efficiency in delivering its mandate, an automated invoicing, billing and revenue collection system is expected to be procured and installed. The system is expected to greatly improve transparency and accountability. In addition to this, the Department is further expected to continue working on developing and implementing a government fleet management system. Significant progress on development of the software, and procurement of related ICT equipment has been registered so far. The system will be fundamental for reliable government fleet management as well as security through monitoring and supervision.

In 2023, PVHES projects an advanced drive towards recapitalization. This is expected to be informed by the expected improvement in the level of operations in Karonga, Mangochi and Ngabu, through the VIS project. This performance information, in conjunction with a completed and established improvement in governance and operational efficiency, will be key at informing the recapitalization process.

5.11 Buildings

The Department of Buildings exists to facilitate the provision of a safe and sustainable building environment, through regular enforcement of policies, standards and regulations in an efficient, transparent and accountable manner.

5.11.1 Performance in 2021

During the year under review, the Ministry finalized the wider stakeholder Validation on the National Building Policy after which it will go through the Government approval process. The Department also recruited and promoted key technical staff.

The Department supervised the following construction projects which are at different levels: Construction of Blantyre Police, Indoor Sport Complex in Lilongwe, Security Institution Houses, Mchinji/Mwami and Dedza One Stop Border Posts, Community Hospitals(Domasi and Mponela), Aquatic Complex in Lilongwe, Ntcheu and Thyolo Stadiums; Malawi Defence Force Referrals Hospital; Malawi Bureau of Standards Office and Lab Complex; Sports Village at Kamuzu Institute of Sports and Community Stadiums (Mzimba, Thyolo and Ntcheu).

5.11.2 Challenges and Lessons Learnt

5.11.2.1 Insufficient Funding and Late Payments of Building Projects

All the projects that are managed by the Department of Buildings are funded through the clients' budget lines which means the Department has no control over the cashflows and funding patterns of the project activities. This affects effective planning of the project management programs since the schedule of activities by the Department depends on the availability of funding of the clients and their priority areas of funding.

5.11.2.2 Inadequate Human Resource Capital and Development

The Department of Buildings is one of the departments within the Ministry of Transport and Public Works that is characterized by high staff turnover in all its five technical divisions.

5.11.2.3 Poor Planning during Project Management

Poor planning has a negative impact on both quality construction costs and completion period. It has been observed that most of the clients and stakeholders usually do not provide enough information for the project brief and detailed designs.

5.11.3 Outlook for 2022/23

The Ministry will continue to make sure that buildings are constructed, rehabilitated and maintained following the proper regulatory frameworks. The Department will work hand in hand with the local councils and construction practitioners to make sure that the tools are implemented and are being used even at local level.

The Department of Buildings will focus on the finalization of the Building Bill. It will adhere to the Authority to fill Vacancies within the department.

Chapter 6

MINING

6.1 Overview

The mining sector is a strategic sector that has tremendous potential to support industrialization. Currently, the mining sector contributes only about 1 percent to national income/Gross Domestic Product (GDP) but has the potential to contribute about 10 percent to the economy. The sector remains one area of realistic economic diversification, through which Malawi could increase its exports, attract Foreign Direct Investments (FDI) as well as diversify the government's revenue base, achieve infrastructure developments and industrialization.

In 2021/22 Financial Year (FY) the sector has updated and maintained computer-based mining cadastral system for efficient mineral license processing and management of mineral tenements in the country that has increased access to updated mineral rights licensing.

The sector has also updated and maintained the Geo-Data Management and Information System (GDMIS) at Department of Geological Survey to provide investors with a trouble free access to quality geo-scientific information essential for making well informed mining investment decisions. On the other hand, the sector has updated the draft National Petroleum Policy to align with current aspiration of the country as well as developments in upstream Petroleum industry and also revised mineral license and other service fees which are now approved and gazetted. In addition, the sector has constructed Documentation Centre to support geo-scientific data accessibility to all stakeholders and it has also facilitated and formed 32 groups of informal Artisanal and Small Scale Miners (ASMs) across the country to undergo the full process of formalization.

Despite numerous achievements, the mining sector is characterized by very little value addition (beneficiation) largely due to similar challenges facing the industrialization drive in general. It was for this reason, the Government of Malawi (GoM), identified the mining sector as an enabler to achieve Pillar 2 of industrialization in the Malawi Vision 2063. Nevertheless, there is still more to be done to allow for the smooth governance of the sector and to enhance capacity of the core departments mandated to regulate and oversee the development of the mineral sector. These include completing the construction and accreditation of Mineral Processing Laboratories, online access of geo-data at the Geological Survey Library, the formalization of ASMs to tame the proliferation of illegal mining activities and the establishment of District Mining Offices to increase visibility and access to minerals governance and extension services. Other outstanding works include the establishment of the Mining Regulatory Authority, the establishment of the state-owned Mining Company, continued human capacity building of key personnel in the sector and the provision of civic education to the country's population on the mine life cycle for a better understanding of the sector in order to address negative attitude towards the sector. In a nutshell, the mining industry in Malawi needs more than policies in terms of support for the country to have the expected benefits from the mining activities.

Furthermore, the recent funding trends in the sector has been encouraging as they have shown Government's commitment to the Mining sector. However, low electricity generation and supply into the national grid to power most of the upcoming mining projects, a spate of illegal mining activities in selected districts across the country leading to loss of revenue and environmental degradation, lack of District Mining Officers across the country to compliment efforts of civic education and provision of extension services and COVID-19 pandemic restriction measures, including lockdowns and travel restrictions in other countries, have hindered production and progress in exploration work in existing tenements and slowed down incoming prospective investors in the mining sector. Thus this chapter reviews the performance of Malawi`s mineral sector in terms of mineral production, domestic and export sales, employment opportunities, as well as a synopsis of new mineral exploration and assessment of existing exploration projects which are underway, mineral licenses and mining investment opportunities currently available in the country and initiatives that are implemented by the sector.

6.2 Revenue Collections and Projections

Table 6.1 shows the revenue estimates for the 2021/22 financial year (FY) and projections for 2022/23 FY and 2023/24 FY. The Ministry is expecting to collect more revenue due to the upward adjustment of fees. As of November 2021, the Ministry has collected MK372, 798,648.00 which represents 57.9 percent of the 2021/22 revenue estimates. It is expected that the collected revenues will match the revenue estimates by the end of the 2021/22 FY.

TABLE 6.1: REVENUE COLLECTIONS AND PROJECTIONS

	2021/22 FY	2022/23 FY	2023/24 FY
DOM	604,476,576.23	664,836,375.00	732,603,862.50
GSD	39,025,082.00	42,927,590.20	47,220,349.22
TOTAL	**643,501,658.23**	**707,763,965.20**	**779,824,211.72**

Source: Ministry of Mining

6.3 Mineral Production

Table 6.2 summarizes the mineral production levels and the respective monetary values. The details of major mineral production levels during the period under review are explained in the subsequent sub sections. It should be noted that the table presents actual production data for 2021 which was all available during compilation of the report and projections of mineral production for 2022 and 2023.

TABLE 6.2: MINERAL PRODUCTIONS AND MONETARY VALUES (2021-2023)

Production	**2021 (Actual)**		**2022 (Estimates)**		**2023 (Projection)**	
Type	**Quantity (tonnes)**	**Value (K'million)**	**Quantity (tonnes)**	**Value (K'million)**	**Quantity (tonnes)**	**Value (K'million)**
Coal	30, 250.8	430.5	31, 763.3	452.0	33, 351.5	474.6
Cement limestone	465, 733.0	385.4	489, 019.7	404.6	513, 470.7	424. 9
Iron Ore	4, 980.2	98.2	5, 229.3	103.1	5, 490.7	108.3
Hydrated & Agricultural Limestone	20, 897.4	350.9	21, 942.2	368.4	23, 039.3	397.9
Other						
Uranium Concentrates	0	0	0	0	0	0
Phosphate	0	0	0	0	0	0
Rock aggregate	783, 416.6	5, 035.9	822, 586.3	5, 287.7	863, 715.6	5, 552.1
Precious & Semi-Precious Stones	15.0	101, 165.7	15.8	106, 233.9	16.6	111, 535.1
Dimension/ Ornamental Stones	1, 845.1	289.5	1, 937.3	303.9	2, 034.2	319.1

Source: Ministry of Mining

TABLE 6.3: MINERAL PRODUCTION 2020 ACTUAL VS 2021 ACTUAL

Production	**2020 Actual**	**2021 Actual**	**Percentage change**
Type	**Quantity (tonnes)**	**Quantity (tonnes)**	
Coal	54,875.8	30250.8	-45
Cement limestone	575,397.0	465,733.0	-19
Iron Ore	5,018.2	4,980.2	-1
Hydrated & Agricultural Limestone	24,725.6	20,897.4	-15
Other			
Uranium Concentrates	0	0	
Phosphate	0	0	
Rock aggregate	749,902.6	783,416.6	4
Precious & Semi-Precious Stones	20.4	15.0	-26
Dimension/Ornamental Stones	926.5	1,845.1	99

Source: Ministry of Mining

The Actual production figures for the 2020/21 FY and the 2021/22 FY in Table 6.3, show that there has been significant decline in production of various minerals. However, there is growth in the production of Rock aggregate and Dimension/Ornamental stones. The most notable is 99 percent increase in the production of Dimensional/Ornamental Stones.

6.3.1 Coal Production

Malawi has over 22 million tonnes of proven coal reserves in a number of coalfields across the country. In general, coal remains one of the most energy mineral mined in the country for industrial use. Coal production in 2021 was projected to slightly decrease as compared to the production of the same in the last FY. However, due to the COVID-19 pandemic that hit hard on the industry, production has fallen below what was projected in the last FY. The production declined to 30,250.8 tonnes as compared to 54,875.8 tonnes of last FY marking a 45 percent decline in production. There was no new coal mine opened to help increase and boost production.

The COVID-19 pandemic is the major reason for the drop in production as most coal mines stopped operations due to the pandemic. Intermediary buyers who often dictate low coal prices from miners are contributing to the low levels of coal production as miners incur heavy losses to service the ever-growing wage bill and other production costs. In addition, the coal sector has also been impacted by closure of some important industries in the manufacturing sector.

The Cement Product Limited (CPL)-Mchenga Coal Mine, Kaziwiziwi Coal Mines, Kasikizi Coal Mine, Rukuru or Dantansie Coal Mines remain the major producers of the commodity. The rest of the production is shared among other players like DDY Mining, Nkhauti Mine, Mean Jalawe Mine and Lisikwa Mine. This Coal is mainly used for provision of energy for different production processes in the cement, tobacco, textile, brewery, food processing and ethanol industries.

6.3.2 Uranium Concentrates Production

The Kayerekera Uranium Mine, which was commissioned in 2009 and came under care and maintenance in 2012, has remained the largest mining investment in the country's mining sector.

During the period under review, Kayelekera Uranium Mine continued to be under care and maintenance as a result of the continued falling of uranium prices at world market to below US$40/lb. Therefore, no uranium production is presented during the 2021/22 FY. Currently almost all the work at the mine has centred on preserving the mine environment, care and maintenance of the plant and machinery. In order for the Kayelekera Mine to resume production, the world market price for uranium should be within the range of US$70 – US$75 per pound. The current world market price is US$38.5 per pound.

6.3.3 Cement Limestone Production

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

During the period under review, cement limestone of 465,773.0 tonnes was produced. This is less than the 575,397.0 tonnes that was produced in the last FY, marking a production decline of 19 percent. Cement limestone production was expected to slightly increase due to continued demand for cement products as the country continues to have more building projects each year.

6.3.4 Agricultural, Calcitic and Hydrated Lime Production

Zalewa Agriculture Lime Company (Zalco), Lime-Co and Kemi Investment (formerly Fluorides Company), Balaka Lime Works Supply Company Limited (BLISCOL), and Tithokoze Women Lime Makers are the major companies producing agriculture, hydrated and calcitic lime in the country. Zalco and Lime-Co remain the major players that have dominated the export market for the commodity. The exports consisted of agricultural lime, calcitic lime and lime powder.

In the period under review, 20,897.4 tonnes of Hydrated & Agricultural Limestone was produced and this is less than the 24,725.6 tonnes that was produced last FY, marking a 15 percent decline in production. It was expected that production of Agricultural lime would increase in the period under review because of the rise in demand of the product in tobacco estates, poultry and paint industries. Production of hydrated lime usually used for construction is mostly dominated by medium to small-scale operators.

6.3.5 Rock Aggregate Production

The production of rock aggregates increased in the 2021/22 FY due to the demand of the product in construction and rehabilitation of roads. There are more than 15 active operating quarries countrywide for production of rock aggregate both at commercial and project level. Out of these, 11 are commercial quarries and the rest are project quarries. Commercial quarries are those that are operating for commercial purpose and do pay the required royalties to Government whilst project quarries which are granted public works project in consultation with Ministry of Transport and Public Works do not pay royalties. However, there are plans underway by the Ministry of Mining to ensure that all quarries start paying royalties irrespective of the type of operation as provided for under Section 260 of the new Mines and Minerals Act 2019. This measure is likely to boost the royalty revenue collections.

During the period under review, commercial and project quarries produced a combined production of up to 783,416.6 tonnes. This is more than the 749,416.6 tonnes produced last FY marking a 4 percentage rise in production. Rock aggregate production is projected to increase in the 2022/23 FY and the 2023/24 FY due to the continued demand of the product in the construction industry.

6.3.6 Phosphate Production

Apatite deposits suitable for the manufacture of compound phosphate fertilizers are found at Tundulu in Phalombe District. The phosphates are contained in a carbonatite complex and occur as apatite sovite and apatite carbonatite. There is no production of phosphate recorded for the 2021/22 FY.

6.3.7 Precious and Semi-Precious Stone Production (Gemstones)

Gemstones in Malawi are mined by small-scale miners across the country, but marketing of gemstones requires use of sophisticated marketing techniques. Currently, Ministry of Mining is fighting illegal mining activities for precious stones that have become rampant in the country. The Ministry also intends to find ways to establish gemstone marketing centres to ease the problem of lack of market access encountered by most of the legitimate artisanal and small-scale miners.

In the 2021/22 FY, the Ministry recorded a drop in production of precious and semi-precious stone production to about 15 tonnes compared to 20.4 tonnes of last FY marking a 26 percentage decline in production. However, it is usually extremely difficult to compile actual production data for precious and semi-precious stones. Often production figures might be much more than the declared figures as the industry is infested with smugglers. Hence, the true gemstone produced in 2021 only came from the legally registered miners who duly declare their productions during export of such commodities. However, Government is working very hard to curb illegal gemstone mining and selling through intensive sensitisation campaigns and systematic formalisation of the small-scale sub-sector though some of these measures are meeting resistance from other quarters due to disagreements amongst the miners themselves and issues to do with land ownership.

6.3.8 Dimension/ Ornamental Stones

Production of dimension stones also referred to as ornamental stones increased to 1,845.7 tonnes in 2021/22 FY as compared to 926.5 tones last FY marking a 99 percent increase in production. This is perhaps due to increasing demand for the commodity in the export market. Production is expected to increase in the subsequent years. Most of these dimension stones, which are usually sold in tonnages, have been exported to China, Thailand and other Asian Market. These stones are usually used for decorations as finished products.

6.4 Export Sales of Minerals

Export of minerals in the 2021/22 FY by different operators were dominated by ornamental/dimension stones, gemstones, lime products as well as rock chip samples and soil samples as shown in Table 6.4. With lack of accredited laboratory facilities, the country has continued to rely on foreign based accredited laboratories with state of the art equipment like, Genalysis Laboratory and ALS (Metallurgy) Laboratory based in both Australia and South Africa, Crop Nutrition Laboratory Services based in Kenya and Thin Section Laboratory based in France. During the financial year under review, most of the rock-chip and soils samples were sent for laboratory analysis by various players in the sector that include exploration companies, Geological Survey Department, Academic and Research Institutions. Royalties are charged upon determination of the value of such samples in order to avoid misconceptions, and any bulk sampling, for a company that has embarked on Bankable Feasibility Studies (BFS), has to be duly authorized based on purpose and advancement of the project.

The average prices of the minerals vary per individual operator/producer depending on quality or grade of mineral and their respective production costs since the country does not have fixed prices for particular minerals. Most of all the average prices of these various minerals are obtained from current World Price trends by those who issue export certification after initial value declaration by exporters.

During 2021/22, the country exported 15.0 tonnes of gemstones valued at MK101.2 million, 1,224.4 carats (244.9g) of cut and polished stones worth MK5.5 million, 1,845.1 tonnes of dimension or ornamentals stones worth MK289.5 million, 3380.2 tonnes of lime products worth MK127.2 million, 15.1 tonnes of rock chip samples valued at K5 million and 3.6 tonnes of soil samples valued at MK1.8 million.

Gemstones continue to be exported to various parts of the world like India, Indonesia, Malaysia, South Africa, China, United States of America (U.S.A), Italy, United Kingdom (U.K) etc. Unfortunately, most of the gemstones were exported raw resulting into significant loss of royalties, only 1224.4 carats (244.9) of value added gemstones was exported and this is less than the 2,700 carats (540g) that was exported last FY. Almost all the limestone products in the form of powder and calcitic limestone were exported to Mozambique where it is being used in poultry farming. During the year under review there was no export for uranium concentrate and coal from Malawi as was the case in the last FY.

TABLE 6.4: MINERAL EXPORTS

Exports	**2021 (Actual)**		**2022 (Estimates)**		**2023 (Projections)**	
Type	**Quantity (tonnes)**	**Value (K' million)**	**Quantity (tonnes)**	**Value (K' million)**	**Quantity (tonnes)**	**Value (K' million)**
Coal	0	0	0	0	0	0
Uranium cake	0	0	0	0	0	0
Other						
Dimension/Ornamental stones	1,845.1	289.5	1,937.3	303.9	2,034.2	319.1
Gemstones	15.016	101,165.7	15.8	106,233.9	16.6	111,535.1
Calcitic Lime products	3,380.2	127,151.0	3,549.2	133,508.6	3,726.7	140,184.0
Rock Chip samples	15.1	5.00	15.9	5.3	16.7	5.5
Soil samples	2.6	1.8	2.8	1.9	2.9	2.0

Source: Ministry of Mining

TABLE 6.5: VALUE ADDED STONES

Exports	**2021 (Actual)**		**2022 (Estimates)**		**2023 (Projections)**	
Type	**Quantity (carats*)**	**Value (K' million)**	**Quantity (carats)**	**Value (K' million)**	**Quantity (carats)**	**Value (K' million)**
Cut & Polished Stones	1,224.4	5.5	1,285.6	5.8	1,349.9	6.1

Source: Ministry of Mining

*****1 Carat =0.2g,

1,224.37 carats =244.9g

6.5 New Mining Operations and Licenses

During the year under review, Government, through the Ministry of Mining, granted various licenses to prospecting mining companies and individuals as presented in Table 6.6.

TABLE 6.6: NEW MINING AND PROSPECTING LICENSES ISSUED IN 2021/22

Type of Licence	Number issued	Mineral (s)
	Small-Scale Operators	
Non-Exclusive Prospecting Licences	60	Gemstones, Ornamental stones
Small-Scale Mining Licences	128	Gemstone, Clay, Gypsum
Reserved Minerals Licence	78	Gemstones, Ornamental stones
	Large-Scale and Medium-Scale Operators	
Exploration Licence	28	Gold, Heavy Mineral Sands, Base Metals, Limestone, Titanium, Kaolinitic Clay, Gypsum, Iron ore, Copper, Nickel, Rare Earths etc.
Medium-Scale Mining Licences	1	Rock aggregate
Large-Scale Mining Licences	0	
Retention Licences	11	Titanium minerals, Copper, Gold, Apatite, Diamond, Heavy Mineral Sands
Reconnaissance Licence	1	Geothermal Energy

Source: Ministry of Mining

Pursuant to the enactment of the new Mines and Minerals Act (No. 8 of 2019) came the introduction of a Retention License (RTL). This license is meant to cater for investors who have undertaken extensive exploration work to the point of locating a mineral deposit and determining feasibility of the project, but cannot commence mining phase due to other factors e.g. adverse mineral/commodity market conditions, technological changes, adverse financial conditions, or incomplete Definitive Feasibility Studies etc. To date, four companies were granted these Retention Licenses giving a booming future of the mining industry and a great picture towards the contribution of the sector to the country’s economy.

6.6 Mining Investment Opportunities

6.6.1 Mineral Potential of the Country

Mineral resource base is very diverse with very high untapped resource potential. Malawi produces cement, coal, rock aggregate from crushed granitic stone, limestone, and some artisanal salt and chalk mainly for domestic consumption. Without yellow cake from uranium, it is only semi-precious stones and gemstones and some limestone products that are serving the international markets.

However, there is potential for rare earth elements, graphite, heavy mineral sands, rutile, bauxite, phosphate, uranium and granite deposits. Recent exploration reports have revealed significant quantities of rare earth elements in Phalombe and the Kasiya exploration project by Sovereign Metals Limited (ASX:SVM) reported exceptional results which extend the high-grade rutile zone in Lilongwe District. In the rural and semi-urban areas where Artisanal and Small-Scale Mining (ASSM) activities in gold panning and gemstones mining, have increased considerably over the years, they are a source of livelihood for many families.

In addition, there is also potential for oil and gas in Lake Malawi and areas along the rift valley formation. Companies have previously been granted Petroleum Exploration Licences to explore for hydrocarbons in the pre-demarcated blocks covering the country.

Through the Government's initiative to improve access to Geological and Mining Data, there has been an establishment of a Geo-data Management Information System (GDMIS) at Geological Survey Department, and through a French funded project, Geological Mapping and Mineral Assessment Project (GEMMAP), the interpretation of the high resolution airborne geophysical data for the country has been completed and almost ready for access by potential investors. Following this completion, the country anticipates to witness an increase in both exploration and mining projects.

Local and international companies are both actively engaged in the exploration for various minerals over Malawi. Potential exploration targets include gold, uranium, platinum group of minerals (PGM), base metals, nickel and copper, dimension stone, phosphates, heavy mineral sands, graphite, and coal as indicated in Table 6.7.

TABLE 6.7: KNOWN MINERAL DEPOSITS, RESERVES AND GRADE

DEPOSIT	LOCATION	DELIANATION RESERVES (Million tonnes/grade)
Bauxite	Mulanje	28.8/43.9% Al_2O_3
Uranium	Kayelekera	12.5/0.2% Ur_3O_8
Monazite/ Strontianite	Kangankunde	11/ 8% Strontianite and 60% REO
Rutile	Kasiya - Lilongwe	1.32% rutile
Corundum	Chimwadzulu-Ntcheu	Not conclusive
Graphite	Katengeza-Dowa	8.0/75.6gm per m^3
Limestone	Malowa Hill-Bwanje	15/48% CaO, 1.2% MgO
	Chenkumbi-Balaka; Chikoa-Livwezi-Kasungu	10/46.1% CaO, 3.5% MgO
Titanium bearing Heavy Mineral Sands	Nkhotakota-Salima	700/5.6% HMS
	Chipoka	
	Mangochi	680/6.0% HMS
	Halala (Lake Chilwa)	15/6.0 % HMS
Vermiculite	Feremu-Mwanza	2.5/4.9% (Med+Fine)
Coal	Mwabvi-Nsanje	4.7/30% ash
	Ngana-Karonga	15/21.2% ash
	Mchenga	5/17% Ash, 0.5% Sulphur and calorific value of 6,800kcal/kg
Phosphate	Tundulu-Phalombe	2.017% P_2O_5
Pyrite	Chisepo-Dowa	34/8% S
	Malingunde-Lilongwe	10/12% S
Glass Sands	Mchinji Dambos	1.6/97% SiO_2
Dimension Stone	Chitipa, Mzimba, Mangochi, Mchinji	Blue, Black, Green, and Pink Granite
Gemstones	Mzimba, Nsanje, Chitipa, Chikwawa, Rumphi, Ntcheu	Numerous pegmatites and volcanic

Source: Geological Surveys Bulletins and Private Companies Mineral Exploration Reports

6.7 Initiatives in the Mining Sector

In the 2022/23 FY, the Government will undertake a number of interventions to address and support the growth and development of the mining sector in the country. These measures include:

i. Review the Mines and Minerals Policy to create more attractive investment climate in the country;
ii. Review the Petroleum (Exploration and Production) Act, including the subsidiary legislation;

iii. Review the Explosives Act including the subsidiary legislation;
iv. Operationalize National Mining Investment and Development Corporation to facilitate PPPs;
v. Finalize geo-mineral resource mapping across the country;
vi. Facilitate the re-commissioning of Kayelekera Uranium with properly negotiated agreements;
vii. Facilitate the development of other upcoming major mineral projects including, Kanyika Niobium Project in Mzimba, Songwe Rare Earth Project in Phalombe, Malingunde Graphite and Kasiya Rutile Projects in Lilongwe in order to fast-track their evolution from advanced mineral exploration to mining; and
viii. Develop a National Strategy on Mineral beneficiation and value addition.

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

i. Generating quality geoscientific data;
ii. Promoting mining investment in the country through participation in the local, regional and international mining investment fora;
iii. Updating and maintaining computer-based mining cadastral system and the Geo-Data Management and Information System (GDMIS) to make information readily available to investors;
iv. Sanitizing the regulatory environment through the establishment of the Mining Regulatory Authority which is well underway;
v. Formalizing the Artisanal and Small-Scale Mining sub-sector;
vi. Enforcing compliance by the mining operators to occupational health safety and environmental standards;
vii. Providing technical extension services to Artisanal and Small-Scale Miners (ASMs); and
viii. Conducting mine surveying across the country to enhance mineral production and ensure orderliness in the mining sector.

Chapter 7

ENERGY

7.1 Electricity

In the 2020/21 financial year, Electricity Supply Cooperation of Malawi (ESCOM) sold 1,587 Gigawatt hours (GWh) of electricity compared to 1,576 GWh recorded in the 2019/20 financial year. ESCOM's total customer base also increased by 19.3 percentage points from 439,187 to 523,793 (See Table 7.1). This is attributable to deliberate efforts and strategies put in place to connect more customers.

TABLE 7.1: ELECTRICITY GENERATION AND CONSUMPTION (2010-2020)

YEAR	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Installed Hydro Capacity (MW)	285.9	285.9	285.9	285.9	351	351	351	351	351	351	369
Maximum (Peak) Demand (MW)	273.0	277.8	277.9	279.7	323.9	335.3	328.3	322.6	317	299.6	348.5
Energy generation (GWh)	1,809.2	1,871.9	1,911.5	1,828.2	1,906.5	1,975.0	1,977	1,808.6	1,792	1,887	1,826
Number of Consumers	194,459	205,045	218,164	238,211	269,469	312,857	344,953	395,923	413,816	439,187	523,793
Consumption Domestic (GWh)	571.6	593.9	596.1	577.7	614.2	699.0	766.3	693.3	642.6	568.2	643.5
General (GWh)	253.7	250.4	244.5	215	183.3	150.3	117.4	62.2	156.6	292.5	289.3
Energy Demand (GWh)	580.8	612.2	604.9	613.8	639.3	620	620	552.8	620	620	620
Export (GWh)	20.7	19.1	21.1	23.8	23.6	21.9	24.4	20.4	19.3	19.9	18.9
Total Consumption GWh)	1,426.7	1,475.6	1,466.5	1,429.7	1,460.4	1491.2	1,854.8	1,328.8	1,477	1,576	1,587

Source: Electricity Supply Cooperation of Malawi (ESCOM)

In the year under consideration the country experienced an increasing trend in the total energy generation in all power stations across the country mainly as a result of improved performance of generation plants due to high maintenance levels. From a grand system total of 139,337,495 kWh generated in March 2020, the generation capacity has been steadily increasing in all power stations across the country reaching 177,761,956 kWh in March 2021. Table 7.2 shows electricity generated by all power stations from March 2020 to March 2021.

TABLE 7.2: ELECTRICITY GENERATION IN KWH (MARCH 2020-MARCH 2021)

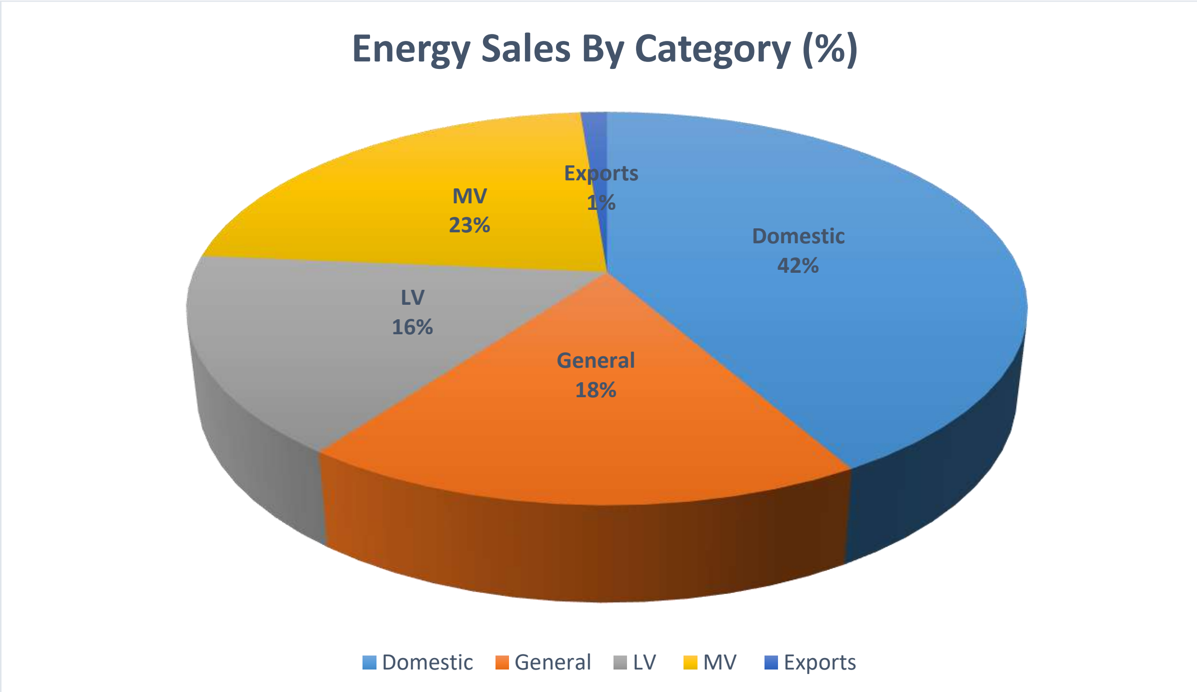
MONTH :	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
NKULA A	10,605,400	10,083,700	8,360,100	8,751,900	5,655,000	4,025,600	8,013,000	13,116,600	12,339,100	10,210,900	8,638,300	9,349,900	10,938,300
NKULA B	41,103,980	41,784,870	43,881,570	45,572,300	50,439,840	52,181,880	48,510,450	46,598,030	45,986,590	38,913,240	46,257,600	44,440,650	48,408,840
TEDZANI I & II	21,603,900	21,522,840	19,059,000	16,307,940	8,340,720	8,811,960	9,657,240	11,465,340	13,737,960	11,716,320	10,012,560	11,355,180	11,855,100
TEDZANI III	16,734,240	16,828,480	19,012,480	23,026,240	38,224,800	37,735,400	37,362,600	38,519,400	36,941,800	39,399,000	36,885,200	33,634,600	38,673,200
KAPICHIRA PHASE I	19,411,600	14,423,200	18,148,600	18,134,800	17,800,800	19,686,100	19,203,000	18,618,800	22,774,600	30,329,600	31,221,600	28,210,000	30,747,400
KAPICHIRA PHASE II	22,303,400	32,044,200	38,659,200	39,588,400	41,545,000	40,622,600	41,143,800	43,429,800	40,065,800	37,227,400	38,871,800	34,054,200	34,687,200
WOVWE	3,010,710	2,963,000	2,838,750	2,247,670	2,429,121	2,301,379	2,497,120	2,812,430	2,873,790	2,388,600	1,623,100	1,408,560	1,570,020
KANENGO	2,385,420	1,841,150	1,306,940	945,590	1,892,830	1,317,830	1,417,310	1,608,790	821,880	497,100	180,900	287,430	532,180
LILONGWE A	0	0	0	0	0	0	0	0	0	0	0	0	0
LIKOMA	94,143	90,342	94,920	93,688	95,142	94,116	96,728	99,125	109,150	112,916	100,227	90,214	105,156
CHIZUMULU	21,492	22,184	22,780	22,035	21,927	22,911	22,655	24,057	23,199	22,603	24,283	20,759	24,330
LUWINGA	592,440	1,009,220	765,942	670,146	767,750	634,090	749,600	599,260	680,510	318,170	150,710	223,930	156,730
MAPANGA	1,470,770	313,950	1,338,180	1,133,420	1,021,000	555,060	1,816,670	1,854,380	1,342,420	861,370	294,890	278,540	63,500
GRAND SYSTEM TOTAL	139,337,496	142,927,135	153,488,462	156,494,129	168,233,930	167,988,927	170,490,173	178,746,012	177,696,799	171,997,219	174,261,170	163,353,962	177,761,956

Source: Electricity Generation Company (EGENCO)

7.1.1 Electricity Sales by Customer Category

In terms of sales of electricity by customer category, 41 percent was sold to domestic customers while the general category accounted for 18 percent of the sales. While industries in the Low Voltage (LV) and Medium Voltage (MV) customers' categories accounted for 16 percent and 22 percent respectively. A total of 1.2 percent was exported to the neighbouring countries in the year under review as is shown in the Figure 7.1.

FIGURE 7.1: ELECTRICITY CONSUMPTION



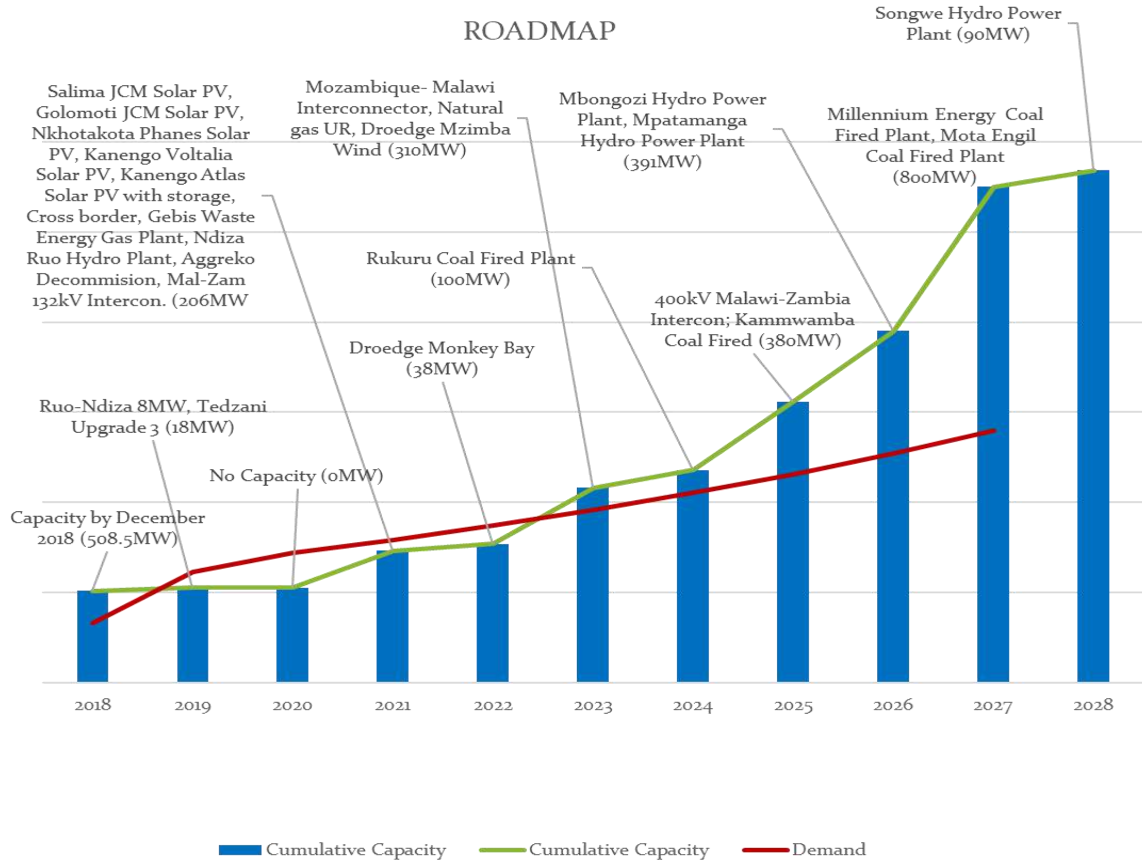
Source: ESCOM Limited

7.1.2 Demand Analysis and Planned Projects

The Government of Malawi targets to increase access to electricity to 30 percent by 2030. To achieve these aspirations, the Government has developed an Integrated Resource Plan (IRP) for power development (generation and transmission facilities) as a development strategy blueprint for Malawi's electricity sector requirements up to year 2037. The IRP essentially sets out a road map for optimal and least-cost expansion and development of the Electricity sector in Malawi spanning over 20 years from 2017 to 2037.

In the 2020/21financial year, there was a reduction in load shedding due to an improvement in not only rainfall patterns but also the system maximum demand as generation capacity bottlenecks eased.

FIGURE 7.2: DEMAND GROWTH AND POWER SUPPLY ROAD MAP



Source: ESCOM Limited

ESCOM in pursuance of its mandate of facilitating entry of Independent Power Producers (IPPs) in the electricity market and increase in power supply and ensuring security of energy for the country, has this far, excluding EGENCO, signed Eleven (11) Power Purchase Agreements (PPAs) for various power supply options, totalling 328 MegaWatt (MW): -

i. 41MW HE Power Mbongozi Hydropower in Kasungu/Ntchisi
ii. 78MW Aggreko Diesel Powered Generators for Chichiri, Blantyre; Kanengo, Lilongwe; and Chinyama, Kasungu
iii. 50MW Quantel Solar PV Farm in Bwengu in Mzimba
iv. 50MW Droege Wind Farm in Chikangawa in Mzimba
v. 21MW Phanes Solar PV Farm in Nkhotakota
vi. 60MW JCM Solar Farm in Salima
vii. 20MW Atlas Solar PV Farm in Kanengo, Lilongwe
viii. 20MW JCM Solar Farm in Golomoti, Dedza
ix. 20MW Droege Lake Floating Solar Farm in Monkey-Bay, Mangochi
x. 10.8MW Mulanje Hydro Limited in Mulanje
xi. 20MW ZESCO Cross-Border Supply from Chipata in Zambia to Mchinji in Malawi (at Distribution Level.

On the transmission front, the IRP recommends the following projects: constructing a (400kV) Mozambique – Malawi interconnector to enable both exports and imports of power, and a new double circuit 132 kilovolts (kV) overhead line from Nkhoma substation in Lilongwe via Nanjoka substation in Salima, to Chintheche in Nkhatabay.

Other projects include, energy efficiency projects, which are initiatives aimed at managing demand and reducing losses on the system. These efforts are also planned to be undertaken during the IRP implementation period. It is envisaged that DSM and loss reduction initiatives will save about 40MW.

7.2.4 Electricity Tariff Developments

Following ESCOM's application for tariff review, the Malawi Energy Regulatory Authority (MERA) has approved a tariff increase. In the period, ESCOM was granted the Third Base Tariff, with a total increase of 31.8 percent to be spread and implemented over the four-year a period from 2018 – 2022. The Corporation therefore started implementation of the Third Base Tariff by effecting the first tranche of 20 percent tariff increase in the second quarter of the financial year, effective October 2018.

During the 2020/21 Financial Year, MERA considered a review of the electricity tariffs for ESCOM under the Automatic Tariff Adjustment Formula (ATAF). MERA noted that as at March 2021, the last time electricity tariffs were revised following the implementation of the 5.7 percent ATAF outcome of that month, the exchange rate was at MK787.85/US$ while the consumer price index (CPI) was at 128.6. Since then, the economic fundamentals have remained stable, with the Kwacha marginally depreciating to MK793.00/US$ as of 30th March 2021, while the CPI remained at 128.6 as noted in November 2020. Applying the above levels of economic fundamentals to the ATAF, resulted into 0.3 percent potential upward tariff adjustment. Based on ATAF principles, MERA resolved to maintain tariffs at the current average of MK104.46/kWh as the ATAF outcome is within the ±5 percent statutory trigger band.

7.2.5 Establishment of Power Market Limited

In continuing with its power sector reform drive, Government has recently registered the Power Market Limited (PML) as a public company authorized to undertake the role of a single buyer in purchasing and selling electric power or any other form of energy in Malawi. The company was incorporated in June 2018 with an initial capital injection of MK50 million.

PML is mandated to make a significant contribution to national development by devising robust plans for current and future power requirements and ensuring the generation and supply of reliable quality, sustainable, efficient and affordable power that meets demand for both industrial and domestic users.

A multi-stakeholder Task Force led by the Ministry of Energy was constituted to facilitate the transfer of Single Buyer functions from ESCOM Limited to PML. Funding for PML's operations and investments is envisaged to come from 2.3 percent of the average base tariff which currently stands at MWK88.02/KWh – translating to MWK2.09/kWh. ESCOM Limited makes average monthly energy sales of about 140,000,000kWh. This means that PML is expected to realize an average of MK292 Million per month.

In line with its mandate to undertake single buying functions in the newly unbundled Electricity Supply Industry (ESI), PML began processes of facilitating the taking over of Single Buyer functions from ESCOM. An application for the issuance of a Single Buyer license was therefore made to MERA and the license was duly granted in 2020. The issuance of a license has reinforced its mandate for buying of electricity from generators within and outside Malawi and selling to distributors and large customers within Malawi and exporting outside Malawi.

7.3 Malawi Rural Electrification Program (MAREP)

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

The program is implemented in Phases. The Department started implementation of MAREP in its fourth phase. In Phase 3, the program installed a 4.5MW Wovwe power plant in Karonga district, in Phase 4, a total of 98 sites were electrified, in Phase 5, a total of 27 sites were electrified, in Phase 6 a total of 89 sites were electrified while in Phase 7 a total of 136 sites were electrified. The Ministry has just finalized implementation of MAREP Phase 8. The phase targeted 453 sites including beneficiary sites for all districts except Likoma Island. However, during the course of implementation of phase 8, demand for electricity rose which prompted the Ministry to extend the phase. The extended phase which has just now being completed as of 30th April, 2021, is called Extended MAREP phase 8 and has electrified 394 sites including beneficiaries.

The Ministry is currently planning for implementation of MAREP phase 9 which will electrify 575 sites across the country.

7.3.1 Extended MAREP Phase 8

Construction of Extended MAREP Phase 8 began in December 2019. The Phase targeted 394 sites including beneficiaries. Construction and commissioning of power lines had been completed in all districts with the exception of Lilongwe. The remaining sites in Lilongwe are yet to be completed and commissioned pending granting of a No Objection by Public Procurement and Disposal of Assets Authority (PPDA) to sign an addendum to the contract that emanated from increased scope of work. The uncompleted sites are Katayila TC, Chimwala TC, Mkangamila TC, Mchokwe, Mkwelera, Kaponda, Kambalanje TC, Makwinja Village, Tsekwere, Dambo School and Sabwemanyaza. The completion of these sites is dependent on the approval from PPDA.

TABLE 7.3: EXTENDED MAREP PHASE 8 SITES ACROSS THE COUNTRY

District	Center	Beneficiary	Status
Extended MAREP Phase 8 Scope - Lot 1 - MUSAWANIKA			
	Chipwela TC		Commissioned
		Chipwela Primary School	Commissioned
	Kalenge TC (Kalenge CDSS)		Commissioned
	Naching'anda		Commissioned
Chitipa	Chambo HC		Commissioned
	Ilanga		Commissioned
	Chimwemwe		Commissioned
	Kalopa		Commissioned
	Zambwe		Commissioned
	Mughese Mission (Including Katowo Village and Katowo CCAP)		Commissioned
Extended MAREP Phase 8 Scope - Lot 2 -FAR Distributors			
	Katili HC		Commissioned
		Katili Primary School	
	Pulumbwe		Commissioned
Karonga	Tendi School		Commissioned
	Jeremani (This area is Mulindaimfa)		Commissioned
	Chiwondo		Commissioned
	Gumi		Commissioned
	Mulindafwa 1		Commissioned
		Mulindafwa 2	
	Thunduti Primary & CDSS		
Extended MAREP Phase 8 Scope - Lot 3 _ SAWA GROUP			
	Thazima		Commissioned
		Nyika NP H/O and Junior staff	
Rumphi	Lumphawa		Commissioned

	Phwamphwa		Commissioned
		Kaduku	
	Thunda		Commissioned
	Lwatizi		Commissioned
	Charo TC & HC		Commissioned
		Old Salawe & CDSS	Commissioned
		Zunga Village & PS	Commissioned
		Dowoka School	Commissioned
		Mtowo	Commissioned
	Zolokera		Commissioned
		Vwaza CDSS	Commissioned
Extended MAREP Phase 8 Scope - Lot 4 D&L			
	Engalaweni		Commissioned
	Malivenji		Commissioned
	Ehehleni		Commissioned
Mzimba		Chipata PS	
	David Sibande TC		Commissioned
	Enyezini		Commissioned
	Mtende		Commissioned
	Luvwele		Commissioned
	Emcizini		Commissioned
	Mabiri		Commissioned
	Mharaunda		Commissioned
		Mkamama PS	Commissioned
Extended MAREP Phase 8 Scope - Lot 5 TT Power Lines & Electrical Contractos			
	Mwambazi		Commissioned
	Bukala (Bukali)		Commissioned
	Thoto Msinji		Commissioned
		Mtawa HC	Commissioned
		Mtawa	Commissioned
		Theya	Commissioned
		Sanga (Sanje)	Commissioned
Nkhata Bay		Buwa	Commissioned
	Mzenga		Commissioned
	Chitheka		Commissioned
	New Salawe		Commissioned
	Kapingama		Commissioned
	Mvwalamani		Commissioned

	Chifila	Commissioned
	Uhoho	Commissioned
	Mthabithabi	Commissioned
Extended MAREP Phase 8 Scope - Lot 6 Kaponda Rets& Electrical Company		
	Kanyangala TC	Commissioned
	Kabulungo TC	Commissioned
Dowa	Mauni	Commissioned
	Mndolera TC	Commissioned
	Soko TC	Commissioned
	Mtambalika	Commissioned
	Dzoole TC	Commissioned
	Kantchentche TC	Commissioned
	Kalonga	Commissioned
Extended MAREP Phase 8 Scope - Lot 7 EPSERVE Electrical Power Engineering Services		
	Makiyoni Primary Sch	Commissioned
	Kaniche TC	Commissioned
	Makiyoni TC	Commissioned
	Chinkhuli School	Commissioned
	Kachulu	Commissioned
	Mtondo TC	Commissioned
Salima	Mtondo 1	Commissioned
	M'manga	Commissioned
	Kachulu TC	Commissioned
	Chiphole	Commissioned
	Kamphedza	Commissioned
	Sanimaganga	Commissioned
	Mnema	Commissioned
Extended MAREP Phase 8 Scope - Lot 8 SECUM		
	Kayesa TC	Commissioned
	Kakhome CDSS	Commissioned
	Changaluwa	Commissioned
	Mdoni	Commissioned
	Chiseka	Commissioned
	Mkanakhoti	Commissioned
Kasungu	Nthunduwala	Commissioned
	Mpasadzi	Commissioned
	Kasungu National Park & Lodge	Commissioned

	Offices & Research		Commissioned
	Chankhozi		Commissioned
	Kadwala		Commissioned
	Linyangwa HC (Block 5)		Commissioned
Extended MAREP Phase 8 Scope - Lot 9 Choumba Electrical Contractors & Erix Electrical Contractors JV			
Ntchisi	Msambakunsi		Commissioned
	Mtuwanjovu		Commissioned
	Nyalavu		Commissioned
	Mndinda		Commissioned
	Chasolo TC		Commissioned
	Chakulanjala School		Commissioned
	Mawiri 2		Commissioned
	Kasakula EPA		Commissioned
Extended MAREP Phase 8 Scope - Lot 10 INFLO Energy Systems			
	Kasale		Commissioned
	Fuko		Commissioned
Ntcheu	Tchauya		Commissioned
	Kachimanga		Commissioned
	Bawi post Office		Commissioned
	Chawanje		Commissioned
		Sande Market/TC	
		Chawanje school	Commissioned
	Waiyatsa		Commissioned
	Kalumbu		Commissioned
	Mapila TC		Commissioned
	Livulezi		Commissioned
Extended MAREP Phase 8 Scope - Lot 11 Energy Solutions			
Dedza	Tambala		Commissioned
	Kanyenda		Commissioned
	Chitowo		Commissioned
	Tchetsa		Commissioned
	Kaphuka Village		Commissioned
	Ndebvu		Commissioned
	Mikonde Drop Down		Commissioned
	Mua TC		Commissioned
	Chitowo HC Drop down of Chitowo		Commissioned

	Tukuliza	Commissioned
Extended MAREP Phase 8 Scope - Lot 12 Zamangwe Electrical Contractors		
	Mphanga	Commissioned
	Kapanga HC	Commissioned
	Nkaladzi	Commissioned
	Chisumbu/Chitsulo	Commissioned
Mchinji	Nsapato	Commissioned
	Chimbowatu	Commissioned
	Mavwere	Commissioned
	Kangwere	Commissioned
	Mtsapila	Commissioned
Extended MAREP Phase 8 Scope - Lot 13 Ufulu Electrical Contractors		
	Chiganga	Commissioned
	Senjere	Commissioned
	Malengasanga	Commissioned
	Ali Kanyenda	Commissioned
Nkhotakota	Matumbi	Commissioned
	Chayanika	Commissioned
	Chiluwa	Commissioned
	Suluwi	Commissioned
	Maluwa	Commissioned
	Chizuma	Commissioned
	Chigumulile	Commissioned
	Lunga	Commissioned
Extended MAREP Phase 8 Scope - Lot 14 GIC Engineering		
	Nambuma HC/CDSS/PS/TC	Commissioned
	Chikowa HC	Commissioned
	Lubwe	Commissioned
Lilongwe	Mseche CDSS, HC & TC	Commissioned
	Chikuse Village	Commissioned
	Mpemba TC	Commissioned
	Maluwa	Commissioned
	Kalumba	Commissioned
	Chamadenga	Commissioned
	Kamphoni	Commissioned
	Maluwa TC	Commissioned

	Chadabwa	Commissioned
	Mkanga Tc	Commissioned
Extended MAREP Phase 8 Scope - Lot 15 Amikola Electrical Engineering Services		
	Namikombe	Commissioned
	Majiga	Commissioned
	Mtelera (Chasuchila)	Commissioned
	Mitengwe School	
	Maganga	Commissioned
Balaka	Namalomba	Commissioned
	Msunuzi	Commissioned
	Chatama	Commissioned
	Tsamba	Commissioned
	Mkasi	Commissioned
Extended MAREP Phase 8 Scope - Lot 16 MTN Electrical		
	Njilika	Commissioned
	Ngongomwa	Commissioned
	Makunje 2	Commissioned
	Maliya	Commissioned
	Nkumba	Commissioned
	HC/Namikoko	
Blantyre	Mthawira School	Commissioned
	Mpachika	Commissioned
	STA Kapeni	Commissioned
	Mchere TC	Commissioned
	Mulombwa CDSS	Commissioned
	Mang'omba Parish & Clinic	Commissioned
	Namende	Commissioned
Extended MAREP Phase 8 Scope - Lot 17 Power L Construction		
	Kadango TC	Commissioned
	Kaloka	Commissioned
	Lukoloma	Commissioned
	Nakapa	Commissioned
	Nkhumba TC	Commissioned
Mangochi	Kaipa Mkalapa	Commissioned
	Chisopi	Commissioned
	Mvunguti	Commissioned

		Dzambo Village	Commissioned
	Kafucheche		Commissioned
	Phirilongwe	Wani	Commissioned
	Mtimabi		Not Commissioned
	Mkumba		Commissioned
	Mnani		Commissioned
Extended MAREP Phase 8 Scope - Lot 18 Power Reticulation			
	Gola		Commissioned
	Chagambatuka	Maperera Admarc	Commissioned
Chikwawa	Matandala TC		Commissioned
	TA Makhuwira village		Commissioned
	Mandrade		Commissioned
	Taombe		Commissioned
	Medrum		Commissioned
	Masanduko		Commissioned
Extended MAREP Phase 8 Scope - Lot 19TT Power Lines & Electrical Contractors			
	Kamala TC		Commissioned
	ST Micheals PS		Commissioned
	Zalengelera Village		Commissioned
	Lisawo PS		Commissioned
	Namaka School		Commissioned
	Kuyu		Commissioned
Chiradzulo	Chabwera		Commissioned
	Maoni		Commissioned
		Chipamba	Commissioned
	Chingoma		Commissioned
		Kuchombe	Commissioned
		Mulinde PS/Juma	Commissioned
	Kholomana		Commissioned
	Siliya TC		Commissioned
	Lirangwe PS (Including New Ulaya Market)		Commissioned
Extended MAREP Phase 8 Scope - Lot 20 EPSERVE Electrical Power Engineering Services			
	Wadi		Commissioned

	Namphiwa		Commissioned
	Mkwakwata		Commissioned
		Nkhanene	Commissioned
Machinga		Mwitiya	Commissioned
	Pelasha		Commissioned
	Chikuluma		Commissioned
	Fakili		Commissioned
	Kiphalele		Commissioned
		Naphutu	Commissioned
	Mtalata TC		Commissioned
		Majiga 2	Commissioned
	Chinyama Train Station		Commissioned
	Chipamba		Commissioned
	Chimkwezule CDSS & TC		Commissioned
	Misikizi		Commissioned
		Chilonga	Commissioned
		Mwacheya	Commissioned
	Chisuwi TC		Commissioned
Extended MAREP Phase 8 Scope - Lot 21 Power Reticulation Services			
	Mphaya TC		Commissioned
	Kamwendo		Commissioned
	Masuku		Commissioned
	Dulankhani		Commissioned
	Naphimba		Commissioned
Mulanje	Songwe ADMARC		Commissioned
	Mbowela		Commissioned
	Gowelo		Commissioned
	Makokola TC		Commissioned
	Khajavo		Commissioned
	Dzenje		Commissioned
	Muluvala		Commissioned
	Thembe		Commissioned
	Naluso		Commissioned
Extended MAREP Phase 8 Scope - Lot 22 YM Power Contractors			
	Kayera TC		Commissioned

	Mkwete Village		Commissioned
	Lisungwi CDSS		Commissioned
	Kaponyatola PS		Commissioned
	Kanyani Village		Commissioned
Mwanza	Chiwembu		Commissioned
	Epesi TC		Commissioned
	Lipenga		Commissioned
	Mpandadzi		Commissioned
	Thambani Mission		Commissioned
Extended MAREP Phase 8 Scope - Lot 23 Amikola Electrical Engineering Services			
	Chidakwani		Commissioned
	Kalioni TC		Commissioned
	Mulemeka LEA Sch		Commissioned
	Mchokadala		Commissioned
Neno	Chawe		Commissioned
	Chigona PS		Commissioned
	Kholombidzo		Commissioned
	Nkhwewa		Commissioned
		Nkhwewa 2 Village	Commissioned
	Katayila TC		Not commissioned
	Chimwala TC		Not commissioned
Lilongwe	Mkangamila TC		Not commissioned
	Mchokwe		Not commissioned
	Mkwelera		Not commissioned
	Kaponda		Not commissioned
	Kambalanje TC		Not commissioned
	Makwinja Vge		Not commissioned
	Tsekwere		Not commissioned
	Dambo School		Not commissioned

	Sabwemanyaza	Not commissioned
Extended MAREP Phase 8 Scope - Lot 24 MTN Electrical Contractors		
	Chikhawo	Commissioned
	Mthumba	Commissioned
	Nyanthumbi	Commissioned
	Chilobwe	Commissioned
Nsanje	Nansenjere- East Bank	Commissioned
	Nantibule- East Bank	Commissioned
	Nyathando	Commissioned
	Nkhatchano	Commissioned
	Garafa- Mbenje	Commissioned
	Nsamba	Commissioned
	Mankhokwe PS	Commissioned
	Nyamithuthu	Commissioned
	Muona Health C	Commissioned
Extended MAREP Phase 8 Scope - Lot 25 Cast Electricals		
	Monjo -	Commissioned
	Njaya	Commissioned
	Kalama	Commissioned
	Mumbo	Commissioned
Phalombe	Chimbiri (Kokolo)	Commissioned
	Namalowe	Commissioned
	Chingazi	Commissioned
	Dzanjo	Commissioned
	Mbeza	Commissioned
	Ntepa	Commissioned
Extended MAREP Phase 8 Scope - Lot 26 YM Power Suppliers & Contractors		
	Chingata HC	Commissioned
	Mankhamba	Commissioned
	Mpenda CDSS	Commissioned
	Manjolo village	Commissioned
	Puteni	Commissioned
	Mikate	Commissioned
	Mwata	Commissioned
	Maonga	Commissioned
	Mbendera School	Commissioned

	Jeremiya(including Clinic)	Commissioned
Thyolo	Nasawa	Commissioned
	Makwera	Commissioned
	Namileme	Commissioned
	Chiguma	Commissioned
	Nansasala	Commissioned
	Chikondibwera	Commissioned
	Malosa	Commissioned
	Namaona PS	Commissioned
	Chamasowa PS	Commissioned
	Muhehe TC	Commissioned
	Nyambaro PS	Commissioned
	Nthare CDSS	Commissioned
	Nkolokosa Chaoneka	Commissioned
Extended MAREP Phase 8 Scope - Lot 27 Secum Energy Systems		
Zomba	St Bridget	Commissioned
	Mwambo Hqtrs	Commissioned
	Chauda TC/Chanda	Commissioned
	Buleya TC including CDSS	Commissioned
	Mchenga	Commissioned
	Mpalume Junction	Commissioned
	Chipini	Commissioned
	Chisawa TC	Commissioned
	Lisanjala	Commissioned
	Muchotse	Commissioned
	Masale	Commissioned
	Likangala Health Center	Commissioned
	Mbalame Village	Commissioned
	Kapichi	Commissioned
	Katamba CDSS	Commissioned
ESCOM SITES-Lot 28		
Ntcheu	Chibonga	Commissioned
Balaka	Chikande	Commissioned
Machinga	Ntubwi	Commissioned
Zomba	Mambo	Commissioned
Blantyre	Nchenga	Commissioned

Chiradzulu	Midule School	Commissioned
	Makande T - Off	Commissioned
Chikwawa	Nyasa	Commissioned
	Chikombe Border Post	Commissioned
Nsanje	Mbang'ombe- Chididi	Commissioned
Neno	Ndzala Village	Commissioned
Mangochi	Magomero TC	Commissioned
	Mpita TC & PS	Commissioned
Thyolo	Chikolombe	Commissioned
Mulanj*e*	Ngoma/Mitumbila Village	Commissioned
Chitipa	Kaperekezi	Commissioned
Karonga	Thukutu	Commissioned
Rumphi	Usowoya	Commissioned
Mzimba	Kalowa	Commissioned
	Thumbi	Commissioned
Nkhatabay	Litende	Commissioned
Kasungu	Chilowamatambe	

Source: Ministry of Energy

7.3.2 MAREP Phase 9 Project

Preparation for the implementation of MAREP Phase 9 is underway. The Phase targets to electrify 575 sites across the country. Production of detailed designs of all sites was done followed by their respective Bills of Quantities (BoQs). MAREP Phase 9 will be implemented in two sub-phases i.e. sub-phase 1 and sub-phase 2. Sub-phase 1 will cover a total of 345 sites and the sub-phase 2 will electrify the remaining 230 sites.

The Ministry is currently carrying out wayleave assessment and compensations in sites under MAREP Phase 9 sub-phase 1. This is following the new approach in which compensations of damage will be made before the construction of power lines begin. This was arrived at after considering the challenges that were being faced through the previous approach. In the previous approach, wayleave assessments and compensations were done after the power lines have been constructed. This had a lot of challenges of which the current approach is trying to lessen.

The Ministry is also carrying out procurement processes to identify contractors to supply and deliver materials for the construction of power lines. The Ministry will commence the procurement process for contractors to construct power lines and other service providers soon.

TABLE 7.4: PROGRESS OF WAYLEAVE ASSESSMENT AND COMPENSATION FOR MAREP PHASE 9 SUB-PHASE1SITES

SN	DISTRICT	ASSESSMENT	DISCLOSURE	PAYMENT STATUS	COMMENT
1	RUMPHI	Done	Done	Done	Completed
2	NKHOTA-KOTA	Done	Done	Done	
3	NENO	Done	Done	Done	
4	MANGOCHI	Done	Done	Done	
5	PHALOMBE	Done	Done	Done	
6	CHITIPA	Done	Done	Not done	Awaiting Payment
7	BLANTYRE	Done	Done	Not done	
8	NSANJE	Done	Done	Not done	
9	KASUNGU	Done	Done	Not done	
10	MZIMBA	Done	Not done	Not done	The Secretariat is waiting for reports from respective District Councils in order to proceed with disclosure and thereafter payments
11	NKHATABAY	Done	Not done	Not done	
12	DEDZA	Done	Not done	Not done	
13	THYOLO	Done	Not done	Not done	
14	MACHINGA	Done	Not done	Not done	
15	DOWA	Done	Not done	Not done	
16	NTCHISI	Done	Not done	Not done	
17	KARONGA	Not done	Not done	Not done	Assessment for the sites has been planned for December, 2021
18	SALIMA	Not done	Not done	Not done	
19	MCHINJI	Not done	Not done	Not done	
20	NTCHEU	Not done	Not done	Not done	
21	BALAKA	Not done	Not done	Not done	
22	CHIKWAWA	Not done	Not done	Not done	
23	LILONGWE	Not done	Not done	Not done	Assessment for the sites has been planned for January, 2022
24	CHIRADZULU	Not done	Not done	Not done	
25	MULANJE	Not done	Not done	Not done	
26	MWANZA	Not done	Not done	Not done	
27	ZOMBA	Not done	Not done	Not done	

Source: Ministry of Energy

7.3.3 Service Connections of Households under Ndawala Initiative

Ndawala Initiative was introduced by the Ministry of Energy through Malawi Rural Electrification Programme (MAREP). This is in pursuit of achieving the Government's objective of increasing access to electricity in rural and peri-urban areas. The decision was arrived at after the Ministry discovered that several customers in all sites under MAREP phase 8 were not connected several months after commissioning due to financial challenges of the beneficiaries. A pilot Ndawala Initiative was carried under MAREP Phase 8.

7.3.3.1 MAREP Phase 8 Ndawala Initiative

The Ministry started implementation of MAREP phase 8 Ndawala Initiative in May 2019. The initiative targeted low income households by providing them with wiring services and connections through a soft loan of M55, 000.00. The loan will be deducted over a period of time when customers are buying units. Potential customers were identified by the contractors who constructed power lines in the respective sites and certification of the customers was done by Electricity Supply Corporation of Malawi (ESCOM). This was done as a pilot project.

All eligible customers were requested to pay a commitment fee of MK5, 000. Private contractors were involved in wiring of houses while meter connections were done by ESCOM. The pilot phase of Ndawala Initiative targeted 11,325 households across the country. All the 11,325 houses had been wired and service drop wires connected. Table 7.5 indicates the scope in each district and the status of work.

TABLE 7.5: SCOPE OF WORK AND STATUS OF WORK IN EACH DISTRICT

District	Name of Contractor	Lot No.	Number of Households Wired	Number of Households Meters Installed
Dowa	Electrical Power Engineering Services (EPSERVE)	1	775	775
Zomba and Mchinji	Paramount	2	580	580
Mangochi, Nsanje and Balaka	Amikola	3	750	750
Salima and Kasungu	Zamangwe	4	900	900
Nkhotakota	Ufulu Electrical Contractors	5	825	825
Phalombe and Chiradzulu	YM Power Suppliers and Contractors	6	650	650
Dedza	Far Distribution Company	7	675	675
Neno, Mwanza and Ntcheu	Inflo Limited	8	880	880
Machinga and Chikwawa	SECUM energy systems	9	655	655
Blantyre, and Lilongwe	GIC Engineering Limited	10	750	750
Mulanje and Ntchisi	Choumba /Erix Joint Venture	11	755	755
Karonga and Rumphi	Musawanika	12	1,050	1,050
Chitipa, Mzimba and Nkhata Bay	TT Power Lines and Electrical Contractors	13	1,200	1,200
Chitipa and Mzimba	Sawa Group	14	880	880
		Total Households	**11,325**	**11,325**

Source: Ministry of Energy

7.3.3.2 Extended MAREP Phase 8 Ndawala Initiative and Ultra-Poor Solar Home System

The Ministry of Energy has in the 2021/22 Financial Year budgeted for connection of Extended MAREP Phase 8 beneficiaries through Ndawala Initiative. This is following the overwhelming strides the pilot project brought in as far as access to electricity is concerned. In the pilot project, selection of Ndawala beneficiaries was left in the hands of ESCOM. However, following the lessons learnt from the pilot project, the Ministry decided to handle the selection of beneficiaries under Extended MAREP Phase 8.

Further to that, the Ministry intends to electrify 2,000 households under Ultra-poor initiative in the 2021/22 FY for the marginalized households. The beneficiaries of this initiative will be selected either within the Extended MAREP Phase 8 sites or far away from the grid. Data collection for selection of beneficiaries of both Ndawala and Ultra-poor solar home systems are being done simultaneously using a well-developed selection Guideline. The exercise has been done in 23 districts excluding Likoma Island. The remaining districts of Lilongwe, Kasungu, Machinga and Zomba will be completed by January 2022.

7.3.4 Establishment of Rural Electrification Agency (REA)

The Government of Malawi through the Ministry of Energy implements the Malawi Rural Electrification program (MAREP). The objective of MAREP is to increase access to electricity for people in peri-urban and rural areas as part of Government's effort to reduce poverty, transform rural economies, improve productivity and improve the quality of social services. However, despite the efforts being made by Government through MAREP, only 4 percent of the rural population have access to electricity. The Government has nevertheless set ambitious plans to increase national electrification rate from the current 12 percent to 30 percent by 2030. In order to achieve this, a number of programs, projects and interventions have been lined up one among them is restructuring governance of the rural electrification by establishing Rural Electrification Agency (REA). The REA will be a semi-autonomous legal entity to manage the Rural Electrification Fund and Rural Electrification activities in both grid extension and off-grid options in accordance with the National Energy Policy, 2018.

Rural electrification in the country is currently facing a number of challenges some of which are:

I. Lack of diversification in implementing rural electrification activities which heavily relies on grid-extension only. This method of implementing rural electrification has however, also suffered major hurdles which include:
    i. High cost of grid extension and low recovery due to highly subsidized implementation, low level of revenue collection resulting in negative return
    ii. Supply rationing (load shedding) due to non-availability of power
    iii. High operation and maintenance costs

II. Lack of financial resources
III. Lack of private sector participation
IV. Political interference
V. Demographics (Scattered settlement pattern)
VI. Low investment in Research and Development (R&D) in areas of rural electrification

In order to address these and other related challenges, the Ministry of Energy believes that a semi-autonomous government entity would be an ideal platform to spearhead the goals outlined in the National Energy Policy, the Malawi Vision 2063 and the Sustainable Energy Goal 7 in meeting sustainable energy for all in rural areas.

A Task force team was instituted to facilitate the establishment process of REA. The task force had conducted benchmarking tours to Zambia and Tanzania in May and November 2021 respectively. The tours were aimed at learning how these countries' REA were established and operationalized. The lessons learnt from the tour were a guide in Malawi's Rural Electrification Act review and will be a yardstick in operationalization of REA. The task force is currently in the process of producing a Cabinet Paper and the review of the act is its final stage. Establishment process is at an advanced stage and per the task force implementation plan, the agency would be operationalized late next year, 2022.

7.4 Petroleum

7.4.1 Fuel Importation

During the year under review, overall imports of petroleum products decreased by approximately 25 percent below that of last year. This continued decline in demand is largely driven by reduced growth of economy in the face of the COVID-19 crisis. Furthermore, the importation of individual petroleum products such as petrol, diesel, and Avgas decreased by 14 percent, 36.6 percent, and 79.4 percent respectively, additionally, the sharp reduction in Jet A-1 imports is as a result of declining demand of the product from the aviation industry which has been negatively affected by the COVID-19 pandemic. On the other hand, for Jet A-1 and paraffin, the imported volumes increased by 157 percent and 13.4 percent respectively as compared to last year's imports (Table 7.6).

TABLE 7.6: FUEL IMPORTS (LITRES) 2010 – 2021

Year	Petrol	Diesel	Jet A-1	Paraffin	Avgas	Total
2010	101,173,574	186,539,556	11,710,626	10,639,538	318,087.5	310,381,382
2011	104,825,891	189,983,124	12,838,968	10,254,955	126,422	318,029,360
2012	99,593,583	205,213,866	7,525,000	6,565,312	261,700	319,159,461
2013	108,885,428	212,460,625	9,896,951	1,749,159	223,686	333,215,849
2014	108,885,190.	159,798,758	7,785,520	1,533,155	133,067	278,135,690
2015	133,103,655	166,402,223	8,766,307	506,304	176,058	308,954,547
2016	166,190,150	190,395,240	8,841,768	851,795	176,206	366,455,159
2017	184,831,438	226,596,033	9,653,413	632,559	176,714	421,890,157
2018	209,053,949.2	273,288,620.89		472,207		
2019	247,234,190.4	256,553,902.6	5,570,403	365,037	175,644	509,899,176.9
2020	292,741,865.7	308,453,219.0	1,865,837	687,949	214,357	603,963,227.7
2021	251,860,748.8	195,517,243.9	4,794,936	780,359	44,271	452,997,558.7

Source: Malawi Energy Regulatory Authority (MERA)

7.4.2 Fuel Import Per Route

As the previous year, Malawi utilized the Beira, Nacala, Dar-es-Salaam routes for haulage of fuel in 2020. In comparison with 2020, total volumes of petroleum imports hauled through all the 3 routes decreased in 2021 by 25 percent. Individually, product imported through each of the 3 routes namely Beira, Nacala and Dar-es-Salam declined by 26.9 percent, 16.7 percent and 23.2 percent respectively in the period under consideration. This clearly demonstrates declining demand as global economies continue to shrink as a result of fallout from the COVID-19 pandemic. Table 7.7 illustrates the declining trend in Malawi's fuel importation through the various routes from 2010 to 2021.

TABLE 7.7: MALAWI FUEL IMPORTS PER ROUTE 2010 – 2021

Year	ROUTES						Total
	Beira	Nacala	Dar-es-Salaam	Mbeya	Gweru	Msasa	
2010	211,143,990	21,708,391	42,803,344	22,296,943	-		298,352,668
2011	167,765,872	17,240,701	50,845,869	13,343,270	0		249,195,712
2012	258,442,871	7,552,721	35,918,180	-	9,458,989		311,372,761
2013	268,560,053	10,715,210	43,819,950	-	-		323,095,212
2014	225,767,402	11,367,566	41,000,722				278,135,690
2015	233,479,738	6,250,367	69,224,442				308,954,547
2016	213,462,494	15,172,473	104,462,494			32,967,457	366,455.159
2017	232,769,004	12,343,079	158,285,510			17,788,779	421,890,157
2018	241,070,521.6	5,260,913.5	236,826,687				483,158,122.0
2019	246,610,787.7	1,978,980	258,636,865.5			2,672,543.8	509,899,176.9
2020	303,240,277.7	6,413,392	294,309,558				603,963,227.7
2021	221,606,225.3	5,340,971.7	226,050,361.7				452,997,558.7

Source: Malawi Energy Regulatory Authority (MERA)

7.4.3 Petroleum Pricing

Since the establishment of MERA in December 2007, all energy pricing activities are handled by Energy Pricing Committee of MERA as per the requirement in the Energy Laws. For Petroleum Pricing, the Automatic Pricing Mechanism (APM) continues to be the main principle behind fuel pricing. This system 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 agreed parameters that constitute the In-Bond Landed Cost (IBLC) and the value of the Malawi Kwacha against the US Dollar.

In the period under review there have been fluctuations in pump price adjustments effected, largely due to weakening of the Kwacha and against the US dollar as the Malawi economy continues to reel from economic fallout caused by the COVID-19 pandemic. Table 7.8 depicts pump price adjustments from August 2020 to October 2021.

TABLE 7.8: PUMP PRICE REVISIONS FROM AUGUST 2020-OCTOBER 2021 (MK/LITRE)

Date of Revision	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	Oct-21
Petrol	690.50	690.50	690.50	690.50	834.60	834.60	834.60	899.20	899.20	1150.00
Diesel	664.80	664.80	664.80	664.80	826.40	826.40	826.40	898.00	898.00	1120.00
Paraffin	441.70	441.70	441.70	441.70	613.20	613.20	613.20	719.60	719.60	833.20

Source: Malawi Energy Regulatory Authority (MERA*)*

7.4.4 Fuel Ethanol

Malawi has 2 ethanol producing companies namely; Press Cane Limited and Ethanol Company. In 2021, both companies produced a total of 14.7 million litres of fuel ethanol, with Press Cane producing 12.8 million litres and Ethanol Company Limited producing 1.9 million litres. A total of 14.1 million litres were distributed to Oil Marketing Companies during the year under review. Table 7.9 depicts fuel ethanol production and sales in the last ten years.

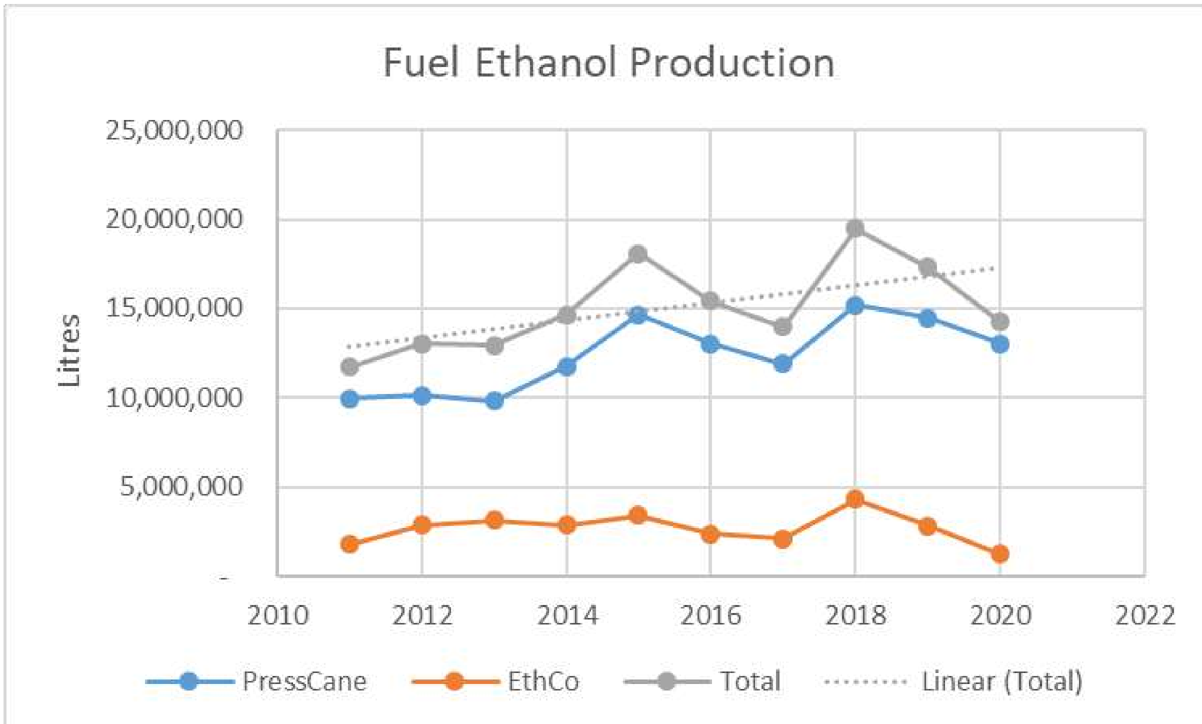
TABLE 7.9: FUEL ETHANOL PRODUCTION AND SALES TO OMCS (2014-2020)

	Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Production	**PressCane**	10,152,369	9,806,757	11,780,945	14,671,560	13,025,144	11,892,849	15,186,420	14,491,022	13,025,090	12,782,616
	Ethanol Company	2,877,922	3,133,948	2,858,814	3,394,034	2,380,993	2,084,146	4,319,783	2,828,803	1,241,560	1,880,651
	Total	**13,030,291**	**12,940,705**	**14,639,759**	**18,065,594**	**15,406,137**	**13,976,995**	**19,506,203**	**17,319,825**	**14,266,650**	**14,663,267**
Sales	**Press Cane**	10,851,593	9,033,894	10,147,000	15,943,710	14,047,557	11,707,063	15,256,434	14,512,407	12,911,500	12,512,500
	Ethanol Company	2,983,842	3,094,605	2,836,828	3,417,417	2,426,067	1,938,423	4,374,657	2,655,830	1,267,411	1,628,716
	Total	**13,835,435**	**12,128,499**	**12,983,828**	**19,361,127**	**16,473,624**	**13,645,486**	**19,631,091**	**17,168,237**	**14,178,911**	**14,141,216**

Source: Press Cane Limited and Ethanol Company

Figure 7.3 shows a downward trend in total fuel ethanol supply on the market between 2018 and 2021. In 2019, declining margins on fuel ethanol compelled the companies to increase production of other products to mitigate finance risks and ensure business sustainability. For 2020 and 2021, both companies scaled down fuel ethanol supplies in order to produce other products, notably hand sanitizers and other surface disinfectants in response to COVID-19 pandemic.

FIGURE 7.3: FUEL ETHANOL PRODUCTION



Source: Ministry of Energy

Fuel ethanol is blended with gasoline/petrol for use by motor vehicles in the transport sector at mandatory blending ratios of 20:80, fuel ethanol to petrol. It is mandatory that all petroleum fuel companies should be buying fuel ethanol for blending with petrol, though compliance to this mandate is not yet at 100 percent. The other challenge Malawi is facing in attempt to successfully implement the 20:80 fuel ethanol to petrol blending ratio is the low levels of production due to seasonality and inadequacy of bioethanol raw materials. Despite all these challenges, the use of biofuel ethanol for the past 10 years has averaged 11 percent of aggregate petrol –fuel ethanol used in Malawi thereby saving a lot of Malawi's foreign exchange reserves and improving fuel security.

In 2020, MERA delinked the ethanol pricing model from landed cost of petrol and the industry now uses a cost plus margin model. The revised model is a stimulus for ethanol producing companies to increase their production capacity in order to minimize the country's fuel ethanol supply gap. Meanwhile, both companies are at an advanced stage in planning for investment into sugarcane to syrup processing mills and the first mill is expected to be commissioned in 2023 at Ethanol Company Limited. The syrup will be used to supplement molasses as feedstock for ethanol production and this will assist to maximize the plant installed capacities of both Companies which are currently at 68 percent for Press Cane Limited and 62 percent for Ethanol Company Limited.

7.7 Some Energy Sector Projects Currently in Progress

7.7.1 Kam'mwamba Coal Fired Plant

Initially, Government planned to implement the Project through a loan from the Export Import Bank (EXIM) of China. However, by 2019, the arrangement had not materialized despite working on it for over 3 years. Government therefore decided to engage Electricity Generation Company (EGENCO) to proceed with the project. As such, EGENCO has had to restart the whole process hence it has now engaged a consultant to carry out Feasibility Studies and Environmental and Social Impact Assessment (ESIA) studies which were expected to be completed by March 2021. Future plans and main project timeline will be determined upon completion of these studies.

7.7.2 Mozambique -Malawi Interconnector

The project intends to build a double circuit 400kV interconnector line from Phombeya in Balaka, Malawi to Matambo in Mozambique. The project is expected to cost a total of US$127 Million split 75/25 between the two countries. So far feasibility study has been done and the project has reached financial closure. The project was launched by the Presidents of the two countries, in November,2021. The construction activities will intensify during the two Coming fiscal years. When completed in 2023, the project will enable Malawi import 50MW of Power from EDM of Mozambique, and 150MW from ESKOM of South Africa by 2025.

7.7.3 The Malawi Zambia Interconnector Project

Malawi signed a power supply agreement with Zambia in August 2018 for importation of 20MW through Chipata and Mchinji. The connection of power at distribution level between Chipata and Mchinji was completed and commissioned in December 2018. The power is being supplied to Mchinji and some parts of Lilongwe and Kasungu.

With regard to the medium term project to construct a 132 kilovolts (kV) line, a Memorandum of Understanding (MoU) was signed between the two Governments to guide the implementation of this Project. To date, Feasibility Studies on the Project have been completed. The line length is approximately 169km of which 40km is in Zambia connecting at Chipata West Sub Station and 129 km is in Malawi connecting at Bunda Turn-Off Sub Station. Internal discussions are underway with Treasury to source the required US$27 million for the project. It is expected that 50MW will be imported from Zambia through this interconnector.

When completed, Malawi will also be able to engage in power trading with other members of the Southern Africa Power Pool. This will help in diversifying power sources in the medium term while the country develops its own power plants. Once financing has been secured, the project will be implemented in twelve months.

7.7.4 Mpatamanga Hydropower Project

Government plans to implement Mpatamanga Hydropower Project under Public Private Partnership arrangement. As of now, a number of Draft Agreements for the Request for Proposals (RFP) have been completed. These include the Power Purchase Agreement, Implementation Agreement, and Land Lease Agreement, among others. The RFP for phase one (pre-qualification of the bidders) was launched on 11th February 2020 and pre-qualification was completed on 4th April 2020. It was initially envisaged that the Strategic Sponsor would be selected by end December 2020 and financial closure of the project was targeted to be June 2021. However, implementation bottlenecks largely emanating from the COVID-19 pandemic have delayed this process thus causing a change in the project timeframe. The new project timeline envisages that the Strategic Sponsor will be selected by June 2021 and financial closure was expected to be reached in December 2021.

7.7.5 JCM Salima Power Project

JCM Matswani Solar Corp Limited (a Special Purpose Vehicle for JCM Power) is constructing a 60MW solar photovoltaic (PV) plant at Nanjoka in Salima. During the 2020/21 Financial Year, JCM managed to fully remobilize its new Electrical and Civil Contractors - Brand Engineering - following the COVID-19 related interruptions. The construction works were completed in 2021. The project was commissioned by His Excellency, the State President, and Dr. Lazarus McCarthy Chakwera in November 2021.

7.7.6 JCM Golomoti Project

JCM Solar plans to develop a 20MW alternating current solar PV plant on a 108 hectare (ha) plot at Golomoti (within Kachindamoto Traditional Authority and Pitala Group Village) in Dedza. A ground breaking ceremony for the project was held during the first week of March 2021 and the project is scheduled for commissioning in the first quarter of 2022. The project would take approximately 10 months to construct, and construction was expected to start in the second quarter of 2021. The Golomoti Project has an investment value of US$35 million and would be operational for a minimum of 20 years, with possible extension by mutual agreement between the Government and JCM.

7.7.7 Malawi Electricity Access Project (MEAP)

Government through the Ministry of Energy with support from the World Bank is implementing MEAP which will run from 2020 to 2024. The main objective of the project is to increase access to electricity through both, grid and off-grid solutions. The Ministry of Energy and ESCOM Limited are the 2 implementing agencies of the project. MEAP has a total budget of US$150 million in form of credit and a grant. The project has three components: grid electrification, off-grid market development fund, and technical assistance and capacity building. MEAP is targeting 280,000 households to be connected to the grid, 1000 public schools to be connected to the grid, 1000 small and medium-scale enterprises (SMEs) to also be connected to the national grid, and 200,000 houses to be connected using off-grid solutions. It is envisaged that these targets will increase access rate to grid electricity to reach 32 percent at the national level by the end of 2024.

7.7.8 Tedzani IV Hydropower Plant

The construction of Tedzani IV hydro power plant was expected to add 18MW to the generation capacity. The project was funded by a Japanese Government grant through JICA amounting to US$52 Million and a counterpart funding amounting MK6 billion from the Government of Malawi through EGENCO for cement and steel reinforcement. The Project was completed 5 months ahead of schedule and was inaugurated by the State President on 8th June 2021.

Chapter 8

INDUSTRY AND TRADE

8.1 Overview

The protracted impact of the COVID-19 pandemic continued adversely affecting the manufacturing sector in Malawi in 2021. Up-tick in international commodity prices was also listed amongst top factors crucially affecting manufacturing as it led to considerable outflow of manufacturing raw materials like soya bean crop. Continued heavy reliance on imported raw materials also adversely affected the manufacturing industry due to foreign exchange shocks. Despite government and private sector efforts to get the manufacturing sector back on its feet, these demand and supply side shocks led to considerable activity stagnation within the manufacturing industry for the period under review.

The subsequent sections in this chapter details out performance of the industry sector in Malawi in 2021 and 2022 projections for selected indicators. Subsection 8.2 covers the overall performance of the manufacturing sector for the period under review, subsection 8.2.1 gives the overall picture of the manufacturing sector, subsection 8.2.2 tackles growth rate of the manufacturing Gross Domestic Product (GDP). The chapter has also a new section on the Index of Industrial Production (IIP) which is covered in subsection 8.2.3. Section 8.3 discusses challenges facing the manufacturing industry. The last section 8.4 discusses expected outlook of the manufacturing industry in 2022 as per some parameters.

8.2 Manufacturing Sector Performance in 2020

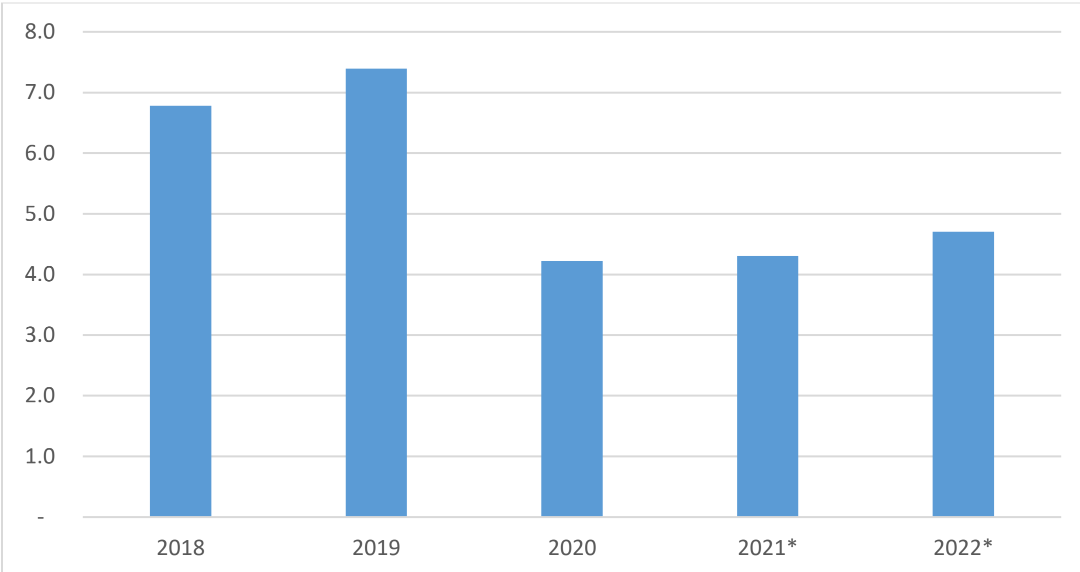
8.2.1 Overall

Figures from the National Accounts and Balance of Payment Committee are indicative of expected manufacturing sector growth by about 4.3 percent in 2021. This growth rate is 0.1 percentage point more compared to 2020 wherein the manufacturing sector grew by 4.2 percent. Among the many factors attributed to this growth is the gradual opening of borders in 2021 to contain the spread of the COVID-19. As the case with manufacturing sectors across the globe, supply chain disruptions resulting from such border closures led to suppressed industrial activity hence a slight uptick in production.

8.2.2 Manufacturing GDP Growth Rates

At current prices, the Manufacturing sector's Gross Domestic Product (GDP) contribution is projected to stand at MK1, 188,558.70 million in 2021 against 2020's MK1, 062,162 million. At current prices, the share of manufacturing in Malawi's GDP is projected to be around 12.1 percent.

FIGURE 8.1: MANUFACTURING GDP GROWTH RATES (IN PERCENTAGE)



Sources: National Accounts and Balance of Payment Committee
*****Projections

8.2.3 The Index of Industrial Production (IIP)

Manufacturing, mining, and electricity are the three broad sectors in which IIP constituents fall for Malawi. The National Statistics Office (NSO) index of industrial production is derived from production volumes data for industries in the manufacturing, electricity and water supply industries as classified under the International Standard of Industrial Classification (ISIC). Manufacturing comprise 91.5 percent of the weight of items included in the Index of Industrial Production.

The industrial production of the manufacturing sector for the last quarter of 2020 substantially decreased by 46.6 percentage points compared to corresponding quarter in 2019. The below par manufacturing production volumes was even reported inter-quarterly with the current quarter manufacturing production volumes 2 percentage points down from the previous quarter. Out of the six manufacturing industries (manufactures of: food products; beverages; tobacco products; chemical and chemical products; rubber and plastic products and other non-metallic mineral products) reported for the last quarter of 2020, only two industries, Manufactures of food products and beverages registered positive growth in production volumes at 9.6 and 19.8 percentage points respectively. As we entered 2021, the volume of industrial production for the fourth quarter of 2020 decreased by 1.1 percent compared to the previous quarter and substantially decrease by 39.2 percent compared to a similar quarter of 2019.

TABLE 8.1 VOLUME OF INDUSTRIAL PRODUCTION

ISIC 2 Digit	Description	4th Quarter - 2019	3rd Quarter - 2020	4th Quarter - 2020	Quarterly % Change	Year on Year Quarterly % Change
10	Manufacture of Food products	101.4	101.5	111.0	9.6	9.6
11	Manufacture of Beverages	104.5	94.8	114.6	19.8	10.1
12	Manufacture of Tobacco products	156.9	75.1	66.6	-8.6	-90.4
20	Manufacture of Chemicals and chemical products	115.5	97.6	74.0	-23.5	-41.5
22	Manufacture of Rubber and plastics products	107.5	80.4	74.4	-6.0	-33.1
23	Manufacture of Other non-metallic mineral products	82.8	56.7	55.2	-1.5	-27.6
	Total Manufacturing	**129.7**	**85.1**	**83.1**	-2.0	-46.6
	Electricity	97.6	112.2	118.7	6.6	21.2
	Water supply	98.5	115.4	120.2	4.8	21.7
	Electricity and water	97.8	113.1	119.2	6.1	21.3
	Total Index	**126.3**	**88.1**	**87.0**	-1.1	-39.2

Sources: Ministry of Industry, National Statistical Office

8.3 Challenges Facing the Industry

Owing to the protracted toll the COVID-19 pandemic has on the manufacturing sector, some of the major challenges that affected the manufacturing sector in the period under review are mixed up with outstanding challenges from 2020.High cost of raw materials, hitches in accessing Foreign Exchange, continued issues of smuggling of products especially products from the neighbouring countries (Zambia, Mozambique and Tanzania), increased tariffs on utilities like electricity and water, and increase in fuel prices negatively affected manufactures as it led to an increase in operational costs.

One prominent industry specific challenge faced the edible oils industry. Higher commodity prices on international soya markets during the period under review saw a large outflow of Malawi's soya beans. This coupled with continuation of value added tax on cooking oil and issues of smuggling negatively affected the cooking oil manufactures in the country.

8.4 Expected Performance in 2022

8.4.1 Output Projections

The manufacturing sector is projected to tick up from current growth rate by 0.4 percentage points to grow by 4.7 percent in 2022. The closure of borders during most of the first half of 2021 and part of the second half to contain the spread of the COVID-19 disrupted the supply chains leading to suppressed production. Concerns on the projections arise from the ever mutating COVID-19 virus which could see a return of drastic measures which affected manufacturing output in 2021.

8.4.2 Drivers of the Projected Growth in Output

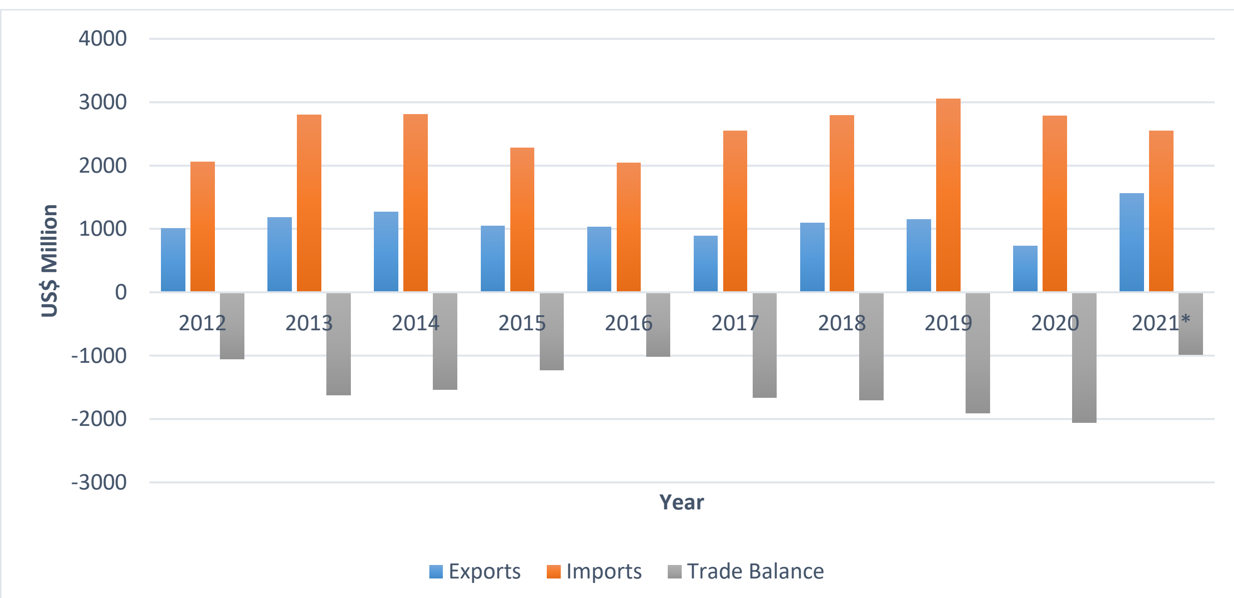
Unlike for the most part of the first half and part of the second half of 2021 where increase in cost of raw materials, labour and pressures on the exchange rate adversely impacted operations within the industry, the coming in of new variants, including the Omicron variant are equally concerning. Much as players in the manufacturing sector are expected to continue to adapt operating within the pandemic environment.

8.5 Trade Performance

8.5.2 Merchandize Trade Overall Performance

Malawi continued to register a negative trade balance. As of October 2021, Malawi's merchandize trade improved to US$982 million from US$1,945 million recorded in 2020. The narrowing trade deficit is largely attributed to the 50 percent increase in exports to US$1,564 million from US$773 million recorded in 2020. The outturn was mainly explained by the increase in the Country's traditional exports of tobacco (grew by 20 percent - from US$ 268 million to US$332 million), tea (grew by 27 percent - from US$63.7 million to US$87 million) and sugar (grew by 37.8 percent - from US$51.6 million to US$83 million) i.e. when compared to returns from these exports as of October 2020. Imports recorded a 6 percent drop i.e. from US$2,718 million recorded in 2020 to US$2,546 million in 2021 – see Figure 8.2.

FIGURE 8.2: MALAWI'S TRADE BALANCE DATA SINCE 2012



Source: Reserve Bank of Malawi

8.6 Malawi Major Import and Export Products

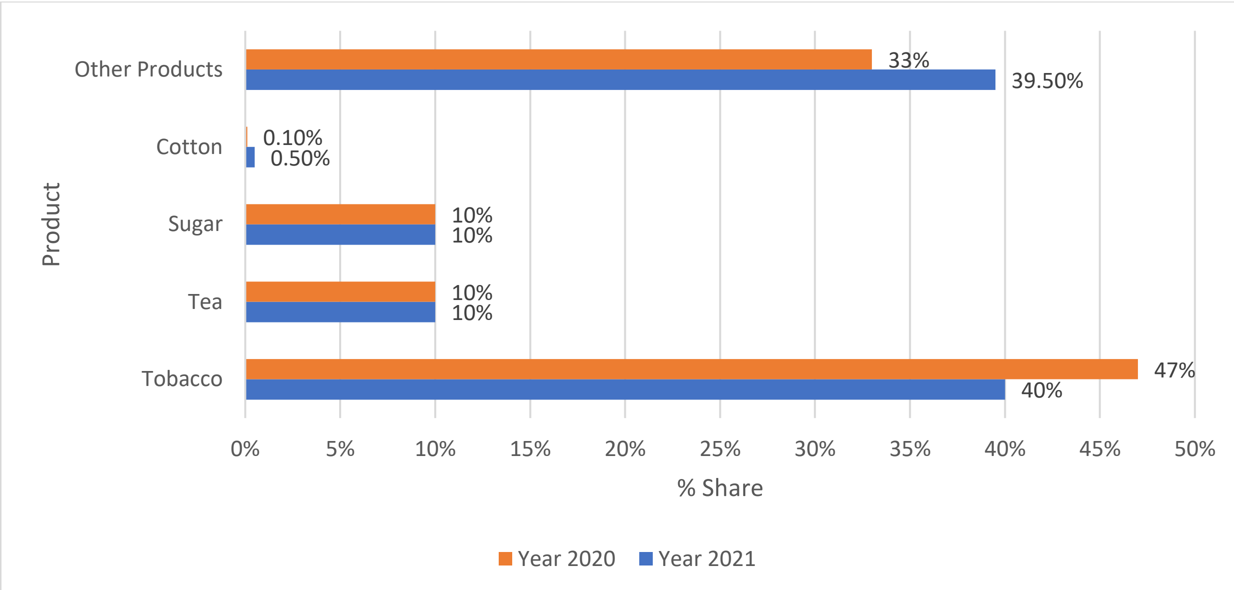
8.6.1 Major Exports

In 2021, Malawi's export basket continued to be highly dominated by agricultural products with tobacco alone claiming about 40 percent (US$332 million) - see figure 8.3. Sugar and Coffee exports claimed second and third slots with 10 percent share of total exports each. The three products have claimed 60 percent of total exports. Having launched the National Export Strategy II (2021 – 2026), Government through the Ministry of Trade expects an outturn of such dominance and consequently an improved trade balance. The Strategy defines Malawi's export agenda for the next 5 years that will contribute to the Malawi 2063 through income generation and job creation, and will help Malawi exploit opportunities that have remained untapped for a long time in the various bilateral, regional, and multilateral trade agreements that we are party to. The target is to increase exports as a percentage of GDP from 14.6 percent to 20 percent, which requires Malawi to double its exports to achieve an annual export growth of 5.6 percent.

The Ministry of Trade in collaboration with the Ministry of Industry will also establish an Export Promotion and Diversification Programme, the Malawi Industry, Enterprises, Trade and Export Readiness (MIETER) Programme through which several flagship projects will be developed to establish a mechanism for resources mobilization and a coordinated approach of the implementation of the National Export Strategy II. The first projects are expected to be finalized by March this year targeting cotton, fisheries and mining sectors that have potential to generate incomes and create the much needed jobs through exports. The purpose is to develop these value chains and enable Malawi export significant volumes of value added products of cotton, fish and minerals competitively.

The Ministry is also finalizing the development of the Malawi National Services Export Strategy (MNSES, 2021-2026) aimed at promoting services exports. The strategy will capitalize on services trade which is the fastest growing form of international trade relative to merchandise trade in the global economy, and has potential to increase Malawi's export performance. The strategy seeks to increase the production, value addition and competitiveness of Malawi's labour and tourism by exploiting the country's clear comparative advantages and export growth potential in the medium term whilst making efforts to export other services such as travel, ICT, transport, insurance and finance services in the long-run; make Malawi a visible and effective exporter of labour and tourism services, both regionally and internationally; and grow services exports to promote sustainable and inclusive economic growth and development.

FIGURE 8.3: MALAWI'S MAIN EXPORT PRODUCTS



Source: National Statistical Office & RBM

8.6.2. Major Imports

On import products, fuel and fertilizer remained Malawi's main import product with the latest available data showing that, as of October 2021, the two products claimed about 26 percent of 2021 total imports, up from 23 percent recorded in 2020. The growth in imports was partly on account of increases of 60.6 percent in fuel imports to US$34.6 million and 20.3 percent in fertilizer imports to US$24.3 million. In order to reduce importation of foreign goods and economically empower local Malawians, the Ministry of Trade will continue to promote Made in Malawi products through the Buy-Malawi Strategy (BMS) and market linkages programme which will go a long way to enhance import substitution and to affirmatively promote job creation, protect foreign exchange reserves and to revitalize the local industries. Through the MSMEs-Order under the PPDA Act gazetted in December, 2020, Government will increase MSMEs participation in public procurement.

8.7 Malawi's Major Trading Partners

8.7.1 Country Partners

As regards Malawi's major trading partners, Malawi's main exports remain consistently penetrated in top 10 trading partners' markets. Belgium remained Malawi's major export market with exports pegged at US$102 million (down from US$158 million in 2020), representing 12.7 percent of total exports (down from 21.5 percent). India has replaced South Africa as the second export destination with Malawi's export to the country pegged at around US$84.4 million (10.5 percent). The top 10 trading partners accounted for 67.4 percent of Malawi's export markets, up from 64.9 percent recorded in 2020 – see Table 8.2.

TABLE 8.2: MALAWI'S TOP 10 EXPORT MARKETS

	2021		2020
COUNTRY	**%**	**COUNTRY**	**%**
BELGIUM	12.7	BELGIUM	21.5
INDIA	10.5	RSA	6.5
TANZANIA	10.0	UNITED KINGDOM	6.3
RSA	6.4	KENYA	5.3
UAE	6.3	USA	4.8
ZAMBIA	5.5	ZIMBABWE	4.7
ZIMBABWE	4.7	TANZANIA	4.5
SWITZERLAND	3.9	EGYPT	4.3
USA	3.9	ZAMBIA	3.6
KENYA	3.5	NETHERLANDS	3.4
TOTAL	**67.4**		**64.9**

Source: Ministry of Trade and National Statistical Office

On the sourcing markets for Malawi imports, China, South Africa, India, United Arab Emirates, Mozambique, Zambia, USA, UK, Korea Republic, German and Kuwait were the main sources and collectively accounted for nearly 74.4 percent of Malawi's imports, down from 75.1 percent recorded in 2020 – see Table 8.3. South Africa (18.5 percent) and China (17 percent) remain the top most importing destinations collectively accounting for 35.5 percent of Malawi's export products.

TABLE 8.3: MALAWI'S TOP 10 IMPORT SOURCING MARKETS

COUNTRY	2021 %	COUNTRY	2020 %
RSA	18.5	RSA	20.4
CHINA	17.0	CHINA	16.1
UAE	8.2	UAE	10.0
INDIA	7.4	INDIA	7.7
ZAMBIA	4.4	UNITED KINGDOM	4.6
USA	4.1	ZAMBIA	4.4
UNITED KINGDOM	4.0	MOZAMBIQUE	3.7
KOREA REPUBLIC	3.9	JAPAN	3.3
GERMAN	3.4	KUWAIT	2.5
KUWAIT	3.3	MALAYSIA	2.4
TOTAL	**74.4**		**75.1**

Source: Ministry of Trade and National Statistical Office

8.8 Trade Agreements

The Government of Malawi continues to recognize the vital role of trade in the economic development of the country. Consequently, the country is a member to a number of bilateral, regional, and multilateral trade agreements, including preferential trade arrangements. The trade agreements are aimed at increasing market access for Malawian products and facilitating trade through various trade facilitation interventions.

In the year 2021/22 the Ministry of Trade negotiated for various trade agreements, Memorandum of Understanding and export deals in order to improve the availability of Malawi goods and services across the borders. The following are the status of the agreements and MOUs which were signed:

8.8.1 Memorandum of Understanding (MoU) with the Government of South Sudan

Malawi Government through the Ministry of Trade, signed an MoU with the Republic of South Sudan to jointly explore opportunities to promote trade and investments between the two countries. Under the MoU, Malawi would export products such Maize, Maize Flour, Sugar, Rice, Groundnuts and Beans worth US$295 million. Out of this total, US$168 million worth of maize, beans and rice, was struck as additional deal on the sidelines of the Intra-African Trade Fair in Durban, South Africa in 2021. So far, Malawi has exported fifty fully loaded 30 ton trucks containing Maize Flour (1,500 MT), Rice (557 MT) worth US$1.4 million to South Sudan on 28th September, 2021.

8.8.2 MoU with Indian Government on Export of Pigeon Peas

Malawi also signed a Memorandum of Understanding (MoU) with the Government of India to export 50,000 metric tons of pigeon peas annually for 5 years with an annual review. So far, Malawi has exported 23,060 Metric Tons of pigeon peas to India, representing 46 percent of total quota granted.

8.8.3 Exports Deals of Soya to Various Countries

In the 2021/22 financial year, Government facilitated exports of 157,684 metric tons of Soya beans valued at MK82, 888,715,803.87 to various countries including China. This has demonstrated the potential that soya has in complementing the country's major forex earner tobacco. In the 2022/23 financial year, Government will therefore continue to facilitate trade for potential exporters in order to increase soya exports.

8.8.4 Export Deals for Increasing Regional Trade of Various Commodities through the AfCFTA Market Opportunity

Malawi has experienced an increase in the regional trade with the neighbouring countries and beyond which is quite commendable as Malawi is a land linked country. At the Intra Africa Trade Fair (IAFT) 2021 which took place in Durban, South Africa in 2021, the country recorded US$418.6 Million worth of export inquiries to the regional markets particularly South Africa, Botswana, Angola, and Cote D'Ivoire for maize, chillies, beans and rice, amongst others. Beside the IATF 2021 deals, Malawi also proposed an establishment of a bilateral agreement with the Democratic Republic of Congo to export various products including poultry products.

8.8.5 Bilateral Agreement with the Republic of Mozambique

Through the bilateral engagement with the Republic of Mozambique Government reviewed and signed a bilateral trade agreement with Mozambique especially for those products with a quota in order to increase trade between Malawi and Mozambique. Through the Bilateral Agreement, Malawi will negotiate for additional quota for Poultry and Poultry products in 2022/23 financial year.

Furthermore, Malawi had a Trade Mission in Mozambique in the 2021/22 financial year, particularly Nampula City, in which Government was accompanied by Malawian Companies and SMEs to secure a market for Made in Malawi products. A deal with Nali Company has already been concluded to supply 40-fit container of Nali Chillie flavours every month. Government will therefore facilitate exports of Nali products in the 2022/23 Financial Year.

In addition, other export deals are in the pipeline after successful preliminary discussions undertaken during the Trade Mission, IN December 2021 in Mozambique. In the year 2022/23, Government will therefore conclude the following export deals: 2 tonnes of Fresh Tomatoes per week, 300 cases of alcoholic products, 20,000 chicks per month, 200 trays of eggs per week, and 17,000MT of soya beans per year.

8.8.6 MOU between the Government of Malawi and the Government of the Peoples of China through China North Industries Corporation (NORICO)

Government is considering a Memorandum of Understanding between the Government of Malawi and the Government of the Peoples of China through China North Industries Corporation (NORICO): In the 2021/22 Financial Year, Government coordinated stakeholder consultation on a draft MoU for the export of various agricultural commodities. The draft MoU is with Ministry of Justice for legal scrubbing. In the 2022/23 Financial Year, Government will therefore finalize and conclude the MOU to secure market for Made in Malawi products

8.9 Policy Interventions

8.9.1 Investment and Export Promotion Bill

Government will strengthen Malawi Investment and Trade Centre (MITC) by reviewing the Investment and Export Promotion Act, 2012. The Bill was reviewed in collaboration with the Ministry of Justice and the Ministry plans to table it during 2022 Parliamentary seating.

8.9.2 National Export Strategy II (NES II, 2021-2026)

The Ministry of Trade finalized and launched the National Export Strategy II on 16th December, 2021. The launch was presided over by His Excellency, Dr Lazarus McCarthy Chakwera the President of the Republic of Malawi. The Strategy defines Malawi's export agenda for the next 5 years that will contribute to the Malawi 2063 through income generation and job creation, and will help Malawi exploit opportunities that have remained untapped for a long time in the various bilateral, regional, and multilateral trade agreements that we are party to. The target is to increase exports as a percentage of GDP from 14.6 percent to 20 percent, which requires Malawi to double its exports to achieve an annual export growth of 5.6 percent.

8.9.3 National Services Export Strategy (NSES)

The Ministry is developing the Malawi National Services Export Strategy (MNSES, 2021-2026). The objective of NSES is to promote services exports and it capitalizes on services trade which is the fastest growing form of international trade relative to merchandise trade in the global economy, and has potential to increase Malawi’s export performance. The strategy seeks to increase the production, value addition and competitiveness of Malawi’s labour and tourism by exploiting the country’s clear comparative advantages and export growth potential in the medium term whilst making efforts to export other services such as travel, ICT, transport, insurance and finance services in the long-run; make Malawi a visible and effective exporter of labour and tourism services, both regionally and internationally; and grow services exports to promote sustainable and inclusive economic growth and development. The draft strategy has been produced awaiting final validation and approval.

8.9.4 Economic Empowerment and Import Substitution

In line with the 1 million jobs initiative, import substitution and economic empowerment of local Malawians, the Ministry of Trade will in the year 2022/23 continue to promote Made in Malawi products through the Buy-Malawi Strategy (BMS) and market linkages programme which will go a long way to enhance import substitution and to affirmatively promote job creation, protect foreign exchange reserves and to revitalize the local industries. Through the MSMEs-Order under the PPDA Act gazetted in December, 2020, Government has increased MSMEs participation in public procurement. To date, the Ministry has issued 1,316 MSME Order Certificates to MSMEs. The Certificates enable MSMEs to participate in and win tenders for supply of goods to different institutions thereby allowing them to participate in public procurement by supplying goods, services and works. So far there is evidence that several MDAs have supported some MSMEs who have fully executed their contracts. Some of the notable MDAs that have implemented the Order prioritizing registered MSMEs including the youth, women and persons with disabilities are: Blantyre Water Board, DoDMA, Roads Fund Administration, Zomba Central Hospital, Lilongwe Technical College, MRA, Queen Elizabeth Central Hospital, Lilongwe City Council, Lilongwe District Council, Ministry of Health-HQ, Ministry of Health- CHSU, Ministry of Finance, National Registration Bureau and Blantyre City Council, amongst others.

In the 2022/23 financial year, Government will register members under the BMS in different sectors and encourage MDAs to prioritize MSMEs on public procurement through MSMEs Order. Government will also develop BMS Regulations to enforce the BMS Strategy.

8.9.5 Construction of a One-Stop Border Posts

In the 2022/23 Financial Year, Government will launch the Mchinji One Stop Border Post, finalize construction works for Dedza and Mwanza by June this year, and commerce construction works of more borders of Songwe, Muloza and Chiponde.

8.9.6 Implementation of the Electronic Single Window

Government is facilitating the establishment of a National Electronic Single Window for trade. The single window will allow most of the trade processes to be done from one electronic platform. Once completed, the project will reduce time it takes to obtain licenses from 7 days to 3 days; help streamline import and export regulatory procedures from 12 to 1; migrate to paperless regime and automate and hook in the systems of about 21 regulatory agencies. In the year 2022/23 Government will finalize recruitment of a consultant to develop the single window system and commerce its establishment.

8.9.7 Electronic Business Licensing System

In the 2022/23 Financial Year, Government through the Ministry of Trade will continue developing an electronic business licensing system at the Ministry and local councils which will be launched later this year. The system will allow electronic application of business licenses and import and export permits, so as to reduce cost of doing business (travel and time) and also improve revenue collection.

8.9.8 Promotion of Investments for Export Promotion

In the 2021/22 Financial Year, Government engaged several potential investors in order to increase investment levels in priority sectors of the country. The most notable investor who was engaged in the year 2021/22 is Elsewedy Electric for which Government signed Memorandum of Intent (MoI) for flagship investments in the energy, manufacturing and tourism sectors worth US$1 Billion.

In the financial year of 2022/23, Government will therefore finalize discussions with Elsewedy to commence the establishment of 50 Megawatt Plant, pivotal irrigation with GBI, conference facility and Hotel under tourism and smart metering solutions for ESCOM and Water Boards.

To attract foreign and domestic investors in the country, Government held a Virtual Malawi-UK investment forum, and Malawi-Kenya Business Forum in October 2021 and Virtual Domestic Investment Forum where investment opportunities and business environment in Malawi were presented. Therefore, in the 2022/23, financial year, Government through the Malawi Investment and Trade Centre (MITC) will diligently follow up with all deals and investment leads with a view to ensure desirable conclusion while also engaging other potential investors that have interest to invest in the country.

Furthermore, Government is organizing a Malawi-Canada Business Forum focusing on mining and energy sectors to be held in February this year.

8.10 Major Challenges Affecting Trade and Private Sector Development

The major challenge that affected the sector during the period under review was the Global Corona virus pandemic which has affected trading within Malawi and beyond. Other challenges include supply capacities to meet the demand; standards and quality issues; logistical problems; and non-remittance of export proceeds and non-declaration of export values.

Chapter 9

EDUCATION, SCIENCE AND TECHNOLOGY

9.1 Overview

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

The Ministry of Education (MoE) is the policy bearer in the provision of education in the country, and provides education in collaboration with faith-based organizations, as well as the private sector. Other ministries, including those responsible for youth, gender and labour, complement the MoE in the provision of both formal and non-formal education. The Ministry of Gender, Community Development, and Social Welfare leads in the provision of Early Childhood Development (ECD), while the Ministry of Youth andSports leads in the provision of sports and other services targeting out-of-school youths, while the Ministry of Labour takes the lead in the provision of technical education and vocational training.

The National Education Sector Investment Plan (NESIP) 2020-2030 and National Education Policy (NEP) guide programming in the education sector in alignment to the Malawi Implementation Plan-1 of the Vision 2063. The policy prescriptions include free primary education, Re-admission Policy and National Grade wise Promotion Policy. Recent education policy development initiative includes Higher Education Policy, National Open and Distance e-learning Policy and National Education ICT Policy.The implementation of NESIP is aligned with Malawi Implementation Plan 1(MIP1) of the Malawi Vision of 2063 and Sustainable Development Goals 4 whose focus is to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

9.2 Structure of the Report

This report highlights key developments registered in Education sector in the year 2021-2022 financial year as part of COVID-19 recovery process. It sets out key indicator performance and sector achievements including budget performance as well as implementation of development projects. The report is organised into heading and sub-heading – first key indicator performance and achievements that includes Primary education subsector, Teachers for primary education, Secondary education subsector, Teachers for secondary education, Higher education subsector, Budgetary achievements and Development projects

9.3 Key Indicator Performance and Achievements

9.3.1 Primary Education Subsector

The Primary subsector focuses on improvement of access and equity, quality and relevance in primary schools across the country. The year-on performance of the subsector is assessed from the movement in a number of NESIP indicators at both outcome and impact level.The table 9.1 indicates some of the key indicators used by the Ministry to gauge the progress in its initiatives. The data used has been sourced from the current Education Management Information System (EMIS) 2021.

TABLE 9.1: SELECTED NUMBER OF PERFORMANCE INDICATORS UNDER BASIC EDUCATION

Indicator	2021	2020	Growth Rate
Enrolment (public)	4,956,667	5,371,563	-7.7
Percentage of Special Needs Enrolment (Primary)	3.3	3.5	-5.5
Gender Parity Index	1.1	1.0	2.9
Pupil-Permanent-Classroom ratio	102	115	-11.3
Repetition rate	21	22.2	-5.4
Completion rate	50	51.2	-2.3

Source: MoE Calculations, EMIS database 2021

According to EMIS 2020/21 data indicates that, year-on-year growth in enrolment (public and religious schools) in 2021 has decreased by 7.7 percent from last year's 5.4 million learners. The Net Enrolment Rate (NER), which estimates the number of school-aged children (6-13 years-old) enrolled in school, also reduced. The EMIS data shows that the NER has been reduced to 88 percent (90 percent girls and 86 percent boys) in 2021 down from 90 percent in the previous year. The special needs Enrollments in 2021 also decreased by 5.5 percent from last year's share of the total primary school enrolment. The total number of learners with special education needs was 162,716 in 2021 represent 12.8 percent decrease from previous year's enrollment of 186,501. The general decrease in enrollment for the period under review was attributed to school closures due to COVID-19 pandemic, as communities were reluctant to send their children to school.The Gender Parity Index (GPI) remains near equity in our public schools, at 1.1 in 2021, with disparity in favour of female learners. This implies that policy efforts to promote girls' education are already bearing fruits.

The Net Intake Rate (NIR) measures the proportion of 6-year-old learners entering into or enrolled in, primary education. The NIR for both boys and girls in 2021 increased to 76 percent (NIR for girls at 77 percent and for boys at 75 percent) up from 75 percent in the previous year. The slight increase shows governmentpolicy contribution targeting entry in primary schools as a key factor in improving NER. The disparity between boys and girls is due to a gender split in population growth.

The provision for classrooms is one of the key priorities for the National Education Policy and Strategy. The Pupil permanent Classroom Ratio (PpCR) measures progress of schools construction towards achieving a NESIP target PpCR of 60:1. During the year under review, the PpCR has improved at 102 in 2021 down from115 in 2020. The decrease in the PpCR could be attributed to the low cost classroom construction that was completed in 2020.

Additionally, through the Improving Primary School Education (IPSE) Project, the Ministry started uplifting 60 teaching practice primary schools under Lilongwe, Blantyre and St. Joseph's TTCs which involves construction of new classrooms, student teachers' houses, administration blocks and rehabilitation of existing facilities.The prevalence of COVID-19 demanded that education must be provided in decongested classrooms to a maximum of 40 learners per classroom. This has further increased the demand for classrooms in primary schools yet COVID-19 over the year under review slowed down construction of classrooms.

9.3.1.1 Efficiency Indicators

Primarily, the Ministry uses three key efficiency indicators to measure progress towards improving quality of education. These include therepetition, completion, and dropout rates. During the year under review, the performance of the Education sector in terms of efficiency indicators against targets is mixed. Repetition rates, which measure the number of repeaters in a given standard in a given year as a proportion of last year's enrolment, have decreased to 21 percent in 2021 down from 22.2 percentin 2020, depicting a slight improvement of 5.4 percentage decrease from last year's rate.Repeaters tend to put a large strain on schools, by using up more public resource than otherwise would be required. This change means effortto promote remedial classes with the aim of improving the year on promotion rates are working in schools.

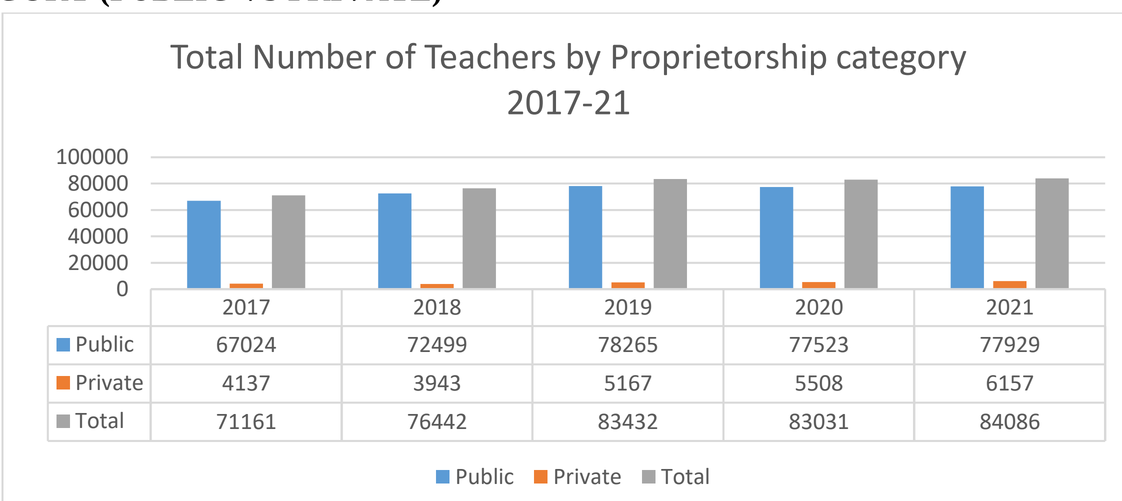
The completion rate that is the percentage of learners completing last year of primary school in the country has also registered a slight decrease during the period under review. According to EMIS data completion rate for primary education has been pegged at 50 percent in 2021 down from 51.2 percent in 2020.This continues to represent a large leakage of learners from the primary school education system. Furthermore, drop-out proportion rates in the primary schoolsslightly increased this year from 4.0 percent in 2020 to 4.4 percent in 2021 with dropout rates for boys at 4.2 percent and for girls at 4.6 percent. The situation has been exacerbated due to the closures of the schools to the advent of COVID-19 pandemic. The resultant loss of income and forgone output, over the lifetime of the affected children, is a concern for policy makers about economic growth and global competitiveness.

9.3.2 Teachers for Basic Education

In line with the NESIP 2020-2030 objective of improving the quality of Education, the Ministry is constructing Teacher Training Colleges (TTCs) to increase teacher training. Construction of three TTC's in Chikwawa, Rumphi and Mchinji are at an advanced stage. As of December, 2020, the average completion rate was at 85 percent, while at the college level, the completion rate stood at 89.5 percent for Chikwawa, 80 percent for Rumphi and 76.6 percent for Mchinji. The completion of the new TTCs that have the maximum capacity of accommodating 1,800 student teachers per cohort will elevate the maximum bed capacity of public TTCs from the current 4,490 to 6,290 representing 40 percent increase. However, the increase in bed capacity is far below the minimum 10,000 qualified teachers required annually in order to reduce the current 78:1 Pupil Qualified Teacher Ratio(PQTR) to 60:1 PQTR before 2025 disregarding the current annual teacher attrition rate of 3 percent.

The PQTR for 2021 is at 62. While this is a commendable reduction from the previous year's PQTR, it could also reflect a reduction in enrollment. The primary education sub-sector has always been in shortage of teachers relative to the targets set in the NESIP for the National pupil qualified teacher ratio (PQTR). The COVID-19 that necessitated learners to learn in decongested classes, which exacerbated the demand for teachers. In the year under review, the ministry recruited and deployed about 3270 auxiliary teachers in 2047 primary schools with a high enrollment to congest classrooms. Over the years, the trend in the total number of teachers for both private and public schools shows an increase as shown in the Figure 9.1. The increase is also reflected in terms of the reduction in the Pupil Qualified Teacher Ratio in 2021.

FIGURE 9.1: TOTAL NUMBER OF TEACHERS DISAGGREGATED BY OWNERSHIP CATEGORY (PUBLIC VS PRIVATE)



	2017	2018	2019	2020	2021
Public	67024	72499	78265	77523	77929
Private	4137	3943	5167	5508	6157
Total	71161	76442	83432	83031	84086

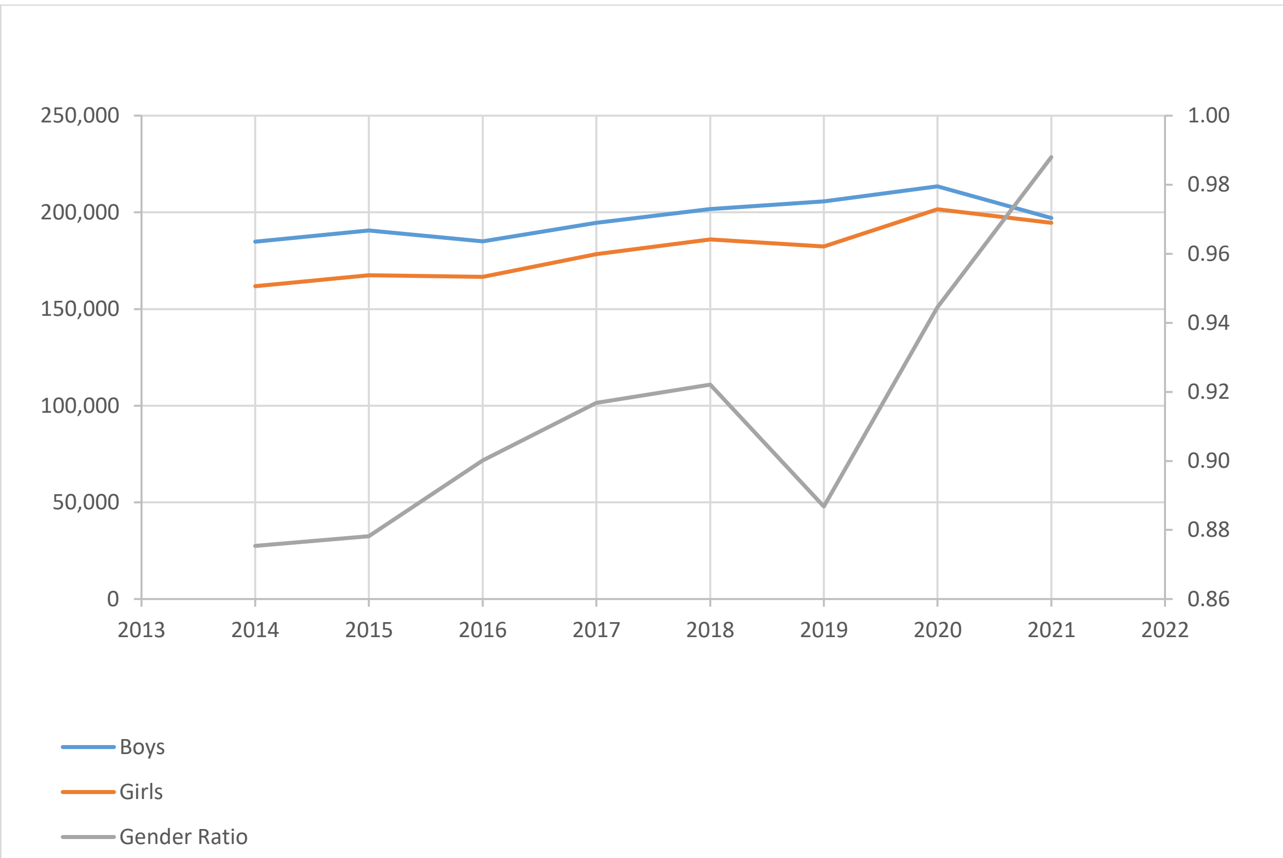
Source: Ministry of Education

9.3.3 Secondary Education Subsector

The Secondary subsector has continued to improve over the years in spite of its handicap with respect to funding in the recent past. The number of public schools has grown from 1,133 in 2019 to 1,181 in 2020. Furthermore, the World Bank through the EQUALS Project is slated to expand 103 remote secondary schools. Total enrolment (EMIS data 2019) in the subsector has gone down to 392, 229 from 415,013 previous year indicating a decrease of 5.5 percent this might be attributed, among other factors, to the COVID-19 pandemic. The gender gap in the subsector has increased. The ratio of female to male learners has gone up from 0.9 in 2020 to 1 in 2021.

Figure 9.2 shows the trends in secondary enrolment by gender. The gender ratios have been improving over time. This implies that the initiatives towards promotion of access and equity in education have gained traction.

FIGURE 9.2: TREND IN SECONDARY SCHOOL ENROLMENT BY GENDER



Source: MoE Calculations, EMIS database 2020

Government is working hard to expand access to secondary education for learners in need. In this school year, Government has provided bursaries to 15,544 learners. Development partners in the sector also continue their own efforts in financial aid for students and youths, which help bolster and expand Ministry of Education's reach. Privately funded bursaries and financial aid were disbursed to 27,296 students, 69.5 percent of whom are female. Efforts will continue to close the gender gap in secondary, but lack of capacity for gender parity in District Boarding Schools remains a key challenge in this area due to limited bed space for girls.

Further efforts in the subsector are aiming to improve the overall quality of secondary public education. Government is currently in the process of finishing the construction of science laboratories and libraries in 28 CDSSs. Furthermore, USAID is constructing an additional 250 secondary schools across the country which is being done in phases. In the pilot phase 16 schools were built and they are in use: five (5) in Machinga, six (6) in Balaka and one in each of the following districts- Dedza, Chiradzulu, Phalombe, Mulanje and Nsanje. In Phase 1, 30 CDSSs in the four (4) cities were expanded and the classrooms are in use. Phase II has been divided into four (4) groups. The first 38 sites for Phase II Group I construction, will be through by the end of 2022.

Through EQUALS Project, 103 Rural Community Day Secondary Schools (CDSSs) will be expanded and construction is expected to commence in May 2022, Science teachers in all the six Education Division have been reoriented on the revised curriculum. In addition, Ministry of Education through EQUALS Project has procured 1,294,276 textbooks for Mathematics, Chemistry, Biology and Physics to a ratio of 1:1. Improving Secondary Education in Malawi (ISEM) II Project will be expanding 40 secondary schools across the country. ISEM II commenced in October, 2021.

9.3.3.1 Efficiency Indicators

Student dropout is one of the challenges that impedes access to education for all, particularly considering that the major reason for drop out at secondary school level is lack of school fees. The total number of dropout students in 2021 was 29,122, of which 18,249 (representing about 63 percent) were female and 10,873 were male down from a total number of dropouts of 42,092 in 2020 of which 60 percent were female. This has been attributed to the introduction of the secondary school bursary scheme that was aimed at increasing access and retention of boys and girls in school.

Repetition rate is an early predictor for leaving secondary school before graduation and the subsequent condition of being over age for the grades. In the year 2021 a total of 9,831students5,021 female students and 4,810 male students) repeatedagainst10,352 students who repeated in 2020. With the introduction of Junior Certificate of Education (JCE) Examinations, students will be well prepared to attempt Malawi School Certificate of Education (MSCE) Examinations and under performance will be addressed at an earlier stage with a view to reduce repetition.

9.3.3.2 Science Laboratories/Infrastructure

Several subjects delivered in secondary schools require science infrastructure. The subjects include physics, chemistry, agriculture, biology and geography. At the time government is promoting the uptake of Science, Technology and Innovation (STI) in schools and society, there is need for expanding the available science infrastructure in secondary schools. In 2021, there were only 696 secondary schools (about 46 percentof all secondary schools) that had and were using permanent science laboratories. Evidence shows that the majority of the deprived secondary schools are community day secondary schools. Government is currently in the process of finishing the construction of science laboratories and libraries in 28 CDSSs. Although some laboratories in some schools are under construction through projects initiatives, a total of 828 secondary schools (about 54 percent) do not have any laboratory at all.

9.3.3.2.1 Libraries in Secondary Schools including Virtual Libraries

In developing countries like Malawi, physical libraries remain relevant even in the advent of internet where learning materials can be easily and conveniently accessed online. As gateways to knowledge and culture, libraries play a fundamental role in education. The majority of secondary schools in the country do not have a library. Out of the total number of secondary schools in the country, only 583 have access to libraries built on own campuses in permanent structures. A total of 163 libraries are housed in temporary structures. It is, therefore, imperative to invest more in building, furnishing and operating libraries including virtual libraries championed by Directorate of Science, -Technology and Innovation in all schools across the country. Furthermore, the Ministry of Education through EQUALS Project is also buying textbooks for Mathematics, Chemistry, Biology and Physics to a ratio of 1:1 to support improvement of science learning in the country.

9.3.3.3 Teachers for Secondary Education

Government is also committed to improving the quality of teaching at secondary school level. In 2020, several unqualified secondary school teachers undertook a one-year professional development scheme called the University Certificate of Education and Government is also promoting 88 secondary school teachers at different grades. The Ministry has developed a Continuous Professional Development (CPD) policy to give unqualified teachers a path to expanding their own abilities and upgrading themselves to fully qualified secondary school teachers.However, the policy thrust is on improvements in teacher utilization and equitable supply of qualified teachers for all subjects required to raise the efficiency at secondary school level.

9.3.4 Higher Education Subsector

The mission of the Directorate of Higher Education is to develop highly knowledgeable and skilled citizens capable of performing in a competitive, diverse and knowledge led global economy. With this mission, the directorate’s vision is to create an inclusive Higher Education system relevant for sustainable socio-economic growth in global society. With such a vision, the Directorate strives to achieve a strategic objective of improving equitable access to quality education in universities and other higher education institutions. This is realized through services provided by public and universities and colleges and public higher education bodies.

9.3.4.1 Student Enrolment

In the year 2021/22, a total of 20,786 students from both public and private universities and colleges were supported with loans to the tune of MK9 billion. Student enrolment in public higher education institutions dropped from 45,809 students in 2020/21 to 44,797in 2021/22 representing a 2.2 percent decrease. Table 9.2 shows the 2021/22 enrolment for each public institution.

TABLE 9.2: PUBLIC INSTITUTIONS STUDENT ENROLMENT FOR 2021/22

Serial No	Institution	No Students
1	University of Malawi (UNIMA)	6,353
2	Mzuzu University (MZUNI)	9,507
3	Lilongwe University of Agriculture and Natural Resources (LUANAR)	11,172
4	Malawi University of Science and Technology (MUBAS)	6,549
5	Kamuzu University of Health Sciences (KUHES)	2,863
6	Malawi University of Science and Technology (MUST)	2,951
7	Domasi College of Education (DCE)	1,265
8	Nalikule College of Education (NCE)	840
9	Malawi College of Accountancy (MCA)	2,375
10	Malawi Institute of Management (MIM)	922
	Total	**44,797**

Source: Ministry of Education

The decrease in the enrolment in public universities and colleges is mostly attributed to disturbed calendars due to COVID-19 pandemic, which resulted in delayed intake for first years in certain cases. However, it is hoped that intake will greatly increase now that new universities have just been created following the delinking of the University of Malawi which has resulted in the surfacing of three independent universities. Furthermore, enrolment in the six public universities and the two colleges of education is likely to increase as they start implementing the Skills for a Vibrant Economy (SAVE) Project whose objective isto increase access to labor-market relevant skills, particularly for females, in priority areas of the economy in the targeted institutions.

9.3.4.2 Students with Special Needs Education

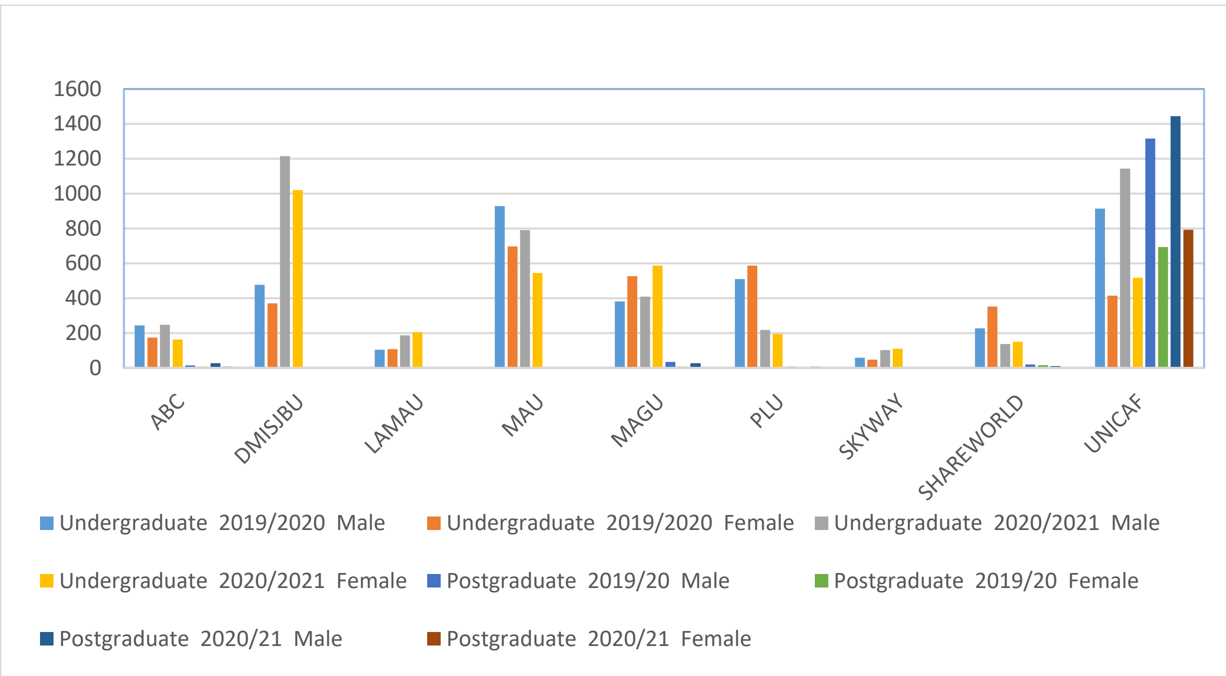
Special needs education for students with disabilities is one of the key interventions, which the education sector undertakes in order to reduce inequality in education access. However, there are limited opportunities for students with disability to have access to higher education because most of the higher education institutions do not have disability friendly infrastructures (NESIP p.23).

In the 2020/21 fiscal year, public and private institutions of higher education had a total of 133 students with special needs. Of all public and private universities, the University of Malawi had enrolled the highest number of students with special needs (93) the majority of whom (50) were enrolled at Chancellor College University of Malawi, followed by Nalikule College of Education and MUST (10), Domasi (9), Luannar(5) and Mzuni(4).

9.3.4.3 Enrolment in Accredited Private Universities and Colleges

The participation of private sector has over the years contributed to increasing access to higher education. Figure 9.3 shows a profile of enrolment data in some of the accredited private universities in the year under review.

FIGURE 9.3: PRIVATE UNIVERSITIES STUDENT ENROLMENT FROM 2019/20-2020/21



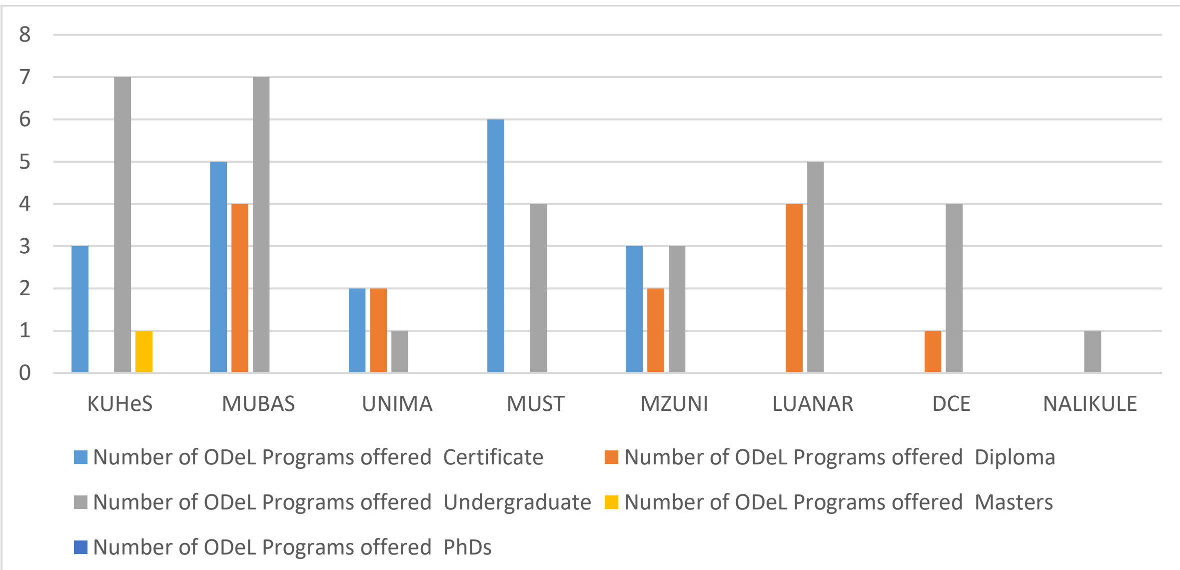
Source: Ministry of Education

The graph shows that UNICAF(3844) and DMISJBU (Saint John the Baptist University) have the highest share of the Private University enrolments in 2021/22 while Skyway University has the lowest share of the Private University enrolment in the country at 212 students. Overall, HEIs data indicates that enrolment into the private universities has been overly fluctuating for the past 5-10 years. However, during the year under review, the students' enrolments in the Private Universities shows significant decreases of 62 percent, 17 percent and 51 percent in enrolments in PLU, MAU and Share World respectively. This has been attributed to mainly the impacts of COVID-19.

9.3.4.4 Open Distance Learning(ODL)Programs in Higher Education

The Ministry is increasing efforts to increase access to higher education through introduction of ODL and e-learning programs. During the year under review, the number of higher education institutions conducting ODL programs in Malawi has increased and with the establishment of the Directorate of Open, Distance and e-Learning and that the institutions will have well-regulated and fully functional ODL systems guided by the National ODL Policy which has been drafted, reviewed, vetted and awaiting approval. Figure 9.4 shows number of ODL programs offered in public Universities and Colleges.

FIGURE 9.4: NUMBER OF ODL PROGRAMMES OFFERED IN 2021



Source: Ministry of Education

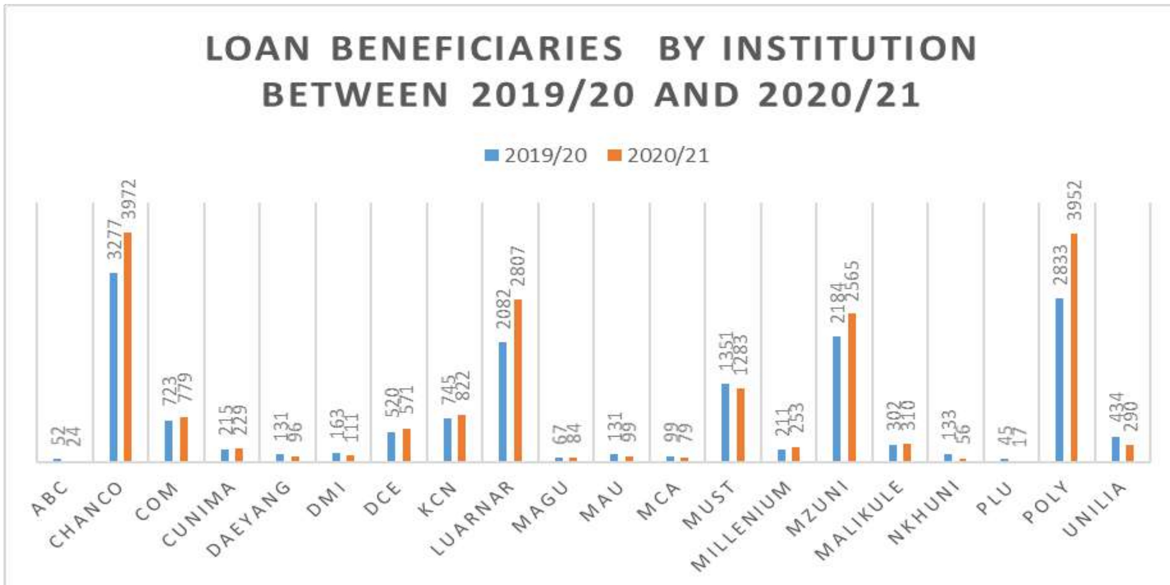
The graph above shows the University sub-sector has started offering 65 ODL programs with MUBAS having the highest share of 16 programs being offered. However, there are prospects for an increase in number of ODL programs being offeredusing this mode of learning as necessitated by the COVID-19 pandemic where e-Learning mode under the umbrella of Emergency Remote Teaching has been reinforced. Among key initiatives to promote ODL, Strengthening Higher Education Access in Malawi Activity (SHEAMA) public universities have increased the number of ODL learners by over 20 percent.

9.3.4.5 Provision of Students' Loans and Grants by HESLGB

The high cost of higher education limits access for the needy and vulnerable students (NESIP p.24). In the reference year, the HESLGB disbursed loans to a total of 18,424 needy students in both public and private institutions of higher learning (11,711 males and 6,713 females).

Out of the beneficiaries, 17,140 students were from public institutions whilst 1,284 were from private institutions. Thus, 19 percent increase from the 15,487 loans disbursed in the 2019/20 financial year (9,873 males and 5,614 females). Figure 9.5 is showing numbers of female and male students who were granted loans in 2019/20 against 2020/21 in different institutions of higher learning.

FIGURE 9.5: NUMBER OF UNDERGRADUATE STUDENTS ACCESSING LOANS:



Source: HESLGB

As can be seen, there has been a general increase in the number of students accessing loans across public institutions, notably, CHANCO (UNIMA), POLY (MUBAS) and LUANAR. More importantly, it is worth noting that overall, there has been a 19 percent increase in the number of students accessing loans. However, according to EMIS data, 36 percent of females benefited from the loan scheme in year 2021 as well as in year 2020. It is also important to note that in accordance with its Act of 2015, the Loans Board is currently disbursing loans to generic degree students only, hence certificate, diploma, postgraduate degree, Open Distance Learning (ODL) and mature entry students are not benefitting from the loans. Nevertheless, with support from SAVE project, the Loans Board is in the process of revising the Higher Education Students' Loans and Grants Act to accommodate these other categories.

9.3.5 Centers of Excellency

In the country, there are two centers of excellence under the African Centers of Excellency II (ACE II) project which is implemented in 24 different centers in Eastern and Southern Africa with support from the World Bank. The first of the two centers is Africa Centre of Excellence in Public Health and Herbal Medicine (ACEPHEM)) which is hosted at Kamuzu University of Health Sciences (KUHES). The center aims at producing high quality post graduate students and research. In addition, the Centers aims at increasing collaboration and partnerships with industry and other higher education institutions in Malawi and internationally. So far, ACEPHEM has managed to enroll 192 master's students and 17 PhD students. So far, the Centre has offered short courses to a total of 912 students. Other achievements of the center include engagement with stakeholders to set the cannabis research agenda, winning a grant (CARTA - Institutionalization of Advanced Research Training in Africa) together with Universities of Bergen, Wits, Rwanda, & Makerere worthy NOK20,000,000 which will run from 2021-2026.

The other center of excellence supported by the World Bank is Africa Center of Excellence in Aquaculture and Fisheries Science (Aqua Fish) which is hosted at Lilongwe University of Agriculture and Natural Resources. Aqua Fish is supported to the tune of US$ 6,000,000 and aims to train fit-for-purpose scientists for the Africa region and improve research relevant to 21st century industry needs. The Centre has a total of 31 PhD students and 202 master's students. In addition, the center has trained 225 students through short courses. The center enjoys international recognition after two of its programs (1 PhD and 1 MSc) were accredited by a European body, the Agency Quality Assurance in 2020. The Centre is in the process of constructing Aqua Fish Center Office Building which is pegged at US$300,000.00.

Mzuzu University has two Centres of Excellence. The first one is Centre of Excellence in Water and Sanitation (WATSAN) which aims at improving the effectiveness of sanitation, hygiene practices and water supply interventions. The second one is Testing and Training Centre for Renewable Energy and Technologies (TCRET) which provides training in renewable energy technologies; design, operations management, maintenance, and testing standards and regulatory compliance.

Over and above the centres of excellence mentioned above, different universities are venturing into different specialised activities and programmes. Just to mention but a few, Malawi University of Science and Technology has established a Drone Academy for which Government has since recommended that it be considered for a Centre of Excellency. Furthermore, Kamuzu University of Health Sciences is in the process of establishing a Hi-Tech University Teaching Hospital (HTUTH).

9.4 Development Projects

Higher education institutions are expected to register a remarkable development through the Skills for a Vibrant Economy (SAVE) project which aims at increasing equitable access to market-relevant skills in priority areas of the economy, especially for females and vulnerable youth**.** The World Bank finances this project to the tune of US$100 million. The effectiveness date for the project was 14th October, 2021 and a Project Implementation Unit is already in place.

Beneficiaries of the project include all the public universities namely; University of Malawi (UNIMA), Malawi University of Business and Applied Sciences (MUBAS), Kamuzu University of Health Sciences (KUHES), Mzuzu University (MZUNI), Lilongwe University of Agriculture and Natural Resources (LUANAR) and Malawi University of Science and Technology (MUST). The colleges of education namely; Domasi College of Education (DCE) and Nalikule College of Education (NCE) will also benefit from the project. The Ministry of Education head office and the higher education governing bodies namely; National Council for Higher Education (NCHE) and Higher Education Students' Loans and Grants Board (HESLGB) will also benefit from the project in the area of system strengthening. Outside higher education institutions, TEVET institutions will also benefit from the project.

Government continued with expansion and upgrading of Domasi College of Education with support from the Japanese Government to the tune of MK13 billion. Works progressed at a slow pace due to the impact of COVID-19. Key Components of the Project are: two story library with a capacity of 40,000 volumes of books, and 500 reading spaces; two 150 seat lecture theatres; three 40 seat lecture rooms; one 20 seat computer laboratory; two story building laboratory block for Chemistry, Biology and Physics, i.e. two laboratories for each subject; one special needs education unit; two story office block for deans of faculty and heads of department with 23 offices; and a 144 bed space hostel block for female students. It is hoped that upon completion, the project will greatly improve access to and quality of higher education.

Mzuzu University continued the construction of a library which is supported by Government through PSIP to the tune of MK7.6 billion. The project commenced in May 2021 but was halted on 5th October 2021 after the National Construction Industry Council (NCIC) issued a stop order because the Contractor had not complied with a requirement that international construction companies should sub-contract 30 percent of the contract value of works to indigenous Malawian owned firms. The issue has since been resolved and construction works will resume any time.

In the year under review, Malawi University of Business and Applied Sciences (MUBAS) acquired 12.7 hectares of land at Nanjiri in Lilongwe in the Area of Traditional Authority Kalumba for a new campus. Payments were made and the University is in the processes of securing a title deed for the land. However, a perimeter fence is already being constructed so as to secure the land. The University has also procured state of the art equipment for Open, Distance and e-Learning (ODeL). The University has also procured state of the art equipment from the United Kingdom for land surveying. In addition, the University rehabilitated one female hostel (Kapeni A and B) which houses 252 students. A total sum of MK817,646,172.52 was spent on the project.

Malawi University of Science and Technology (MUST) mobilized resources to the tune of MK1 billion to kick-start its multi-purpose laboratory complex. A contractor was identified and what remained is clearance from PPDA. Construction of hostels through the Public Private Partnership Commission (PPPC) collapsed after advertisement for investors had already been made. Moving forward, there are plans to advertise again. In the year, MUST also embarked on construction of Mini-industrial Park, which is at 70 percent completion. The Park will house various industries, mostly on value addition to agricultural products such as milk and vegetables. To enhance financial sustainability, MUST, established an endowment fund which by the end of the year had resources to the tune of MK1.5 billion.

Kamuzu University of Health Sciences constructed a 152 bed space hostel at its Lilongwe Campus through a Public, Private Partnership (PPP) which was facilitated by the Public Private Partnership Commission (PPPC). The private partner in the project was Old Mutual. Unveiling of the hostels was presided over by the Minister of Education, Honorable Agnes Nyalonje on 15th December, 2021. KUHES also has plans to construct a Nursing and Midwifery Skills Lab at its Lilongwe Campus – the then Kamuzu College of Nursing. The project which comprises 4 clinical classrooms, 24 offices, 9 wards and 4 laboratories will be funded through the Public Sector Investment Program (PSIP). A contractor has been identified and what remains is approval by PPDA.

In the year, University of Malawi continued with the construction of School of Economics which is funded by Government through PSIP to the tune of MK3.2 billion. A total of MK700 million was allocated for the project and works are at 96 percent completion. The project comprises a library, an office space, lecture theaters and classrooms. The University also embarked on construction of Administration block and associated external works which is also funded by Government through PSIP as well. A total of MK4 billion was allocated and works are at 20 percent completion.

Inkosiya Makhosi M'mbelwa University was identified as one of the country's 15 flagship projects which have been prioritized for funding through the 1 trillion Kwacha Local Currency Infrastructure Bond (LCIB). The University is under construction in T/A Mzikubola, about 8 km from Mzimba Boma. The University's areas of focus will be Animal Health Sciences, Veterinary Sciences and Human Health Sciences. The project commenced in 2015 and among other things, land transfer from customary to public was done and compensations were made to all affected communities. In addition, cadastral and topographic surveys were done, a 6.4 km tarmac ring road was completed and water and power supplies were installed. Designing and costing of buildings were done but were later found to be of substandard. Construction of buildings started with grand entrance but the work was later suspended on account of procurement of the consultant and contractor. As such, contracts for both were terminated in August 2021.

9.5 Budget Achievements

In 2021/22 Financial Year (FY), the revised budget for the Education Sector was MK339.9 billion of which MK275.7 billion was for recurrent budget and MK64.2 billion was for development outlays. Out of the Mk276.7 billion for recurrent budget, MK243.7 representing 88 percent was for Personal Emoluments while MK31.9 billion representing 12 percent was for Other Recurrent Transactions (ORT). Development Budget Part I had a revised budget provision of MK32.4 billion under Ministry of Education and Ministry of Gender. Development Budget Part II had a revised budget provision of MK31.8 billion which is under Ministry of Education and Education Subventions.Table 9.3 is a highlight of 2021/22 Education Sector Budget Performance.

9.5.1 Education Sector Budget Performance for 2021/22

TABLE 9-3: 2021-22 EDUCATION SECTOR EXPENDITURE ANALYSIS AS OF 30TH DECEMBER 2021 (IN MK '000,000)

Budget Category	Approved	Revised	Funding	Expenditure
Vote 250				
PE	30,519,642,972	30,519,642,972	21,284,299,898	21,284,299,898
ORT	17,768,488,757	19,941,317,257	9,521,307,144	3,241,641,877
Development				
Development Part I	16,827,359,322	16,827,359,322	0	0
Development Part II	10,700,000,000	10,700,000,000	3,204,664,400	2,420,797,479
Vote 250 Total	**75,815,491,051**	**77,988,319,551**	**34,010,271,442**	**26,946,739,254**
Vote-900 Series: Local Councils				
PE	141,426,497,934	141,426,497,934	94,284,331,956	94,284,331,956
ORT	12,015,000,000	12,015,000,000	10,399,810,181	10,399,810,181
Total Local Councils	**153,441,497,934**	**153,441,497,934**	**104,684,142,137**	**104,684,142,137**
Vote 275:Education Subventions				
Recurrent	63,983,024,377	71,843,993,318	49,159,063,471	49,159,063,471
Development	21,052,036,250	21,052,036,250	8,885,264,182	8,885,264,182
Total Subventions	**85,035,060,627**	**92,896,029,568**	**58,044,327,653**	**58,044,327,653**
Other Votes-ECD &Labour	**15,618,043,500**	**15,618,043,500**	**-**	**-**
Total Education Sector	**329,910,093,112**	**339,943,890,553**	**196,738,741,233**	**189,675,209,045**

Source: Integrated Financial Management Information System (IFMIS)

The finding and expenditure figures are only for 6 months out of the nine months of the 2021-22 Financial Year. In terms of expenditure for recurrent budget for the education sector, out of the MK275.7 billion, MK184 billion was funded while MK178 billion was spent representing a funding and budget utilization of 97 percent and 65 percent respectively.

For development budget resources under part 2 (Government financed), out of the revised budget of MK31.75 billion, a total of MK12.1 billion has been funded of which a total of MK11.3 billion has utilized representing a funding and budget utilization of 97 percent and 65 percent respectively. Expenditures for Development budget part 1 which is financed by Development Partners are yet to be reported.

9.6 Key Implementation Challenges

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

i. The COVID-19 pandemic negatively affected the performance of the education sector. For instance, schools were closed twice which led to disruption in the academic calendar and examinations. In addition to this, it also worsened the efficiency indicators as the number of learners who repeated and dropped out increased.
ii. The primary education subsector continues to face challenges in availability of desks to learners. The majority of boys and girls still sit on the floor during class. In 2020, the system had only 32,455 desks for its 5,371,563 learners. This shows that the system requires to supply at least 2,653,327 two-seater desks if every learner is to have a desk.
iii. Limited spaces in secondary education, which denies young learners from accessing secondary school education services. Currently the transition rate for secondary school is at 38 percent indicating that about 62 percent of primary school learners do not have access to secondary school education.
iv. Insufficient internet network distribution and prohibitive data costs limit both students and teachers their accessibility of e-books and other learning and teaching materials over the internet.
v. Understaffing, large class sizes and inadequate numbers of classrooms in schools and resource centers
vi. Ambitious and growing complex governance arrangements have resulted in inefficient education delivery in Malawi.
vii. Lack of special needs resource rooms in primary and secondary schools. In 2020 only 3.4 percent of schools had special needs education resource rooms and 1.3 percent of the schools had a preparatory room for special needs education. Districts such as Chitipa and Likoma do not have a resource room in any of their 185 and 10 schools, respectively.
viii. Limited capacity of teachers on inclusive education hence need to expand training programs on inclusive education.
ix. Limited data on children with diverse needs especially those with invisible disabilities and learning difficulties
x. Attitudinal barriers among parents and communities on Children with disabilities and other special educational needs
xi. Inadequate provision of TLMs and assistive technologies

9.7 Science and Technology

During the period under review, the following major strides in the Science and Technology Sector were made in the year 2021/22 despite COVID-19 challenges which partly affected the implementation of planned activities.

9.7.1 Science Granting Council Initiative (SGCI) Phase II Grants

The Science Granting Council Initiative (SGCI) started in 2015 jointly funded by the Canadian International Development Research Centre (IDRC), the Swedish International Development Cooperation Agency (SIDA), the UK's Department for International Development (now the Foreign Commonwealth and Development Office), the South African National Research Fund (NRF) and the German Research Foundation (DFG) and aims to strengthen the capacities of science granting councils in 16 sub-Saharan African countries in order to support research and evidence-based policies that will contribute to the continent's economic and social development.Following release of supplementary funding by IDRC for the three additional research projects in agriculture biotechnology, grant contracts were prepared and duly signed for between National Commission for Science and Technology (NCST) and respective principal investigators as parties.Disbursement of three Additional Grants under the Science Granting Council Initiative in Agriculture Biotechnology to Professor Timothy Gondwe from LUANAR who is working on Harnessing Biotechnology to enhance productivity of indigenous livestock (goats and chickens), Dr.Kesbel lKaonga from Chitedze Research Station working on Metagenomics study of the diversity and functional potential of the Rhizosphere microbiome, associated with the roots of pre-release sorghum lines for tolerance to drought and heat in Zimbabwe and Malawi and Dr.Wezi Mhango from LUANAR working on Indigenous Microsymbionts for Food and Forage Legumes: Deriving ecosystems services from Agriculture Biotechnology.

TABLE 9.4: PHASE II GRANTS DISBURSEMNET

Name of PI in Malawi	Institution of Affiliation	Tittle of the Project	Grant Amount
Prof Timothy Gondwe	LUANAR	Harnessing Biotechnology to enhance productivity of indigenous livestock (goats and chicken) in Malawi and Zimbabwe	**MK22,511,120.00**
DR KesbelKaonga	Chitedze Research Station, Ministry of Agriculture	Metagenomics study of the diversity and functional potential of the rhizosphere microbiome, associated with the roots of pre-release sorghum lines for tolerance to drought and heat in Zimbabwe and Malawi	**MK22,440,736.50**
DrWeziMhango	LUANAR	Indigenous micro symbionts for food and forage legumes: Deriving ecosystems services from Agricultural Biotechnology	**MK 22,464,540.00**

Source: National Commission of Science and Technology

9.7.2 Implementation of a Small Grants Scheme

In its quest of advancing science, technology and innovation (STI) in Malawi in line with the Science and Technology Act No 16 of 2003, NCST implements a Small Grants Scheme where it supports capacity building of researchers in the Sector. During the period under review, disbursement of 56 grants under the Small Grants Scheme – Lot 1 and finalization of reviews for Lot 2 took place to support researchers and innovators in the following areas as per Grant Scheme: Dissertation Grants for Masters and PhD Students; Travel Grants; Research Dissemination Grants; General Event Grants; Production of Journals Grant; ICT Equipment Grant; and Technology Transfer and Commercialization Grant.

9.7.3 Research Protocol Reviews

National Commission for Science and Technology (NCST) serves a vital function as per Science and Technology Act of 2003 in which the National Commission for Science and Technology is required to promote adherence to ethical standards amongst researchers. During the period,review and approval of 18 Research protocols was conducted by the National Committee on Research in the Social Sciences and Humanities (NCRSH) and Review and approval of 34 Research protocols by the National Committee Sciences Research Committee (NHSRC). These Committees are among the leading committees at national level responsible for clearing research activities in accordance with the National Science and Technology Act of 2003.

9.7.4 Circular Economy Roadmap for Abating GHG Emissions from Waste Sector in Malawi

National Commission for Science and Technology (NCST) is a designated entity and participated in the development of the project that required technical assistance from Climate Technology Centre and Network (CTCN) on circular economy to abate Green House Gasses(GHG) emissions from waste sector. The estimated budget of the Malawi Component is US$200,000. The project was granted to NCST and CTCN appointed TNO from Netherlands as the Lead Consultant with SIB-K of Kenya as co-consultants. So far, a baseline report and Strength Weakness Opportunity and Threats (SWOT) analysis has been completed and feedback from the Stakeholders in the environment sector was provided to the Consultant.

9.7.5 Science Diplomacy as a Reform Issue

National Commission for Science and Technology (NCST) is facilitating the introduction of Science Diplomacy inMalawi Diplomatic Missions. During the Ambassadors and High Commissioners Induction, Capital Hotel, Lilongwe, 2ndSeptember, 2021 - In line with the ongoing public reforms, one of the approved reform areas for NCST is to implement Science Diplomacy (SD) which is broadly understood as a series of practices that stand at the intersection of the two fields (science or scientific endeavour and foreign policy) was introduced. It is in view of the above that for the first time, on 2ndSeptember, 2021, NCST was invited to make a presentation during the induction meeting for the newly appointed High Commissioners and Ambassadors to various missions around the world.

9.7.6 Information and Communication Technology (ICT) Expo 2021 Innovation Exhibitions

National Commission for Science and Technology (NCST) supported ICT Expo 2021 and Awards Gala, where the ICT Association of Malawi (ICTAM) in conjunction with its partners including NCST organized the 2021 annual event at BinguWa Muthalika International Convention Centre (BICC) Lilongwe from 27 – 29 September 2021. The Guest of Honour, His Excellency Dr. Lazarus McCarthy Chakwera the President of Republic Malawi graced the function and highlighted the important role ICT plays in national development. The Expo provided space to highlight innovations that are being supported by the NCST. This helped to enhance NCST's visibility. NCST supported selected ICT innovators/exhibitors namely Inspire Learn and Mzuzu University ICT department project to exhibit at the Expo. Mzuzu University presented the MiLab, a web-based laboratory and Inspire Learn presented locally made tablets that can be used in schools. Both innovations are earmarked for support through the small grants scheme.

9.7.7 Assessment of Compliance to Standards and Quality Assurance in Locally Manufactured Concrete Blocks.

National Commission for Science and Technology (NCST) and Malawi Bureau of Standards (MBS) jointly prepared a proposal which was approved by NCIC to the tune of MK10 million. The main objective is to address the knowledge gaps that exist in the production and usage of concrete blocks in Malawi.

Preliminary investigation suggests that although there is acceptance and an increase in production and usage of concrete blocks, there are still critical underlying knowledge gaps on the following:

(i) Quality of concrete blocks produced and used in Malawi;
(ii) Manufacturing processes being followed;
(iii) Compliance to regulations and technical requirements of the products and processes; and
(iv) Quantification of the economic benefits of blocks over fired clay bricks.

In order to address the problems above and ensure resilience in the building and construction sector, a research project with the following objective was proposed to assess compliance to national standards and quality of concrete blocks being used in the building and construction sector in Malawi. The project strives to achieve the following outputs:

(i) A baseline report on quality of concrete blocks and bricks in Malawi and the level of compliance to national standards;
(ii) Economic viability of concrete block making and usage over fired clay bricks; and
(iii) A peer reviewed conference or journal paper.

The study, which is jointly implemented by NCST, MBS and NCIC will cover data collection through semi-structured interviews and observations of various manufacturers in the following identified districts:

(i) Southern Malawi – Blantyre city, Zomba City, Mulanje (seismic prone area) and Mangochi districts
(ii) Central Malawi – Lilongwe, city, Salima town (seismic prone area), Dedza districts
(iii) Northern Malawi – Mzuzu city, Nkhata Bay district and Karonga district (seismic prone).

9.7.8 Launch of the Women in Science, Engineering, Technology Organisation (WISETO)

Malawi during the 41st Extra-Ordinary Southern Africa Development Committee(SADC) Summit through the Minister of Education, Honourable Agnes Nyalonje signed the new Charter on 17th August 2021. NCST through the Director of Documentation and Information Services is facilitating the hosting in collaboration with the Department of Science and Technology under the Ministry of Education. By signing this Charter, Malawijoined other SADC Member States who have already signed the charter namely: Angola, Democratic Republic of Congo, Eswatini, Lesotho, Mauritius, Mozambique, Namibia, South Africa and United Republic of Tanzania. NCST through the Director of Documentation and Information Services is hosting and facilitating the take-off of the Malawi WISETO National Chapter which is expected to be a standalone organization. Currently WISETO is in the process of developing its constitution and terms of reference for the Executive committee which is also in place.

9.7.9 Biotechnology and Biosafety Systems

National Commission for Science and Technology (NCST) is developing Procedures and Guidelines for Assessing food and feed safety of products derived from Genetically Modified crops (GM). In addition, NCST is developing procedures and guidelines for regulation of Genome edited products. Progress of developing food and feed safety guidelines for products derived from GM crops is at an advanced stage. NCST expressed approval of the Guidelines at their meeting of 16th September 2021 and recommended that the guidelines be vetted at a wider stakeholder group and subsequent adoption by the National Biosafety and Regulatory Committee.

On the other hand,there is steady progress on the development of guidelines for genome edited crops following receipt of the first draft of comments from a meeting of the Task Force convened on 16th September 2021. Lead experts, Environmental Affairs Department officers and Portfolio Budget Statements (PBS) who facilitated the workshop presented substantial inputs into the Guidelines to align them with policies and new reporting structure (MEPA).

9.7.10 Fisheries and Aquaculture Scientific and Technical Advisory Panel (FSTAP), a Sub-Committee of National Committee on Agriculture and Natural Sciences of NCST

National Commission for Science and Technology Participated in the FSTAP workshop in semi-annual dialogue session between 1st -3rd September 2021 under the National Committee on Agriculture and Natural Sciences of NCST. FSTAP was formed to perform a coordination role of Government, research and academic institutions, development projects, Non-Governmental Organisations (NGOs) and private sector in the development of science-based, demand-driven aquaculture and fisheries management, government and value-chain knowledge. FSTAP also ensures that the foregoing information is stored and widely disseminated in a user-friendly format, targeting the "user community" and make recommendations to NCST and Department of Fisheries (DoF). It was also felt that there was need for NCST to work together with Department of Fisheries on finding possible options for fish feed so that the feed can be made locally for use by different fish farmers to sustain the sector.

9.7.11 Resurgence of the Ethanol Driven Vehicle (EDV) Programme

Government of Malawi pegged ethanol pricing from petroleum, a reform that has excited the ethanol industry players who for a long time have complained on the lack of incentives in the adoption of ethanol as a fuel for motor vehicles in Malawi. It is a well-known fact that EDV offers Malawi a great potential for national development and transformation of the motor vehicle industry through fuel ethanol-petrol import substitution industrialisation and creation of employment opportunities. PressCane came up with Raw Material (RAMA) project in 2015 to roll-out the EDV programme which focussed on increasing feedstock for ethanol production to meet the increased demand of ethanol. However, the roll-out failed due to lack of consensus between Government and PressCane on ethanol pricing. As one of the reform areas approved by Government, NCST initiated the process of resurgence of the EDV programme to ensure that Malawians adopt the technology and that it is commercialised.

During the reporting period, the NCST and PresCcane teams have been undertaking regular meetings. Issues that have been identified as barriers are as follows: The supplier of conversion kits is not responding to queries. Currently, the team is trying to identify a new supplier and PressCane is working with AGRICOM to explore the possibility of supporting farmers to increase sugarcane production; and PressCane is exploring the possibility of increasing processing capacity.

9.7.12 Supporting Girls Science Camps

In addition to the support NCST renders to the Malawi University of Science and Technology on Girls Science Camps, NCST facilitated development of a Concept Note on Girls Science Camp for Mzuzu University, andthe Commission organized and participated at a meeting on the hosting of girls science camp which was held at Chikho Hotel in Kasungu, on 2ndJuly 2021. The meeting recommended that potential funders be engaged as early as possible and these include: United Nation International Children Fund(UNICEF), United Nation Development Program (UNDP), and American Geophysical Union. A draft budget was prepared and the camp would annually cost MK35, 000,000.00 for MZUNI to host it. To enhance publicity of the science camp various communication channels would be used including sensitization meetings with secondary school teachers.The Concept Note covers financing the Camp, Sensitization Campaigns and Implementation arrangement.

9.7.13 Networking and Collaboration

Participation in the African Scientific Research and Innovation Council (ASRIC) fourth Congress in Nairobi, Kenya from 22ndto 25thNovember 2021, under the auspices of the African Union Commission (AUC), under the Theme “Strategic Investment/Utilization of STI for Africa’s Economic Emergence, where the Director General, Prof Elijah Wanda was elected as the 1stVice-Chair for ASRIC – Scientific Programmes and the ASRIC Bureau.

During the same period, Malawi participated in the 41stSession of the United Nation Educational, Scientific and Cultural Organisation (UNESCO) General Conference, Paris. National Commission for Science and Technology (NCST) was invited to attend the Science (SC) – Major Programme II of the Conference, which took place from 15th– 17th November, 2021. NCST held discussions with UNESCO secretariat to support Malawi’s STI ecosystem in line with the memorandum of understanding signed between the Malawi Government and UNESCO in April, 1997.

9.7.14 R&D Survey Data Collection and the R&D Survey Training

AUDA –New Partnership for Africans Development (NEPAD) organised a 3-day virtual training which was hosted by Malawi from 19th to 21st July 2021 focussed on STI measurements. Malawi NCST and the National Statistical Office (NSO) collected data during the period from August to November 2021. Currently, NSO is finalising R&D Survey Report.

9.7.15 Revival of the STI Bilateral Partnership Between Department of Science and Innovation (South Africa) and Malawi

On the 27th of July 2021, NCST organised a first virtual conference with the Department of Science and Innovation of South Africa where the two countries are planning to resuscitate the bilateral partnership that was entered into in 2008.

9.7.16 Red Data Analysis Workshop Through the Capacity Enhancement Support Programme (CESP)

The workshop was organised by Malawi University of Science and Technology (MUST). NCST was a coordinator of CESP which aims at developing capacity of the technical staff at the key data holding institutions to assist in data mobilization for the assessments under Global Business Innovation and Development (GBIF).

Chapter 10

TOURISM

10.1 Overview

Tourism is among the fastest growing sectors in the world, contributing significantly to the global economy. In Malawi, Government recognizes the significant role that tourism plays as a vehicle for inclusive development and poverty reduction, especially in the rural areas where most tourist attractions, facilities and services are located. The industry also promotes inclusive involvement of local communities including the youth, women and other vulnerable groups, through creation of many entry level employment and business opportunities in both urban and rural areas.

Malawi is endowed with rich natural and cultural resources that make it one of the attractive tourist destinations, both regionally and internationally. As a tourist destination, the country is rich in diversity due to beach and water experience, scenic landscapes, diverse wildlife, favorable climate and unique cultural assets. The short distances amongst various tourist attractions also make it easy to move from one point of attraction to another within a short period. The peaceful environment, neighborly social interaction, tolerant and authentic relationships of locals with visitors and people from other cultures make it big in hospitality. Tourists from all over the world visit the country to experience the lake, nature, wildlife and the Malawian culture. In recent years, Malawi is also becoming a popular destination for Meetings, Incentives, Conferences and Events (MICE) both locally and internationally.

Realizing the potential that lies within the sector, the Government of Malawi hashighlighted tourism as one of the priority sectors for the country's sustainable socio-economic development of the country. This is reflected in the long-term development vision, Malawi 2063, in which Tourism is among the sectors to drive urbanization as one of its three strategic pillars. The vision aspires to turn Malawi into an inclusively wealthy and self-reliant industrialized lower-middle economy by 2030 and upper-middle-income country by the year 2063.

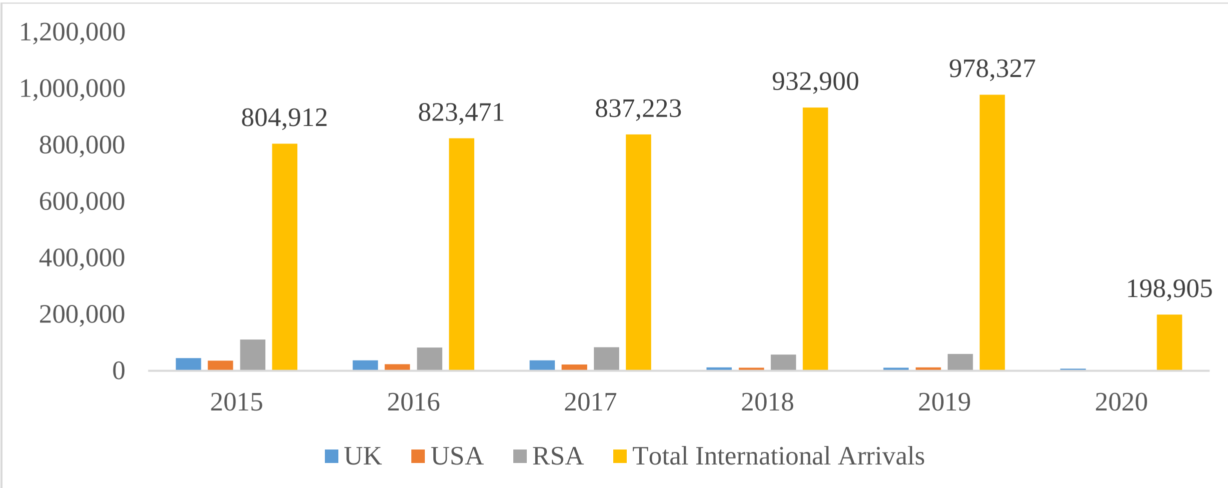
10.2: Performance of Tourism Sector in Malawi

10.2.1 International Tourist Arrivals

Over the years, the country has seen a stable increase in the number of international tourist arrivals rising at an average rate of 5 percent annually from 2015 to 2019. This can be accredited to the various tourism marketing initiatives being promoted, rise in cultural and arts festivals as well as the revival in Malawi's wildlife population through the restocking and translocation of critical species. In 2020 however, international visitor arrivals dropped by 80 percent to around 198,000 visitors as shown in Figure 10.1. This is a significant drop mainly attributed to the global travel restrictions due to the COVID-19 pandemic. This has significantly affected the country'starget of reaching 1,200,000 international tourist arrivals by 2021 as envisaged in the Tourism Marketing

Strategic Plan. Considering past market trends, this would imply that between five and seven years' worth of growth has been lost to COVID-19. This therefore calls for deliberate marketing efforts aimed at facilitating recovery as global travel restrictions are being uplifted and travel is picking up again.

FIGURE 10.1: INTERNATIONAL VISITOR ARRIVALS



Source: National Statistics Office

10.2.2 Domestic and Outbound Tourism

Globally, domestic tourism is considered a key driver of the tourism sector and also cushions the local tourism when international tourism is negatively affected by external shocks. Domestic tourism also sustains the sector's viability during off-season periods when international and regional tourism is almost non-existent. It also encourages the development and utilization of tourism facilities in remote areas not frequented by foreign tourists. In times of crisis such as the COVID-19 pandemic, domestic tourism is the first to recover before inbound tourism.

According to the United Nations World Tourism Organization (UNWTO), in 2018 a total of 9 billion domestic trips were made worldwide which was six times more than international tourism. Further, the World Travel and Tourism Council (WTTC) found that in 2017, domestic tourism accounted for 73 percent of total global travel and tourism expenditure. In Malawi, WTTC estimates that domestic tourism accounted for 91 percent of total travel and tourism spendingfor 2019.

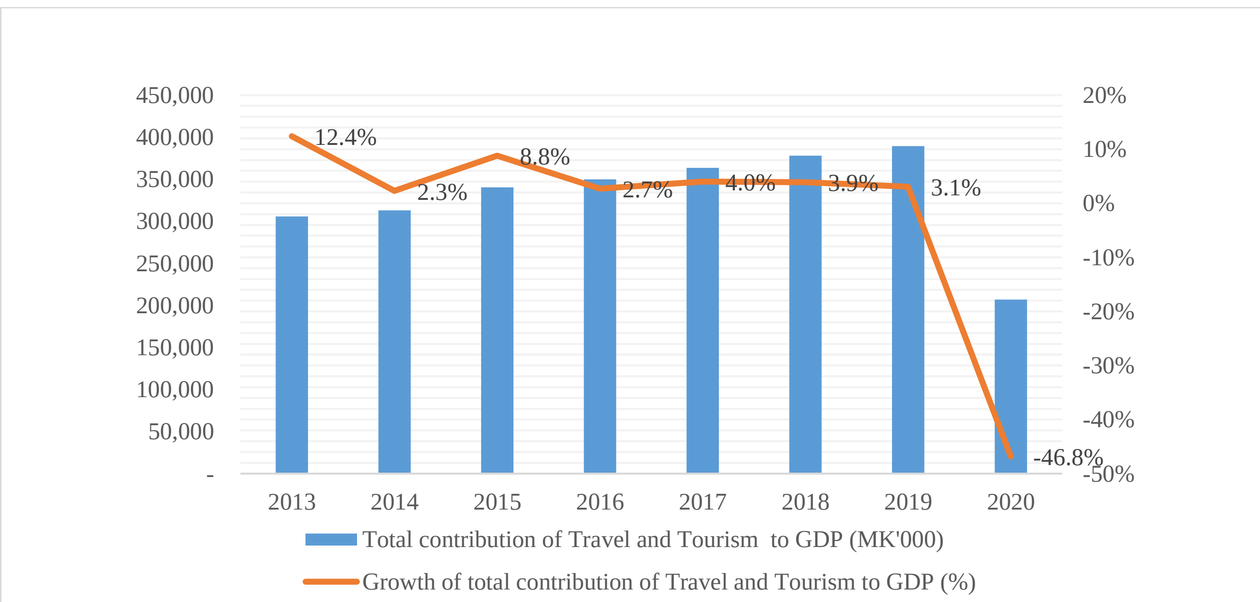
According to the first ever Domestic and Outbound Tourism Survey Report, in 2019, Malawi residents undertook a total of 255,479,485 overnight domestic trips and 364,281 outbound trips whose total estimates of expenditures were MK111.4 billion and MK120.0 billion respectively. Malawi residents undertook a total of 2,850,000 same-day domestic trips and 244,485 same-day outbound trips whose total estimates of expenditures were MK92.9 billion and MK6.4 billion respectively. The main purpose cited of overnight domestic trips were Visiting Friends and Relatives (42.8 percent), attending funerals (12.7 percent) and holiday, leisure or recreation (1.9 percent). The main purpose for the overnight outbound trips were Visiting Friends and Relatives (32.4 percent), work/professional (24.8 percent) and holiday, leisure or recreation (2.1 percent).

The realities of Domestic and Outbound Tourism, as revealed by the baseline survey, show that there is need to do more in order to instill a travel cultural among Malawians. In this regard, the Ministry of Tourism, Culture and Wildlife is implementing the Domestic Tourism Strategy whose aim is to grow domestic tourism for sustainable socio-economic development of the country.

10.2.3 Contribution Of Travel And Tourism To Gross Domestic Price(GDP)

The total contribution of travel and tourism to the GDP has been steadily increasing since 2013. According to World Travel and Tourism Council (WTTC), the total contribution of travel and tourism to the GDP increased from MK305.8 billion to MK389.4billion between 2013 and 2019 before rapidly dropping by 46 percent to MK207 billion in 2020 due to the effects of COVID-19. The growth of total contribution of travel and tourism to GDP has been varying considerably between 2013 and 2019. The growth has been relatively stable between 2017 and 2019 although the total contribution of the sector to GDP has been growing at a decreasing rate over the same period. **Error! Reference source not found.** provides a trend in total contribution of travel and tourism o the GDP between 2013 and 2020 at real 2020 prices.

FIGURE 10.2: CONTRIBUTION OF TOURISM TO GDP

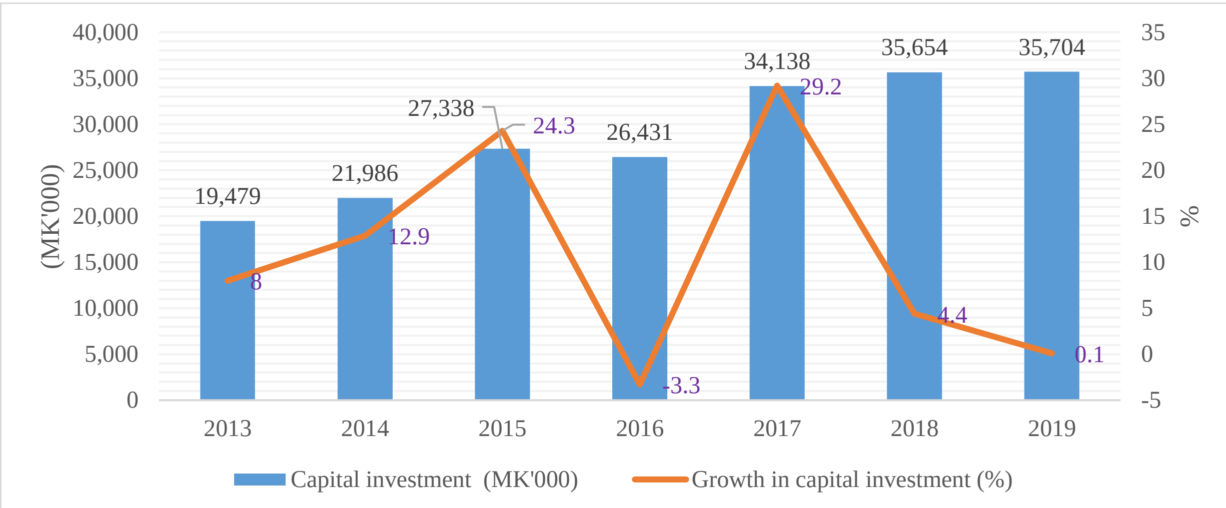


Source: World Travel and Tourism Council (WTTC)

10.2.4 Capital Investment in Travel and Tourism

Investment in tourism sector has increased from MK19.5billion in 2013 to MK35.7 billion in 2019. Except for 2016, investment in the sector has being growing at an increasing rate. Thegrowth trend however shows that capital investment in travel and tourism steadily growing with not so huge annual variation especially between 2017 and 2019 (**Error! Reference source not found.**3). evertheless, the positive trend in value of investment in tourism highlights the successes and a need to strengthen efforts that aim at reducing entry barriers for new tourism entrepreneurs, improving public-private dialogue, and incentivizing investment within the tourism sector.

FIGURE 10.3: CONTRIBUTION OF TRAVEL AND TOURISM TO INVESTMENT



Source: World Travel and Tourism Council WTTC

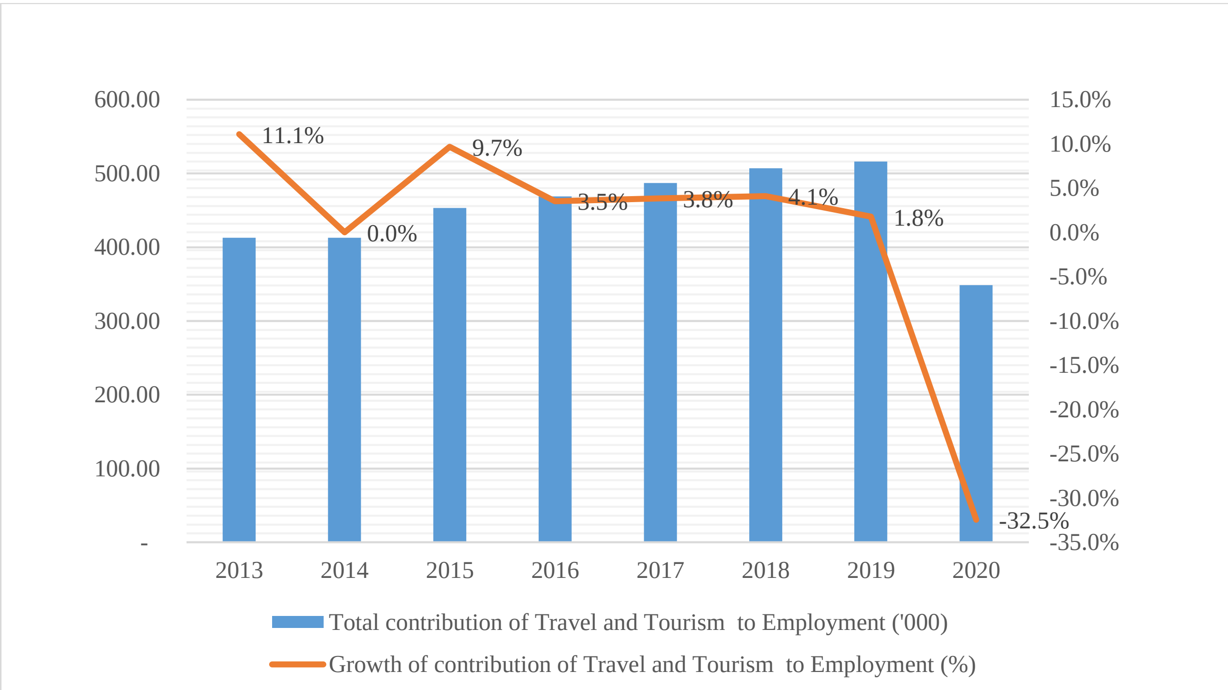
Recently, Public Private Partnerships (PPPs) are becoming a preferable investment mode especially for protected areas. Due to such initiatives, Malawi is experiencing a revival in the wildlife sub-sector through PPP arrangements with African Parks in Majete, Liwonde and Nkhotakota Protected Areas. In the same spirit, Government has developed an Ecotourism and Protected Area Management Strategy for Malawi. This is aimed at promoting public private partnership investments in Malawi's protected areasthat will enhance ecotourism and management of protected areas for improved revenue generation and community livelihoods. Currently, procurement processes for ecotourism partnerships for Lake Malawi National Park and Kasungu National Park sites as well as protected area management for Mwabvi Wildlife Reserve are underway. All these are aimed at increasing investments in the Tourism sector.

10.2.5 Contribution of Travel and Tourism to Employment

The total contribution of travel and tourism to employment was 526,000 jobs in 2019 comprising 6.8percent of total employment. The total contribution of the sector to employment has been relatively stable especially between 2016 and 2019 as shown in **Error! Reference source not found.**.

he ravaging and devastating effects of COVID-19 pandemic on tourism industry, however, reduced the contribution of travel and tourism to employment to 348,000 in 2020 representing 4.6 percent of total employment.

FIGURE 10.4: CONTRIBUTION OF TRAVEL AND TOURISM TO EMPLOYMENT

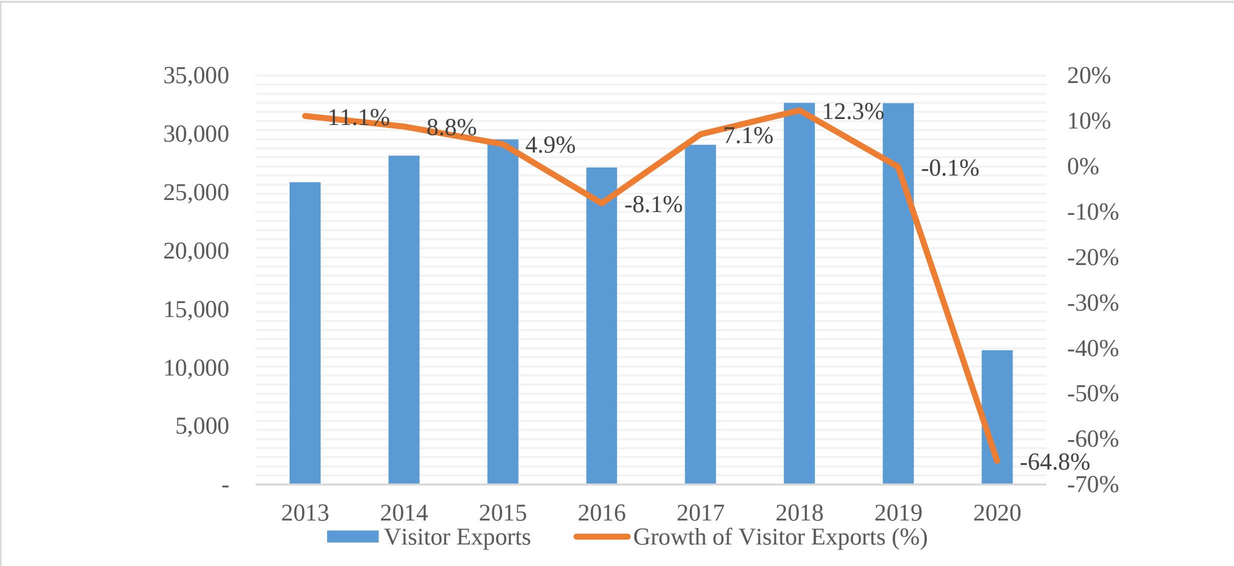


Source: World Travel and Tourism Council (WTTC)

10.2.6 Visitor Exports

2020 statistics show a 64 percent drop in visitor exports from MK32 billion in 2019 to MK11 billion in 2020 largely resulting from travel restrictions and resulting business closures due to the COVID-19 pandemic. Prior to the pandemic, Malawi had been experiencing a steady annual growth of visitor exports especially between 2016 and 2019 as shown in **Error! Reference source ot found.**.However, in the wake of the pandemic, most of these gains have been eroded. As such, there is need to employ strategies that will stimulate inbound tourism and increase average tourist expenditure and length of stay. These include developing and promoting more tourism products and intensifying international and domestic marketing.

FIGURE 10.5: VISITOR EXPORTS



Source: World Travel and Tourism Council (WTTC)

10.2.7 Challenges Affecting the Tourism Sector

10.2.7.1 Current COVID-19 Pandemic

Two years since the onset of the pandemic, tourism remains one of the hardest hit sectors of the Malawi's economy along its value chains which are yet to recover from this shock. Its impact is felt on livelihoods, services, opportunities and the economy. While the introduction of vaccines and other treatments provide a glimmer of hope, the recurrent waves of new variants of the Coronavirus frustrate the recovery efforts. Countries are continuously going in and out of lockdowns thereby affecting inbound tourism for Malawi.Nevertheless, in order to facilitate its recovery, Malawi has been recognized a Safe Travel Destination by the WTTC. This has been achieved through the adoption and promotion of health and safety protocols, and other regulations as necessitated by the pandemic.

10.2.7.2 Poaching and Illegal Wildlife Trade

While poaching and illegal wildlife trade appear to have been contained, they still remain a threat to wildlife in this country. For example, pangolin trafficking continues to soar despite efforts to contain it. In response, government is implementing initiatives to combat poaching and illegal wildlife trade such as strengthening law enforcement in Malawi's protected areas. For instance, in 2021, Government undertook law enforcement operations and implemented 687 long patrols and 501 short patrols in protected areas which resulted in 539 arrests. Furthermore, it conducted investigations operations against wildlife trafficking and arrested 95 offenders, seizing 314.8 kg of ivory, 39 live pangolins and 3.754 kg pangolin scales. Other initiatives include strengthening

Inter-Agency Committee on Combating Wildlife Crime (IACCWC) collaboration; capacity building for law enforcement; as well as raising public awareness on the evils of wildlife crime.

10.2.7.3 Lack of Land for Tourism Investment and Limited Tourism Investment Incentives

Despite an increase in the number of investors willing to invest in Malawi, especially in districts along the Lakeshore and other areas with tourism potential, there is lack of land to cater for such investments. This calls for the need for Government to properly map and zone the land. In addition, fluctuating, inconsistent, unclear and uncompetitive investment incentives discourage local and foreign direct investment. Moreover, the current incentives structure is quantitative rather than qualitative such that it puts at a disadvantage, the Micro, Small and Medium Enterprises (MSMEs) that represent the majority of operators in Malawi. The “Promoting Investment and Competitiveness in the Tourism Sector (PICTS)” Project that the Government is implementing, with support from the African Development Bank (AfDB),is addressing this challenge through mapping and zoning of all areas with potential for tourism development.

10.2.7.4 Inadequate Tourism Information Base

Currently, the Tourism Sector faces a huge challenge in terms of limitations in data gathering, analytical and storage capacity to support and inform decision-making in the sector. This greatly affects policy and investment decisions. In order to address this, Government, with support from AfDB, under the PICTS Project, is building capacity for tourism statistics so that data on tourism is readily available and the economic contribution of the sector is clearly known or quantified. So far, a base line on domestic and outbound tourism has been conducted and a backlog of annual tourism statistical reports has been cleared. Currently, Government is in the process of establishing a Tourism Satellite Accounting (TSA) system for Malawi. It is envisaged that this will be completed by December, 2022.

10.2.7.5 Low Service Quality and Underdeveloped Product

The tourism sector in Malawi is largely characterized by low service quality as a result of limited supply of skilled labour, lack of high-quality training institutions and outdated curriculum, low literacy levels, limited number of specialist investors and unattractive conditions of service leading to an unmotivated labour force. Low quality of services adversely affects the competitiveness of the destination. Further to that, Malawi’s diversity of natural, cultural and man-made attractions is generally underdeveloped. These include sites and events linked to cultural, colonial and religious heritage and the lakeshore, mountains and protected areas. Further, wildlife population is also low due to poaching, encroachment, inadequate funding for wildlife conservation and enforcement and environmental degradation of areas with outstanding natural beauty.

As part of the efforts to address this, the World Bank is supporting Government, through the Skills Development Project at Mzuzu University (MZUNI) aimed at increasing access, market relevance, sustainability and cost efficiency of hospitality and tourism courses. The focus of the project at MZUNI is to establish a Skills Development Centre, supply equipment and upgrade staff skills. On the other hand, the Deutsche Gesellschaftfür Internationale Zusammenarbeit (GIZ), through the More Income and Employment in the Rural Areas (MIERA) program, is also supporting the Government to strengthen vocational education and training at Malawi Institute of Tourism (MIT). In addition, Government intends to increase the capacity of MIT by building a modern tourism training school at Lingadzi Inn in Lilongwe.

10.3 Lessons Learnt

The following are the key lessons for the Tourism Sector during the reporting period:

i. Domestic tourism is a key driver of the tourism sector, providing a cushion to local tourism during external shocks. Domestic tourism also keeps the sector viable during low season when international and regional tourism is almost non-existent. In times of crisis such as the COVID-19 pandemic, domestic tourism is the first to recover before inbound tourism. As such, there is need for deliberate strategies to grow domestic tourism;

ii. Negative shocks in the Tourism sector havethe potential to drastically lead to loss of jobs and closing of opportunities for job creation. As such, there is need to devise ways of cushioning shocks in a manner that protects both employees and employers; and

iii. Collaboration, coordination and active participation in a global community and at national level involving government institutions, development partners and other players can assist to clear bottlenecks towardsrecovery from shocks.

10.4 Projected Performance of Tourism Sector

The projected performance of the Tourism sector in 2022/23 is as presented in TABLE 10.4. The targeted performance is based on estimations by WTTC and is subject to changing macro-economic environment and other factors that affect tourism investments in Malawi.

TABLE 10.4: PROJECTED PERFORMANCE OF TOURISM SECTOR

Output	**2022/23 Projection (percent)**	**Success factors**	**Risks and Assumptions**
Growth of total contribution travel and tourism to employment (percent)	2.9	Continued engagement and implementation of fiscal and monetary policy	Malawi's vulnerability to external shocks
Tourism direct contribution to GDP (percent)	4.2		
Travel & Tourism's share of total national investment	2.7		
Growth of visitor exports	3.9		

Source: World Travel and Tourism Council (WTTC)

Chapter 11

LOCAL GOVERNMENT AND RURAL DEVELOPMENT

11.1 Overview of Integrated Rural Development and Decentralization Sector

The development of all aspects of rural communities is vital for effective improvement of local authorities. The successful implementation of the first Malawi 2063 (MW2063) Malawi Implementation Plan (MIP-I) hinges on strong involvement of all stakeholders irrespective of sex, age, race, religion, ethnicity, and political affiliation. Government of Malawi adopted a National Decentralization Policy in 1998 with the aim of devolving some of the critical functions from the central government to the councils. Upon effective implementation of the decentralization policy, the country will realize effective, efficient and participatory planning, implementation, monitoring and evaluation of policies and programmes; and increased impact of development interventions at the local level for the benefit of local citizens. It is expected that councils will continue to take an active role in effective implementation of development programmes and projects critical in attaining the country's sustainable development agenda as enshrined in the MW2063. Strategies to transform Malawi; rural areas in particular, have to address the challenges of low investment and productivity, poor infrastructures and unfavourable policy and regulatory frameworks in local authorities.

The development of Rural Growth Centres (RGCs) is at the centre of Integrated Rural Development (IRD) approach for improved service delivery and reduced rural-urban migration since Malawi is at an early stage of urbanisation with only 16 percent of its population living in urban areas. The occurrence of these problems and challenges, not only imposes detrimental effects upon the living conditions of the local citizens, but also impose barriers in the course of their progression.

Government, therefore, adopted the RGCs development approach which involves construction of rural infrastructure such as markets, small-scale factories, community banks, health centres, police units, community grounds (sports stadiums) and rural roads within the realm of Integrated Rural Development Strategy (IRDS). The IRDS is in place to respond to the needs of the dynamic rural and urban population and deliver sustainable socio-economic development. In order to achieve these aspirations, Ministry of Local Government in collaboration with the Local authorities, continued implementing various development programmes and projects during the 2021/22 fiscal year. The RGCs model has proven to have potential to generate economic gains which can lead to improvements in rural livelihoods in both the medium and long terms. The Ministry has plans to further roll out implementation of these development endeavours in the 2022/23 Financial Year (FY) and beyond.

This chapter therefore, highlights key achievements that have been attained during the 2021/22 FY in tandem with strategic focus areas of the local government sector as stipulated in the policies and Local Development Plans (LDPs), and also Sustainable Development Goals (SDGs).

11.2 Performance in the 2021/22 FY

11.2.1 Major Achievements During the 2021/22 FY

The major achievements for the period under review include: continued construction of RGCs, urban and rural markets, stadia, district commissioners' offices and rural roads. The interventions, specifically aims at the following:

i. Increase household incomes and sustainably create wealth
ii. Support sub-projects geared towards spurring local economies and development of growth centres
iii. Support provision of technological and business skills training to local entrepreneurs and create a conducive environment for business growth
iv. Support beneficiaries to engage in savings and acquire business skills
v. Support the provision of work spaces conducive for the interaction of Local Authorities and clients for service delivery
vi. Facilitate provision of business advisory services
vii. Facilitate provision of decent centres social services

The details of the achievements are as follows:

11.2.1.1 Rural Growth Centres (RGCs) Development Programme

Most rural areas in Malawi are characterised by inadequate infrastructure and service provision, low employment and rising poverty. Integrated Rural Development is envisaged to be a catalyst of poverty reduction in rural areas.

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

TABLE 11.1: PROGRESS ON RURAL GROWTH CENTRES

Name of RGC	Structures	Outstanding Works	Progress to Date	Annotations
Nambuma	Health Centre	Landscaping	Works in progress (95 percent completion rate)	Substantially complete
Chitekesa	1.Market kiosks	None	Work in progress (80 percent completion rate).	Substantially complete
	2.Health Centre	Corridor Mortuary		
Chapananga	1.Market kiosks	Installation of ESCOM Transformer	Works in progress (98percent completion rate). Official hand over done for the council to start using the market as the Ministry is still in the process of pursuing the issue of electricity connection by ESCOM. Escom submitted an invoice amounting to MK25, 698,369.16 towards the installation	Substantially complete
	2. Market sheds	None		
	3. Bus depot	None		
	4. Drainage works	None		
Mkanda	1.Market kiosks	Filling of pits in the markets	Works in progress (98percent completion rate).Official handed over to council done to start using the structure as the Ministry is still in the process of engaging ESCOM on power connection	Substantially complete
	2. Market sheds	None		
	3. Bus depot	None		

Source: MLGRD, 2022

Table 11.1. Shows the status of the RGCs during the period under review. It can be appreciated that most of the construction works are substantially complete. However, some challenges still remain to ensure full utilization of the structures by the beneficiaries. The issue to access roads to the sites is one such example. The Ministry is working towards resolving the outstanding issues. The Ministry of Local Government is committed to successfully complete these projects because of their catalytic role to rural development and also the potential to curbing rural-urban migration. It is envisaged that the investments that will be made in RGCs will create a conducive environment for economic growth and prosperity of the rural populace, thereby reducing rural poverty.

11.2.1.2 Markets Development Programme (Urban and Rural Markets)

The Market Development Programme is aimed at improving rural marketing system, so that rural buyers can easily access needed standard goods and services at fair prices. In additional, rural and urban markets can also improve their income and all these aspects can directly improve living standards. The programme is in line with the current development discourse of sustainable wealth creation, especially among the rural masses that constitute around 80 percent of the country's population. Overall, during the 2021/22 FY, works at all the sites remain substantially complete. Songani, Nsika wa njala, Namitambo and Mulanje mission are earmarked to be completed by the end of the FY. Works at Kapiri market were halted due to an existing injunction at the project site.

TABLE 11.2: PROGRESS ON URBAN AND RURAL MARKET CONSTRUCTION

Name	Structures	Outstanding Works	Progress to Date	Annotations
Chinakanaka Market	1. Market sheds 2. Slaughter house 3. Market kiosks 4. Butchery 5. Perimeter Fence	Finishes None None None None	Construction works are estimated to be at 98 percent completion rate. The contractor is correcting defects	NA
Mulanje Mission	1 Market sheds 2. Slaughter house 3. Market kiosks 4. Butchery 5. Perimeter Fence 6. Pavements Works	Pavement and water None None None None None	Works halted due to valuation wrangle. The council is to engage another contractor on the remaining works Construction works are at 95percent completion rate.	Works substantially Complete
Nsanje Boma market	1.Market Kiosks 2. Market sheds 3. Bus depot 4.Slaughter house 5. Water pump 6. Butchery	Finishes, slaughter house, water pump and butchery None None None None None	Construction works completed. The facility was officially opened as it awaits power connection and some minor works	Most of the structures are at finishing stage
Tengani Market	1.Market Kiosks 2. Market sheds 3. Bus Depot 4. Water pump	Power connection and Dumping site construction None None None	Works completed. Officially opened as it awaits power connection, dumping site and some minor works	Handed over to council
Songani Market	1.Market Kiosks 2.Market sheds 3.Perimeter fence 4.Slaughter House 5.Butchery 6.Electricity connection 7.Water connection	Finishes Finishes None None None Not yet	Works in progress. Construction works are estimated to be at 80 percent completion rate. The works had halted due to non-payment issues	N/A

Source: MLGRD, 2022

The Table 11.2 highlights the status quo in the programme for rural and urban markets construction. It was pleasing to note that in the period under review, there was an increase in the funding which was meant to enable the acceleration of implementation in the project sites. Notably, due to the progress being made, the Ministry expects that works will finish soon at Songani, Msika wa njala and Namitambo. However, the prevailing issues affecting the utilization of the amenities still remain. Notably, the issue of access roads still remains a challenge. Vendors are still shunning away from using the markets due to poor accessibility. There is need to improve the access roads through extending additional funds to complementary projects like the Rural Roads projects under the Ministry. At Songani, there is need to hasten on strategizing about the shops that are in front of the market where issues of compensation (estimated at over MK20 million) need to be handled.

11.2.1.3 Construction of Stadia and Community Grounds

Considering that the youth population dominates in the country; and the youth enthusiasm and interest in sports, the need for authorities to develop a plan for development of sport facilities in different parts of Malawi cannot be overemphasised. The aim of the Stadia Project is to enhance distribution of sport stadia in rural and urban areas thereby propelling rural talent to championship as well as using them for revenue generation for the councils. During the period under review, works continued in M’mbelwa, Ntcheu and Zomba. All works remain outstanding in Thyolo. Pleasing to note, however, is that in the period under review, the projects were well funded as per the budget which allowed the ministry to expediate works. For detailed progress see Table11.3.

TABLE 11.3 PROGRESS ON THE CONSTRUCTION OF COMMUNITY STADIUMS

Name of the Councils	Structures	Outstanding Works	Progress to Date	Annotations
Mmbelwa	1. Construction of fence 2. Construction of dressing rooms 3. Pitch improvement	None All	Only fence has been completed. All other works remain outstanding. Progress is estimated to be at 50%	Progress being registered
Thyolo	1. Construction of perimeter fence 2. Construction dressing rooms 3. Pitch Improvement 4. Elevation of stands	All the works are still outstanding. None None None	The construction works are at 35% completion rate	Progress expected to pick up if funding remains normalized
Ntcheu	1. Construction of perimeter fence 2. Construction dressing rooms 3. Pitch Improvement 4. Elevation of stands	All works are still outstanding. None None None	Works in progress. (85percent completion rate)	Currently, there is need of funds to honour outstanding certificates, so that the contractor can complete the works.
Zomba	1.Construction of perimeter fence 2. Construction of dressing rooms 3. Pitch Improvement 4. Elevation of stands	All works outstanding	Substantial progress made on VIP and open stands. Current progress estimated at 75%	Apart from the VIP and open stands, the rest of the structures are still at early stages

Source: MLGRD, 2022

As presented in Table 11.3, there has been a slow pace in the construction of works and this was a result of downward revision of the budgets over the past two years. In the period under review, the budget was increased and funding normalized. This has led to attaining some strides during the period under review.

11.2.1.4 Construction of DCs Offices

Every business needs its employees to work together as a team in an environment conducive for being creative and innovative. In addition to productivity, a functional workspace contributes to the value of an institution and also helps in attracting quality workforce and clients. This Project has been developed after noticing various challenges including dilapidated offices and serious shortage of office space leading to public offices being dispersed across the council instead of being under one roof. These challenges have affected quality of service delivery by the councils. In the year under review, the Ministry of Local Government continued with construction of three council office buildings namely: Thyolo, Ntcheu, and Mzimba.

TABLE 11.4: PROGRESS ON THE CONSTRUCTION OF COUNCIL OFFICES

Name	Structures	Outstanding Works	Progress to Date	Annotations
Thyolo DC's Office	Office Block	All works outstanding	The contractor is now on site The construction works are estimated at 30 percent completion rate	None
Ntcheu DC's office	Office Block	All works outstanding	No progress	Due to inadequate funding Ntcheu was shelved.
Mzimba DC's office	Office Block	All works outstanding	Construction is currently at about 20 percent	Works were halted due to vandalism during mass demonstrations and lack of structural designs. However, works have recommenced in the FY and substantial progress is being made

Source: MLGRD, 2022

11.2.1.5 Construction of Rural Roads

Rural roads are a critically enabling condition for improved living conditions in rural areas and are needed to facilitate access to markets thereby encouraging commercial activities, schooling, health services and many other social and economic activities. A good transport network improves access to goods and services and is generally considered to be a fundamental determinant of local economic growth. Poor transport systems are said to encourage isolation of rural areas by limiting opportunities in the affected areas due to, among others, restricted access to goods and services as a direct consequence of high transportation costs. In view of this, the local Governments and development partners have been pushing for increased investment in rural roads.

TABLE 11 .5: SHOWING THE PROGRESS OF THE RURAL ROADS

Name	Structures	Outstanding Works	Progress	Annotations
Balaka- Bilila via Khwisa (Phase 1 and 2)	The upgrading of the road to asphalt standard (13.5 km).	There was a revision to the scope. The road was extended by an additional 4KM. The payments for the extension are outstanding and the construction works are still not complete. The outstanding Lenengwe bridge still not constructed.	The original scope of works was entirely completed. Namadzi, Mpasa and Ngulula bridges were also done.	Need for funds to honour outstanding payments
Thyolo-Goliati-Mangunda Turn-Off Road(16.5)km	The upgrading of the road to asphalt standard (16.5 km).	Nantchefu bridge	Road construction works completed. Namadzi, Mpasa and Ngulula bridges have also been completed.	Need for completion of Nantchefu bridge.
Mulanje-Selected roads (13.3km)	1.Chinakanaka Turn Off to Nasomba CDSS (6.22 Km) 2.Thunguzi to Sikoya Road (2.5 Km) 3.Nkhonya-Thabwa Road (5.48 Km)	Original works completed but there is an additional 4.2 kms from Nansomba Turn off to the nearest trading centre-Msikawanjala.	Preparation of an addendum. The process has been halted awaiting funding	An addendum needs confirmation of availability of funds.

Source: MLGRD, 2022

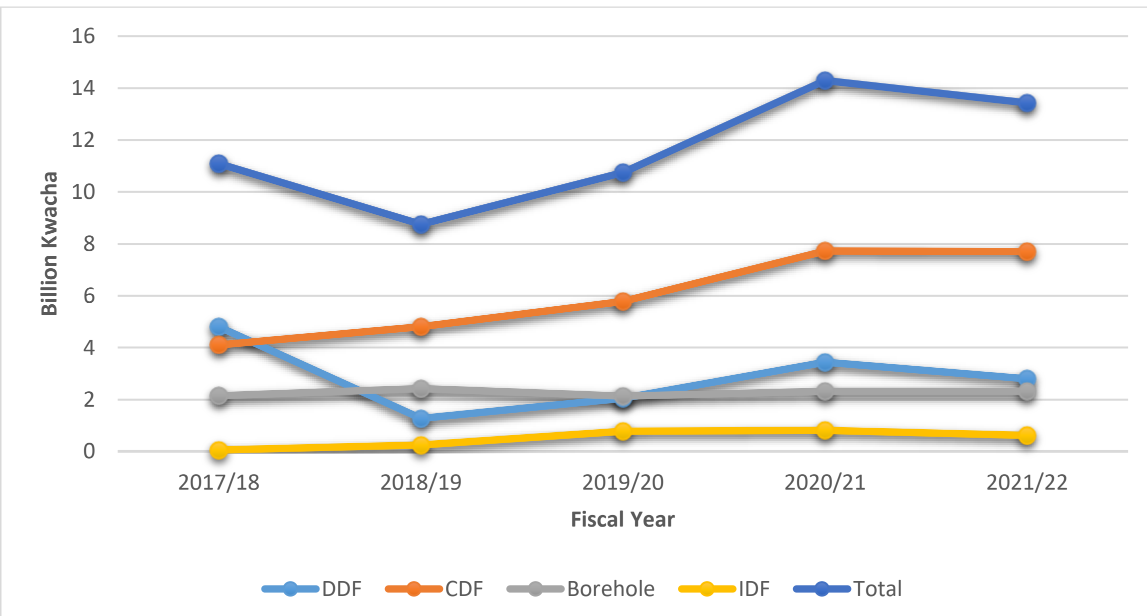
Due to the critical role that quality rural roads play as a catalyst for social economic development, the Ministry recognises the need to extend the project. It can be evidenced from Table 11.6 that the Ministry, everything held constant, is efficient at delivering the rural roads projects. There is need to extend the project to allow the Ministry to facilitate the construction of access roads to urban and rural markets and RGCs. This will ensure that the constructed amenities are utilized by the beneficiaries that socio-economic development is enhanced.

11.2.1.7. Projects under Constituency Development Fund (CDF), Borehole Development Fund (BDF), District Development Fund (DDF) and Infrastructural Development Fund (IDF)

The Constituency Development Fund (CDF) was established in 2006 to respond to immediate development needs on the local communities. It is a means of ensuring that rural development spreads evenly throughout the local authorities. Projects being financed under CDF include construction of bridges, markets and market sheds, CBCCs and ECDs centres, small clinics, boreholes, school blocks and houses/small offices for frontline extension workers. The fund is administered by the Members of Parliament (MP)in accordance with the CDF Guidelines.

The DDF/Infrastructural development fund (IDF) aims at funding investment projects in the councils. The fund was introduced as part of devolution of micro-projects to the councils. Just like CDF, projects being financed under DDF include construction of micro projects such as bridges, boreholes, school blocks and houses for front-line extension workers. Councils have been implementing a range of different projects within their jurisdictions. See figure 11.1 and 11.2.

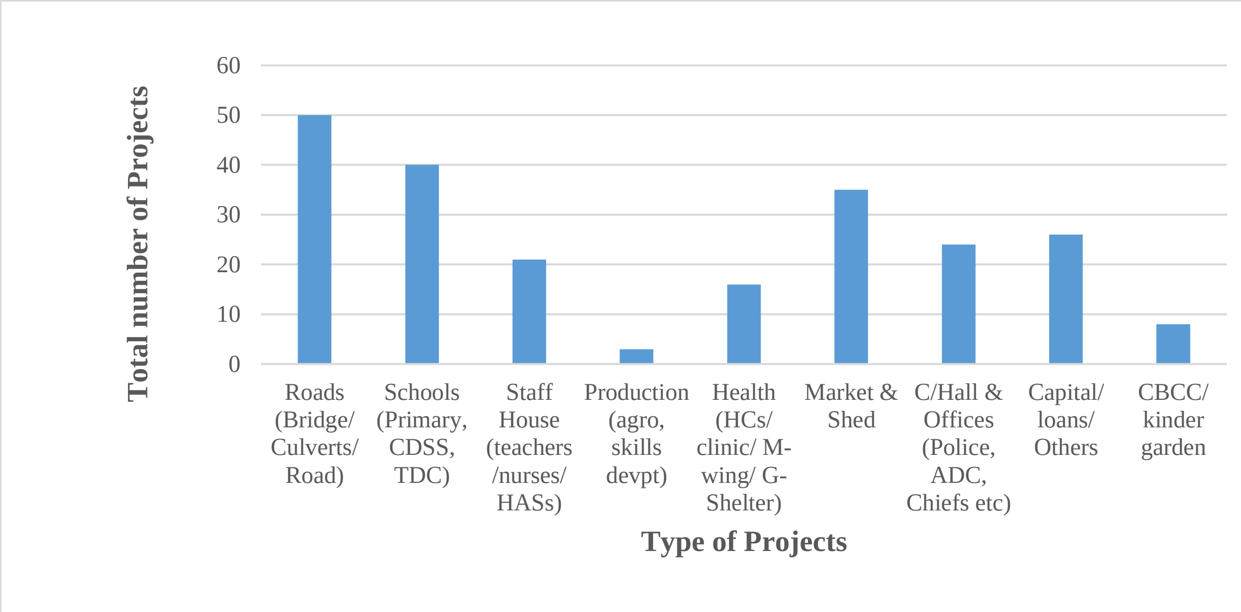
FIGURE 11.1: TRENDS IN EDF, CDF, BOREHOLE AND IDF FUND ALLOCATION



Source: NLGFC 2022

Figure 11.1 shows that there has been increase in the allocation of funds for projects. For example, there has been a 68 percent increase in funds allocation for DDF. Similarly, CDF allocation has seen a 34percent increase from previous fiscal year. In a nutshell, there has been a total of 33percent increase in DDF, IDF, CDF and Borehole Funds. The increase comes in as a way of encouraging councils to ensure that all the projects are completed within a given fiscal year.

FIGURE 11.2: COMPOSITION OF PROJECTS UNDER DISTRICT DEVELOPMENT FUND

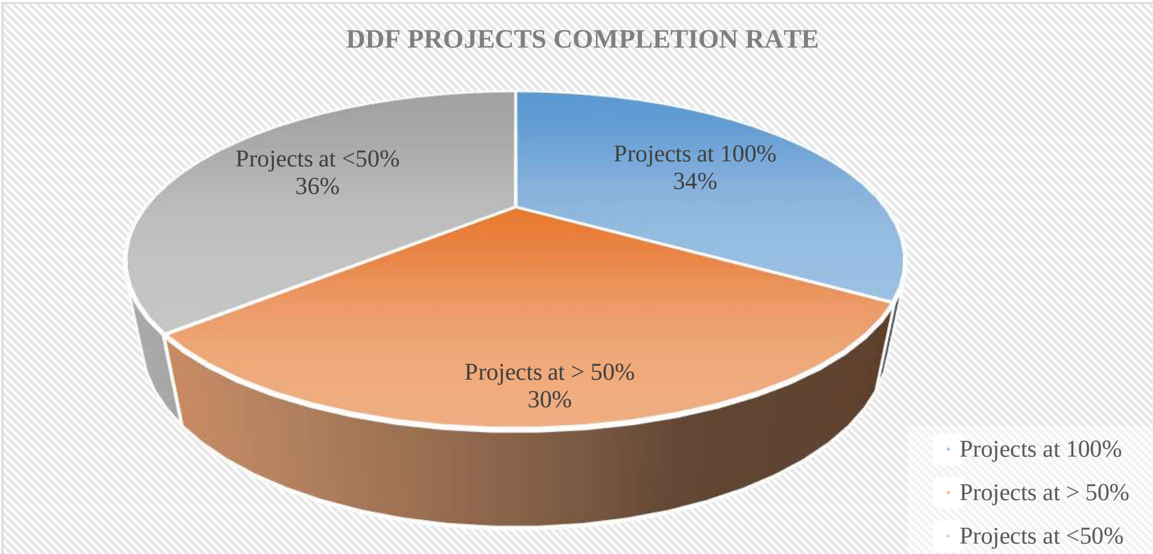


Source: 2021/22 Local Authorities Mid-Year Report

The figure 11.2 shows that road related projects are dominating under DDF. These range from road grading to installation of culverts. This reveals high demand of road networks in different districts. Similarly, the demand for schools is on the rise as a way of reducing the distance pupils walk to go to schools.

Implementation of projects are at different stages in different councils. Figure 11.3 shows overall completion rates of different projects being implemented under DDF.

FIGURE 11.3: OVERALL COMPLETION RATE OF PROJECTS UNDER DISTRICT DEVELOPMENT PLAN



Source: 2021/22 Local Authority Mid-Year Report

As presented in Figure 11.3 only 34percent of all the projects have been completed. The completion rate has been slow considering the remaining period before 2021/22 FY comes to an end. The delay in completion in most projects is due to COVID-19 that affected operations in most councils. Consequently, the likelihood is that most projects will be carried over to 2022/23 FY.

11.2.1.8 National Decentralization Program II (NDPII)

Since enactment of its policy in 1998, Decentralisation has played a pivotal role in improving service delivery to the communities. It is considered to be one of the best alternatives towards solving of problems such as economic decline, government inability to fund services and a general decline in performance of overloaded services, demand of minorities for a greater say in local governance, general weakening legitimacy of the public sector and global pressure on countries with inefficient undemocratic and overly centralized system. Through the Ministry of Local Government, the Government of Malawi is committed to deepening decentralisation to local authorities as a means of promoting Local Governance and accelerating participatory democracy. Under this programme, 25 sectors have devolved some of their functions to local authorities and the newly devolved sectors include: Ministries of Information, Ministry of Local Government, Departments of Disaster Management Affairs (DoDMA) and Department of Culture.

During the reporting period, the Ministry continued engaging the remaining 6 sectors namely; Transport, Energy, Mines, Tourism, and Land, to devolve some of their functions to local authorities.The Ministry is also working with the Accountant General's office to devolve physical assets to the local authorities. For the case of Energy, it is pleasing to note that plans of functional devolution were included in the National Energy Policy (2018). Ministry of Local Government will continue engaging the sectors to fast-track the devolution process.

11.2.1.9 Challenges

i. Resistance from other sectors to devolve some of their functions to the councils.
ii. COVID-19 Pandemic: The pandemic continues to pose a serious challenge particularly on supervision of infrastructure projects and to some restrictions, it was difficult for officers to travel to construction sites as required. This has affected monitoring exercises and hence made data consolidation difficult.
iii. Capacity gaps in councils.

11.2.1.10 Lessons Learnt from Implementing of the Above Projects

During the reporting period there have been some lessons learnt. Some of the lessons are as listed below:

i. There is a need for councils to have proper documentation of leased land. The cases of encroachment have been rampant in many councils hence the need to have leasehold for all public land;

ii. There is need to conduct more meticulous consultations before embarking on development initiatives to ensure that structures being constructed are utilized by the beneficiaries and that there are no major cost escalations

iii. Need to do proper land use maps, urban structure plans, detailed lay outs, opening access roads, upgrading access roads and beaconing before erecting buildings in the case of Rural Growth Centres;

iv. There is a need to complete outstanding works in all projects before embarking on new civil works. This include settling all outstanding payments and certificates;

v. Authorities should have realistic plan which are in tandem with the budget allocation. Concentrate on works that can be accommodated within the approved budget; and

vi. There is a need for serious citizen engagement. This will enhance peoples' understanding on the benefits of using the completed structures

vii. There is need to expedite the filling of critical positions in the councils and at the Ministry to ensure enhanced service delivery

11. 3 Expected Performance for 2022/23

11.3.1 Key Outputs

The Ministry intends to finalise the outstanding works in all the project sites in 2021. The key outputs for the year 2022 are as follows;

i. ESCOM transformer is installed atChapananga Rural Growth Center
ii. Construction of addition 4KM on Balaka-Bilira road
iii. Construction of dumping site at Tengani Market
iv. Pavements and water connection works are completed at Mulanje Mission market
v. Dressing rooms constructed and football pitch improved at Mmbelwa Stadium
vi. Stadium amenities constructed at Thyolo and Ntcheu stadium
vii. Office Blocks constructed in Thyolo, Ntcheu and Mzimba districts
viii. Outstanding projects under CDF, DDF, Borehole Fund and IDF completed.
ix. Devolution plans for the Ministries of Transport and Public Works, Energy, Mining and Lands are completed and executed
x. Conduction consultations on the development of secondary cities
xi. Conducting consultations on the development of modern office complexes in district councils
xii. Conducting consultations on the development of modern markets and business parks

11.3.2 Key Drivers for the Projected Outputs

Almost all councils developed their DDPs that act as a strategic plan to guide the implementation of development interventions within their jurisdiction. It is imperative to note that in 2022, all DDPs and UDPs shall expire and all Local Authorities are expected to develop new strategic plans. The Ministry is ready and has adequate capacity to technically backstop the councils in this development defining exercise.

Furthermore, the Ministry is committed to completing all the planned construction works in all the project, subject to availability of resources. This entails that all the outstanding projects will be completed before embarking on new projects. Additionally, trends have revealed that councils with completed amenities like stadiums and markets have increased their revenue collection. As a way of deepening fiscal devolution, there is a need to expedite completion of these amenities in the councils.

11.3.3 Underlying Assumption

The Ministry assumes that there will be adequate funding for the projects. It is anticipated that the Ministry will be funded in accordance with the submitted budget, work plan and cash flow. Similarly, it is assuming that there will be no natural disasters like floods which disturb construction works. In some scenario the uncompleted infrastructures are used as shelters for displaced households. It is further assumed that in light of the COVID-19 pandemic, strategies will be put in place to adopt technologies that enable remote working so that critical functions do not suffer.

11.3.4 Risks

Implementation of the planned activities will be highly affected with erratic funding cash flows. Experience has shown that contractors' resort to demobilise when their certificates are not paid on time. This leads to unnecessary time extensions on projects, erodes trust of the communities, leads to cost extensions due to price escalations and delays the implementation of other important projects. Finally, the COVID-19 pandemic is also another factor posing a risk towards the achievement of the planned outputs. Most of the projects require physical presence of people which may not be possible in course of observing COVID-19 prevention regulations.

11.4 Projected Growth in 2022

11.4.1 Key Outputs

The Ministry will continue with completion of all the outstanding works especially in construction of district sports stadiums and office blocks. Among the key outputs will be as listed below;

i. Stadium amenities constructed at Thyolo and Ntcheu stadium
ii. Office Blocks completed in Thyolo, Ntcheu and Mzimba districts
iii. Commencement of works for Mzuzu Civic Office
iv. A 4.2Km road extension constructed in Mulanje
v. CDF, DDF, Borehole Fund and IDF projects implemented in all councils.
vi. Secondary cities developed

11.4.2 Key Drivers for the Projected Outputs

The current generation of DDPs will be expiring. Most councils will be striving to complete all the outstanding works before formulation of the next generation of the Socio-Economic Profiles (SEPs). Similarly, the Ministry also aims at completing all outstanding work so as to have a positive contribution towards the achievement of the MGDS III.

11.4.3 Underlying Assumption

The Ministry continues to assume that there will be adequate funding for the projects. It is expected that the Ministry will be funded in accordance with the submitted work plan and cash flow. Similarly, it is assuming that there will be no natural disasters like floods which disturb construction works. In some scenario the uncompleted infrastructures are used as shelters for displaced households.

11.4.4 Risks

The achievement of the planned outputs will be highly affected with erratic funding cash flows. Lessons from the past years have shown that contractors resort to demobilise when their certificates are not paid on time.

Chapter 12

PUBLIC HEALTH, NUTRITION AND HIV/AIDS MANAGEMENT

12.1 Overview

This chapter illustrates the country's progress and performance in providing public health care as per Malawi Government’s obligation to providing health care which is free, of high quality and equitable for quality and productive lives of its citizens. The implementation of public health is guided by the Malawi’s Constitution; the Health Sector Strategic Plan II (HSSP II), 2017–2021 and the Essential Health Plan among others in order to attain the Universal Health Coverage (UHC) aimed at improving health status, reducing financial risk, and increasing clients’ happiness.

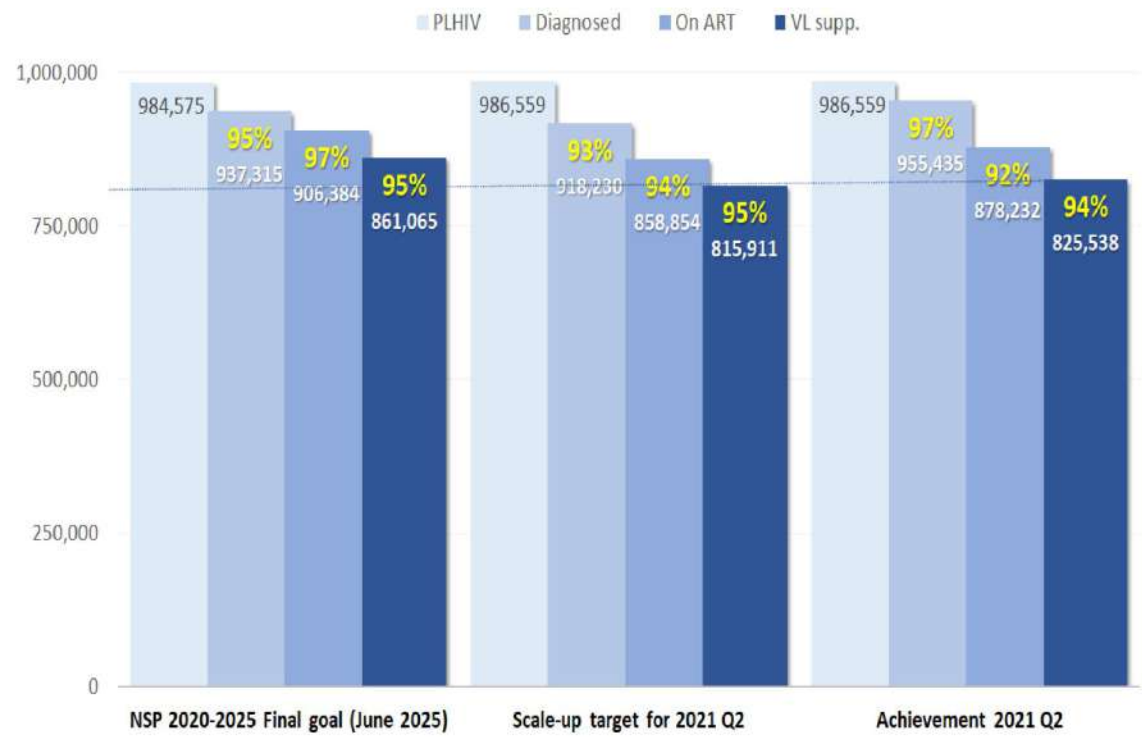
12.2 Health Sector Performance and Progress

12.2.1 Health Output Indicators Performance

12.2.1.1 HIV/AIDS Services

The total performance of the HIV program is measured against the 95-95-95 global HIV treatment targets. This means that by 2030, 95 percent of people living with HIV should be aware of their status, 95 percent of those aware of their status should be on treatment, and 95 percent of those on treatment should have their viral load suppressed. However, Malawi's National HIV Strategic Plan (NSP) for 2020–2025 states that by June 2025, 95 percent of people living with HIV will know their status, 97 percent of those who know their status will be on treatment, and 95 percent of those on treatment will have viral suppression. The HIV/AIDS program has made remarkable progress toward these goals. By the end of June 2021, approximately 955,435 (97 percent) of the estimated 986,559 people living with HIV (PLHIV) knew their status (had been diagnosed). 878,232 (92 percent) of those who knew their status were on ART.825,538 (94 percent) of those taking ART were virally suppressed. Figure 12.1 shows selected indicators on HIV program performance: 2017-2021

FIGURE 12.1: SUMMARY OF HIV/AIDS PROGRAM PERFORMANCE



Source: Ministry of Health

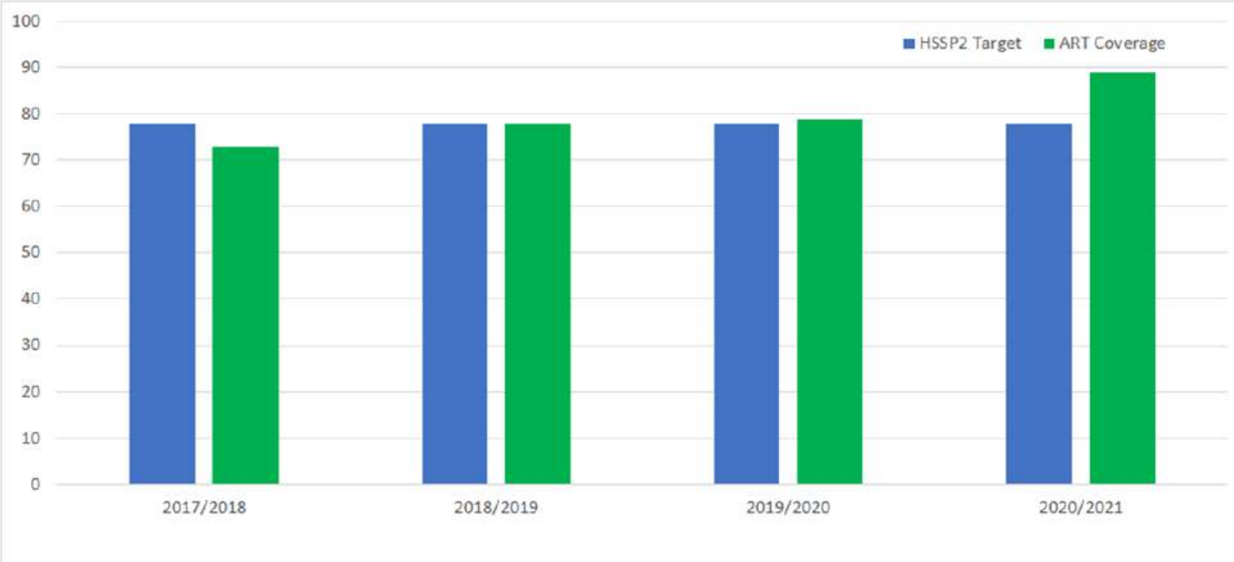
12.2.1.2 HIV Testing

By end of June,2021, HIV testing services were available in 724 health facilities. In addition to these static sites, HIV testing services were also offered in 154 outreach clinics. ART services are offered in 760 static sites while HIV exposed children follow up services are available in 699 static health facilities.

12.2.1.3 National ART Coverage

ART coverage at national level has been increasing from 73 percent in 2017 to 89 percent by June, 2021. HSSP2 target for 2020 was 78 percent. This means the target has been surpassed. ART decentralization, Option B+ and Test and Treat policies are some of the interventions contributing to this good progress.

FIGURE 12.2: ART COVERAGE: 2017-2021



Source: Ministry of Health

12.2.1.4 HIV Testing Yield

HIV testing yield is the proportion of all tests performed that are positive. The national HIV program encourages targeted testing to maximize yield. At the national level, HIV testing yield slightly increased from 3.0 percent in 2019/20 to 3.1 percent by June, 2021. Table 12.1 shows HIV testing yield by district from 2017 to 2021. By June,2021 HIV testing yield ranged from 6.6 percent in Blantyre to 0.8 percent in Ntchisi.

TABLE 12.1: HIV TESTING YIELD: 2017-2021

District	2017/18	2018/19	2019/20	2020/21
Blantyre	6.3	4.9	6.5	6.6
Chiradzulu	1.1	5.0	0.8	5.1
Zomba	3.1	4.4	3.6	4.7
Thyolo	2.5	1.7	2.2	4.2
Ntcheu	1.9	3.5	2.0	3.7
Mwanza	3.1	2.6	3.3	3.6
Mulanje	3.2	3.6	2.2	3.5
Nsanje	1.7	2.0	1.5	3.5
Mzimba North	2.0	3.4	2.3	3.5
Likoma	3.5	3.7	4.2	3.2
Balaka	2.5	3.6	3.6	3.2
Nkhata Bay	6.7	2.1	3.3	3.1
Lilongwe	2.9	2.9	2.8	3.0
Mchinji	2.5	3.6	3.4	2.8
Phalombe	3.2	1.9	2.8	2.8
Karonga	4.3	2.3	2.4	2.7
Dedza	1.8	3.9	1.7	2.5
Nkhotakota	3.7	2.5	2.2	2.5
Chikwawa	4.7	2.8	3.5	2.4
Rumphi	4.0	1.5	1.5	2.3
Mangochi	3.4	3.0	2.6	2.3
Mzimba South	4.3	1.6	1.9	2.2
Salima	4.6	2.5	3.2	2.0
Machinga	4.0	2.6	4.2	2.0
Kasungu	1.8	1.9	2.3	1.8
Dowa	2.1	2.1	3.4	1.5
Neno	2.2	1.0	5.4	1.5
Chitipa	1.8	3.4	2.1	1.4
Ntchisi	1.9	1.6	1.5	0.8
National	**3.3**	**3.0**	**3.0**	**3.1**

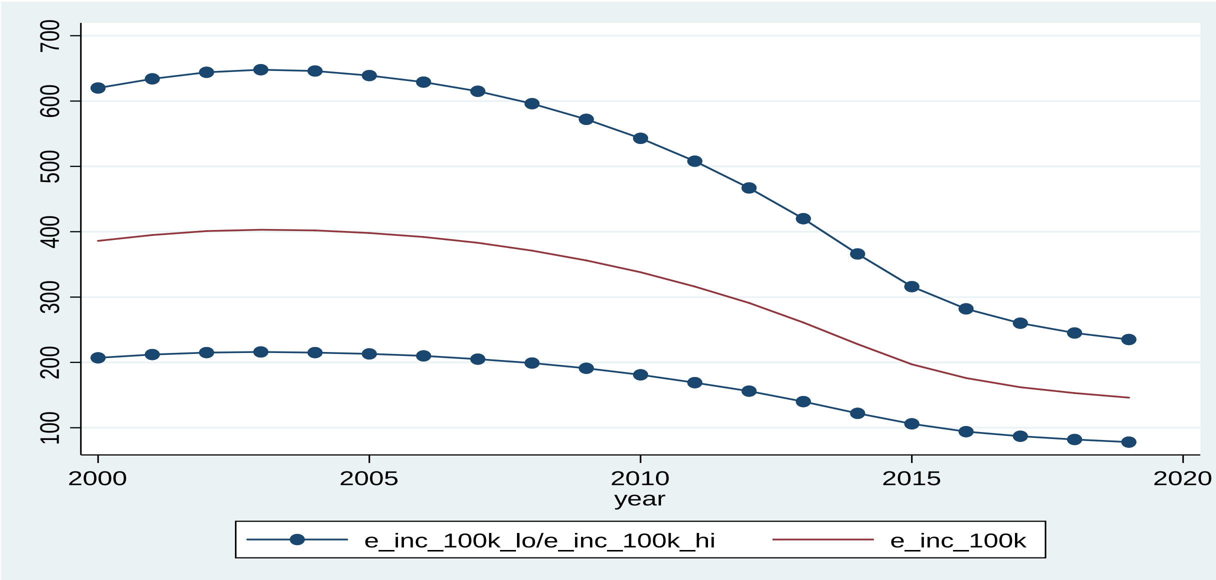
Source: Ministry of Health

12.2.1.5 Tuberculosis

12.2.1.5.1 Incidence Rate

The average rate of incidence was 7.1 percent for the last 5 years. The latest TB incidence was 146/100,000 population in 2019. (WHO. , 2020)

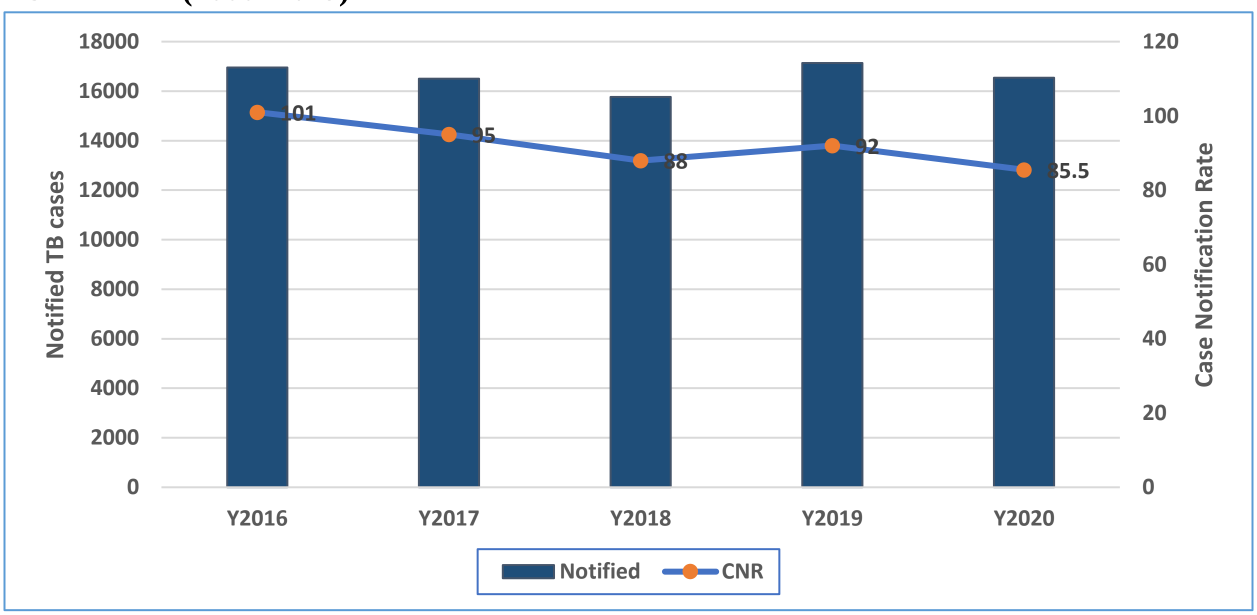
FIGURE 12.3: TRENDS IN TB INCIDENCE RATE



Source: Ministry of Health

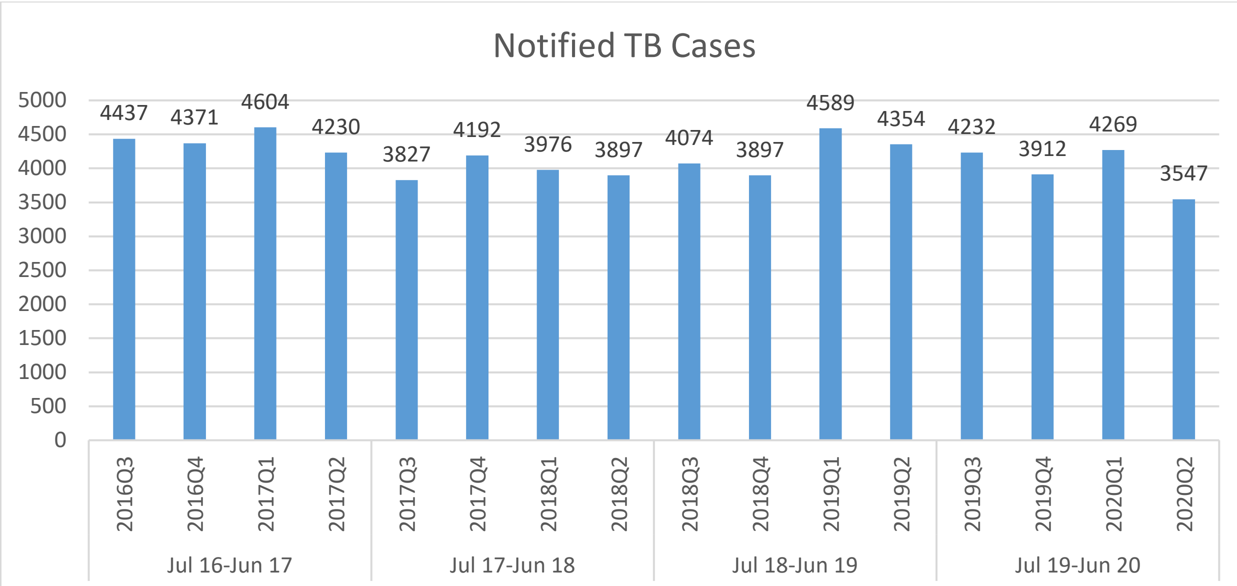
12.2.1.5.2 Trends in Notification

FIGURE 12.4: TREND IN TUBERCULOSIS INCIDENCE ESTIMATE NEW VS OLD ESTIMATE (2000 -2019)



Source: Ministry of Health

FIGURE 12.5: TREND NOTIFIED TB CASES BY FINANCIAL YEAR AND QUARTER (2016-2020)

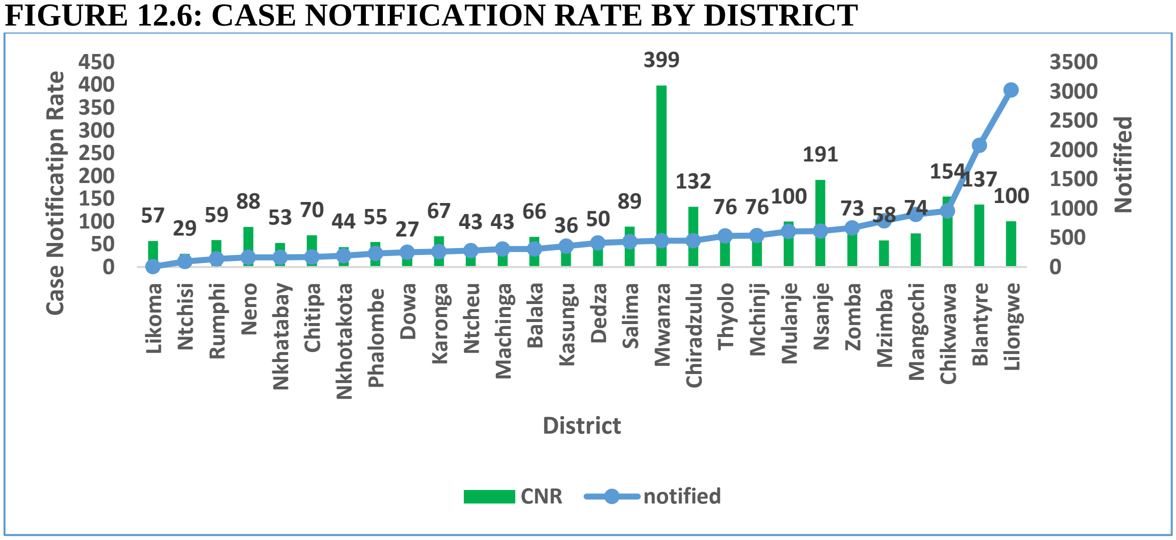


Source: Ministry of Health

A total of 15,960 TB cases were notified from Jul 2019 to Jun 2020 financial year representing 10 percent decline from 2019. Of these, 16,914 were new relapse TB cases. A ten percent (10 percent) decrease was observed. The case notification rate (new and relapse) was 79 per 100,000 population. A sharp decline was observed since the second quarter of 2020 which is associated with spread of COVID-19 in Malawi.

The estimated treatment coverage for 2020 was 56 percent using the same incidence estimate for 2019 which likely underestimates the treatment coverage.

FIGURE 12.6: CASE NOTIFICATION RATE BY DISTRICT



Source: Ministry of Health

Lilongwe accounted for 20 percent of all notified TB cases followed by Blantyre (14 percent). Fifty percent (50 percent) of the notified TB cases were reported by five districts (including Chikwawa, Mangochi and Mzimba). Some of the districts have shown an increase in the reported TB cases when compared to previous year (Chikwawa, Dedza, Kasungu, Mangochi, Mchinji, Mulanje, Mwanza, Nkhatabay, Rumphi, and Salima). The highest rate of increase was observed in Mwanza (69 percent), Chikwawa (33 percent), and Mchinji (25 percent). The rest of the districts reported a decline in case notification, the highest among all is Nsanje District (40 percent) (see Figure 12.6). The decline can be partly attributed to COVID-19 pandemic which has negatively affected the case detection effort, both in community and health facility settings.

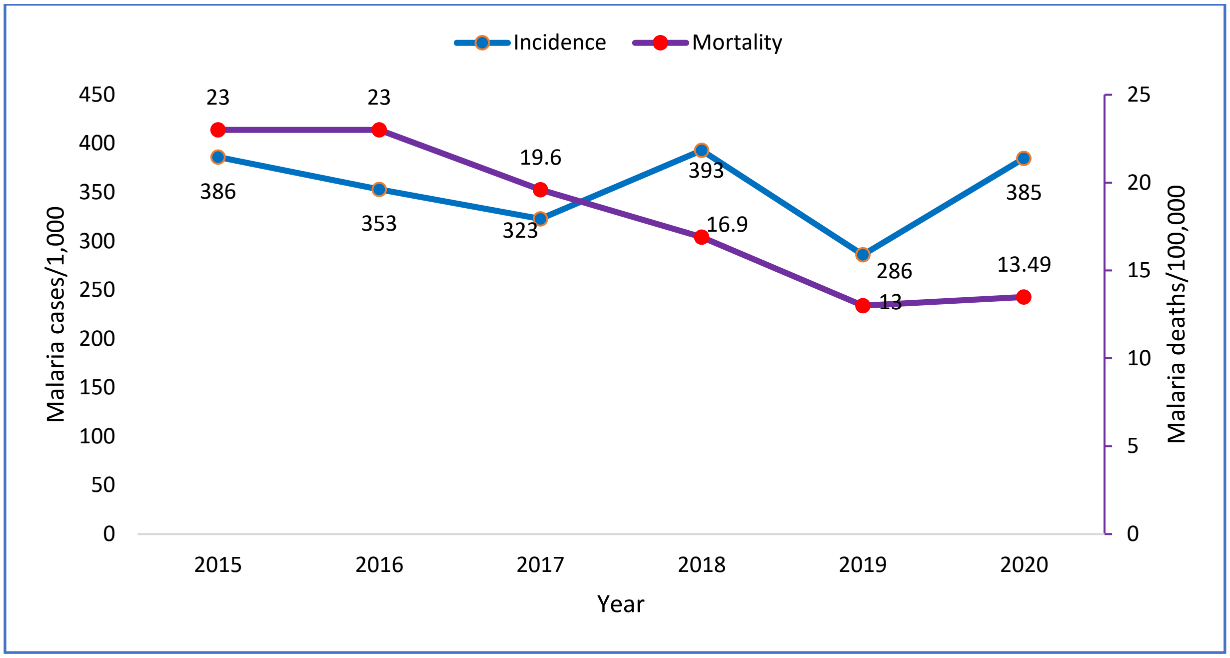
12.2.1.6 Malaria

Malaria is endemic throughout Malawi and continues to be a major public health problem, the entire population lives in high malaria transmission areas. Approximately 36 percent of all outpatient visits and 15 percent of all hospitalizations are due to malaria. Malaria is also the leading cause of morbidity and mortality in children under age 5 and among pregnant women. In context, Malawi experienced 6.9 million episodes of malaria in 2020 (DHIS II, 2020). The major Malaria interventions implemented during the reporting period are prompt diagnosis and effective treatment, Net distribution, Indoor Residual Spraying, and malaria in pregnancy (MIP) interventions.

12.2.1.6.1 Progress on key Malaria Indicators

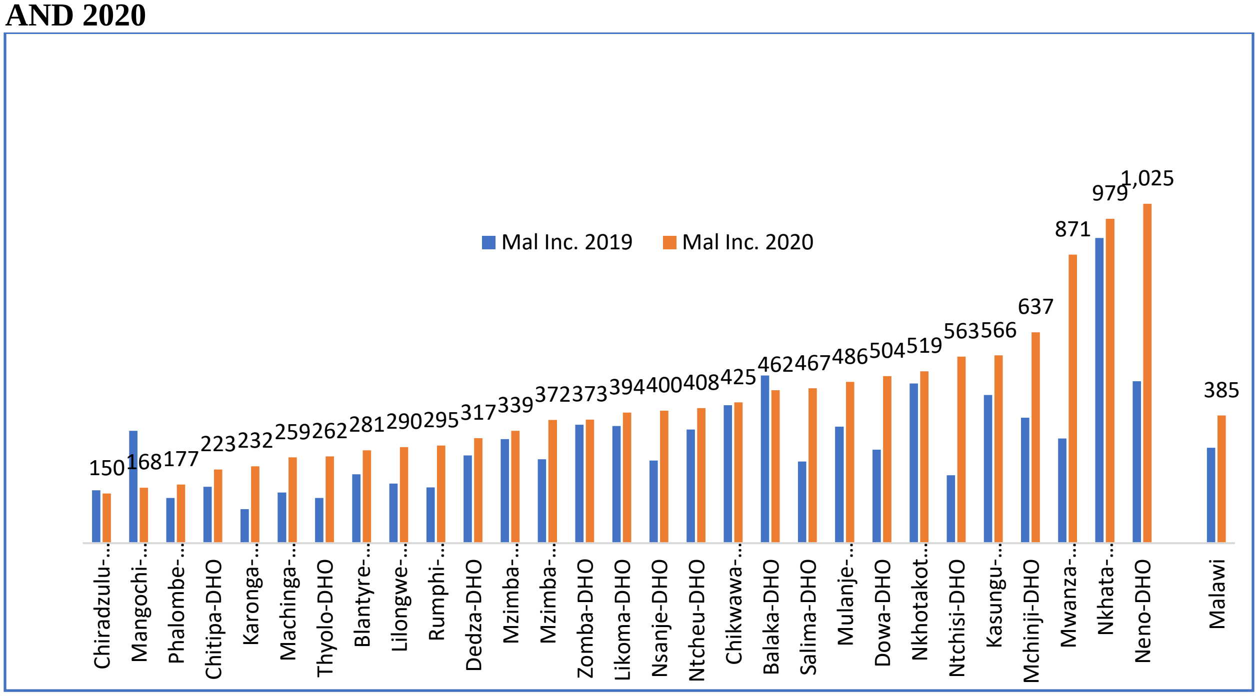
The 2017-2022 Malaria Strategic Plan goal is to reduce malaria incidence from 386/1,000 in 2015 to 193/1,000 by 2022 and malaria deaths by at least 50 percent of 2015 levels by 2022. Generally, Malawi has seen changes in its malaria trend because of the high investment in malaria control and improvements in data management. According to HMIS, as of 31 December 2020 malaria incidence stands at 385 cases per 1,000 population while death is at 13 per 100,000 population. Nationally, malaria incidence has consistently decreased in recent years albeit with district-level variations. Records from the HMIS from 2015-2020, show a 26 percent decrease in malaria incidence from as high as 386 malaria cases per 1,000 population in 2015 to 385 cases per 1,000 in 2020 although increased by 22 percent (393/1,000 pop) in 2018 from 2017 incidence. Over this same period, there was also an improvement in malaria reporting and a change of denominator that came from population census conducted in 2018 which was less from the projected population census that was conducted in 2008. Malaria reporting completeness increased from 92 percent in 2017 to 97 percent in 2018. On the other hand, Malaria death rate reduced by 43 percent from 23/100,000 in 2015 to 13/100,000 in 2020. See Figure 12.7.

FIGURE 12.7: MALARIA INCIDENCE AND MORTALITY RATE TRENDS



Source: Ministry of Health

FIGURE 12.8: MALARIA CASES PER 1,000 POPULATION BY DISTRICT FOR 2019 AND 2020

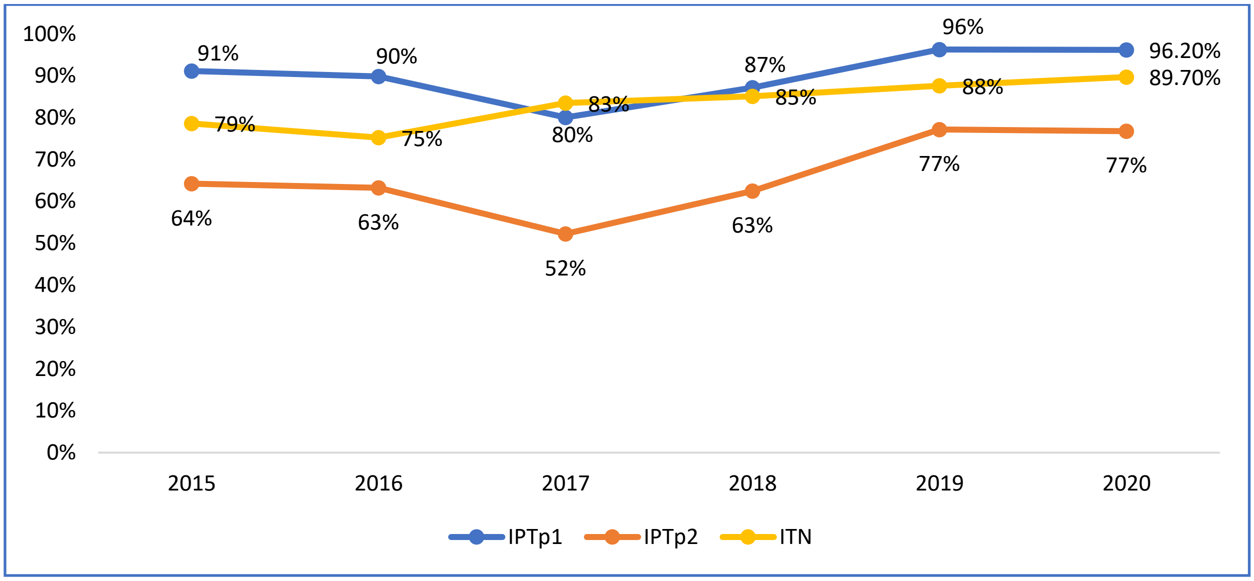


Source: Ministry of Health

12.2.1.6.2 IPTp and ITN Coverage in Pregnant Women

There has been almost constant trend in the coverage of IPTp1, IPTp2 ITN. However, ITN coverage has been very encouraging. Figure 12.9 illustrates this.

FIGURE 12.9: TRENDS OF IPTP AND ITN COVERAGE IN PREGNANT WOMEN



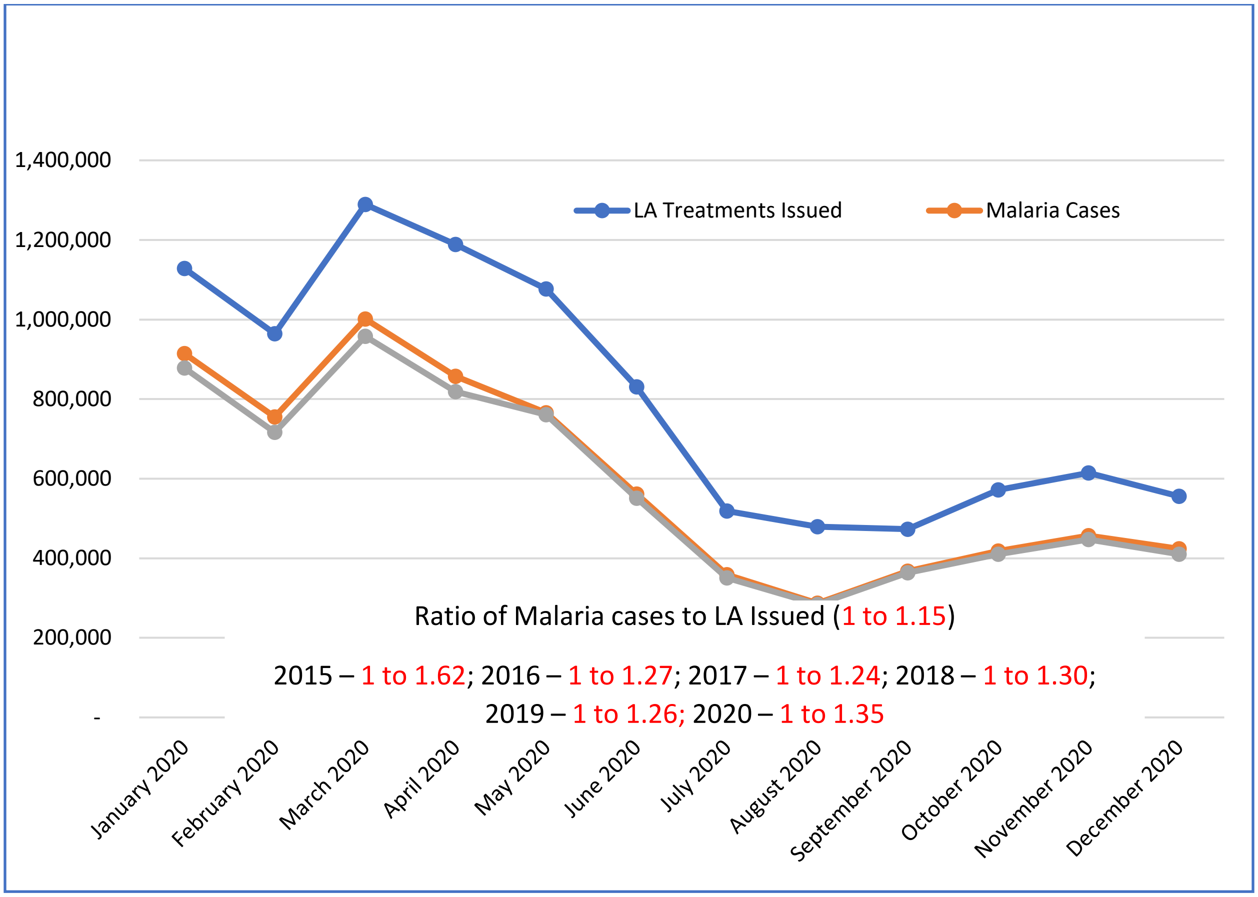
Source: Ministry of Health

12.2.1.6.3 Malaria Cases and LA Treatments Discrepancies

LA treatments dispensed are treatments that have reached the end user who is the patient while LA treatments Issued are treatments that have been taken from the pharmacy (stock card updated) to the dispensary and village clinics but not yet reached the end user. The normal ratio of malaria caseload to LA issued ranges from 1 to 1 ratio to 1 to 1.15 representing a 15 percent discrepancy while the normal ratio of malaria caseload to LA dispensed ranges from 1 to 1 ratio to 1 to 1.05 or 0.05 representing a 5 percent discrepancy. This means that LA treatment issued beyond 1.15 is not acceptable.

Figure 12.10 shows absolute figures of discrepancies amongst malaria cases, LA treatment dispensed and LA issued. Generally, the discrepancy between malaria cases and LA issued has been reduced from 62 percent representing 1 to 1.62.

FIGURE 12.10: DISCREPANCIES AMONG MALARIA CASES, LA DISPENSED AND LA ISSUED BY MONTH IN 2020



Source: Ministry of Health

12.2.1.7 COVID-19

Government allocated approximately MK2.3billion in the 2021/22 towards Vote 310 budget for COVID-19 operations for Central Hospitals and COVID-19 coordination by the Ministry of Health headquarters. About MK2.7 billion was allocated to District Councils for the COVID-19 operations of District Health Offices.

The goal of the Ministry of Health is to consistently improve vaccine coverage rates with annual targets above 90 percent for all vaccines. Through UNICEF the Ministry procured traditional vaccines to the tune of MK700 million in the 2021/22 financial year. The Ministry started administering COVID-19 vaccines on 11th march 2021 and as at 8th December 2021, 624,598 people had been vaccinated against an initial target of 13.2 million people representing 70 percent of the total population. 372,054 doses of Pfizer, 655,000 doses of Johnson and Johnson and

290,000 doses of AstraZeneca are still available as at 8th December 2021. Administration of the COVID-19 vaccine has been affected by vaccine hesitancy.

12.2.1.7.1 COVID-19 Infrastructure

12.2.1.7.1.1 Construction of COVID-19 Field Hospitals

In the 2021/22 financial year, the Government of Malawi through the Ministry of Health put up COVID-19 Field Hospitals to help manage the pandemic. In Lilongwe, the Ministry turned part of the Bingu National Stadium (BNS) into a 300-bed capacity COVID-19 Field Hospital. The BNS COVID-19 field hospital is managed by Kamuzu Central Hospital. With COVID-19 numbers declining in the fourth quarter, the facility is being used as a vaccination centre.

In Blantyre, Queen Elizabeth Central Hospital, the field hospital was set up at the at the QECH grounds and was also being used as vaccination centre. In addition, the Ministry renovated the Hospital Intensive Care Unit (ICU) and two VVIP rooms.

In Zomba, the State House was turned into an 85-bed capacity facility to manage critical COVID-19 cases. The facility is managed by the Zomba Central Hospital in conjunction with the Zomba District Management team and is also being used as a vaccination centre.

As of fourth quarter, the works in Mzuzu were progressing well, with all the slabs cast and abolition of facilities super structure at roofing level. The phase one of the project included the slabs that holds tents. Preparation for phase two is still underway. In this phase, the actual construction of the wards will be done. The project has delayed due to contractor's slowness.

12.2.1.7.1.2 Rehabilitation of Isolation wards in the District Hospitals

In the 2021/22 financial year, the Ministry also worked with the districts to strengthen their capacity in handling COVID-19 or any infectious diseases by renovating their isolation wards and associated works. In 5 districts of Nsanje, Chitipa, Balaka, Nkhotakota, Salima and Nkhotakota their isolation wards had been assessed for renovation works at the time of reporting. In addition, MoH renovated and upgraded COVID-19 emergency treatment units in the border districts of Mwanza, Dedza, Karonga, Mchinji and Mulanje.

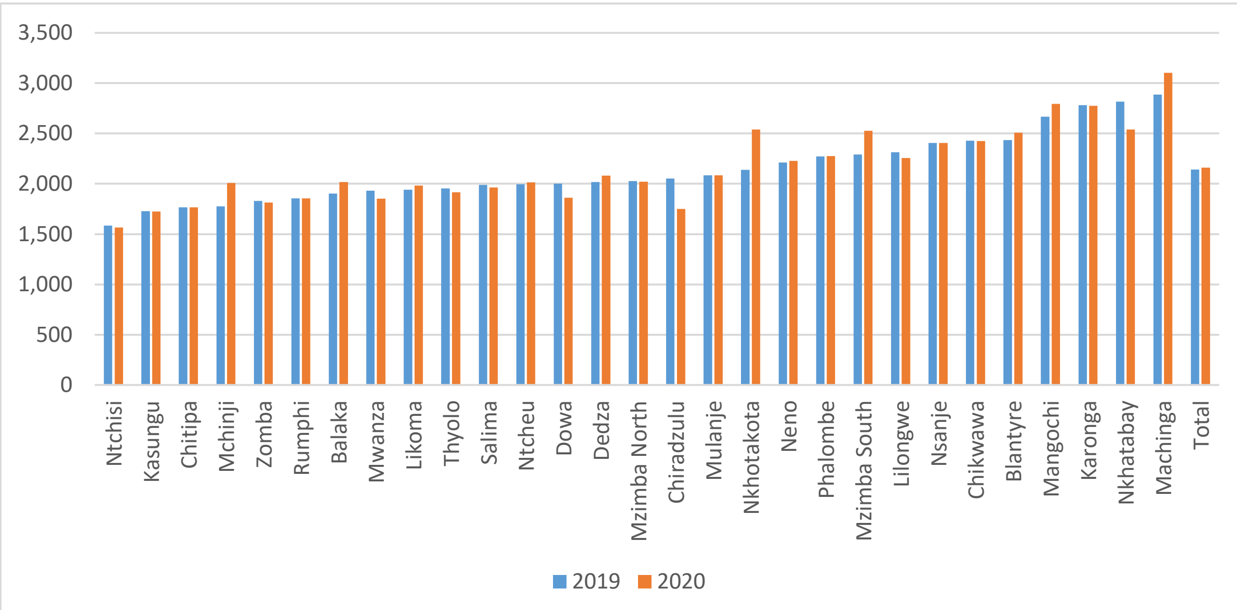
12.3 Community Health

12.3.1 HSA to Population Ratio

The recommended HSA to members of the population ratio for Malawi is 1 HSA per 1,000 people. The ratio increased to 1:1260 in 2020 from 1:2,141 in 2019. The national target is to have 1 HSA serve a population of 1,346 by 2022. In 2020, only 3 districts managed to close the gap from the previous year (2019); these are Nkhatabay (1: 2,539), Chiradzulo (1:1,749) and Dowa (1:1861).

During the same period, the ratio worsened for the following Districts: Machinga, Nkhotakota, Balaka and Mchinji. The recent recruitment initiatives of various health cadres including HSAs by Ministry of Health will improve the ratios further once the human resources database is updated. Figure 12.11 shows HSA to Population Ratio per District.

FIGURE 12.11: POPULATION SERVED BY 1 HSA PER DISTRICT, 2019-2020

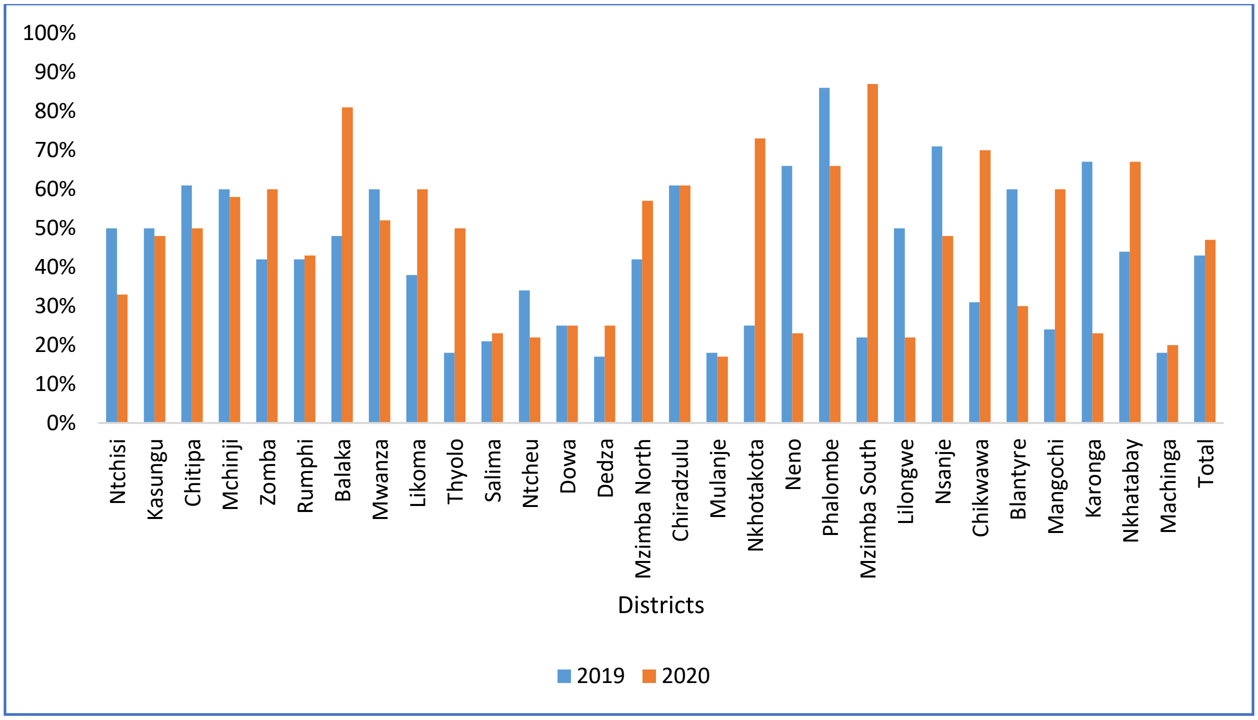


Source: Community Health Reporting Tool, 2020

12.3.2 HSAs Residing in their Catchment Areas

Figure 12.12 shows proportion of HSAs who reside in their catchment areas per district. In general, the proportion increased from 43 percent in 2019 to 47 percent in 2020. Percentage increases were observed for the following Districts: Nkhatabay, Mangochi, Mzimba North, Chiradzulo, Zomba and Balaka. The program target, however, is to have at least 75 percent of all the HSAs residing in their catchment areas by 2022.

FIGURE 12.12: PERCENTAGE OF HSAs RESIDING IN THEIR CATCHMENT AREAS, 2019-2020

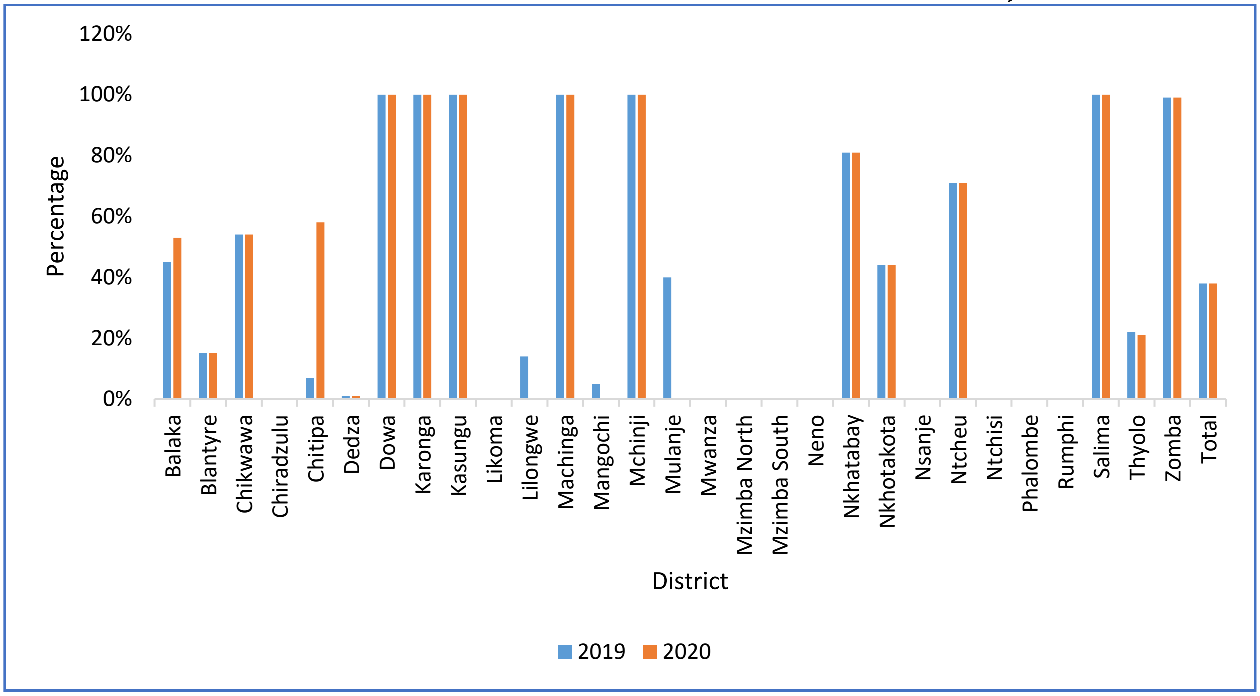


Source: Ministry of Health

12.3.3 Percentage of Community Health Action Groups (CHAG) Formed and Oriented

A CHAG is a community structure established to enhance social accountability mechanisms at GVH level. In both 2019 and 2020, only 38 percent of all CHAGs formed were trained on their roles and responsibilities. CHAG formation and training is not enough but needs to be functional by having quarterly meetings and minutes. However, there were some districts which performed exceptionally well (100 percent) in the past 2 years. They include Dowa, Karonga, Kasungu, Machinga, Mchinji and Salima. The program target is to have at least 70 percent of formed CHAGs trained and active by 2022.

FIGURE 12.13: PERCENTAGE OF CHAGS FORMED AND TRAINED, 2019-2020



Source: Ministry of Health

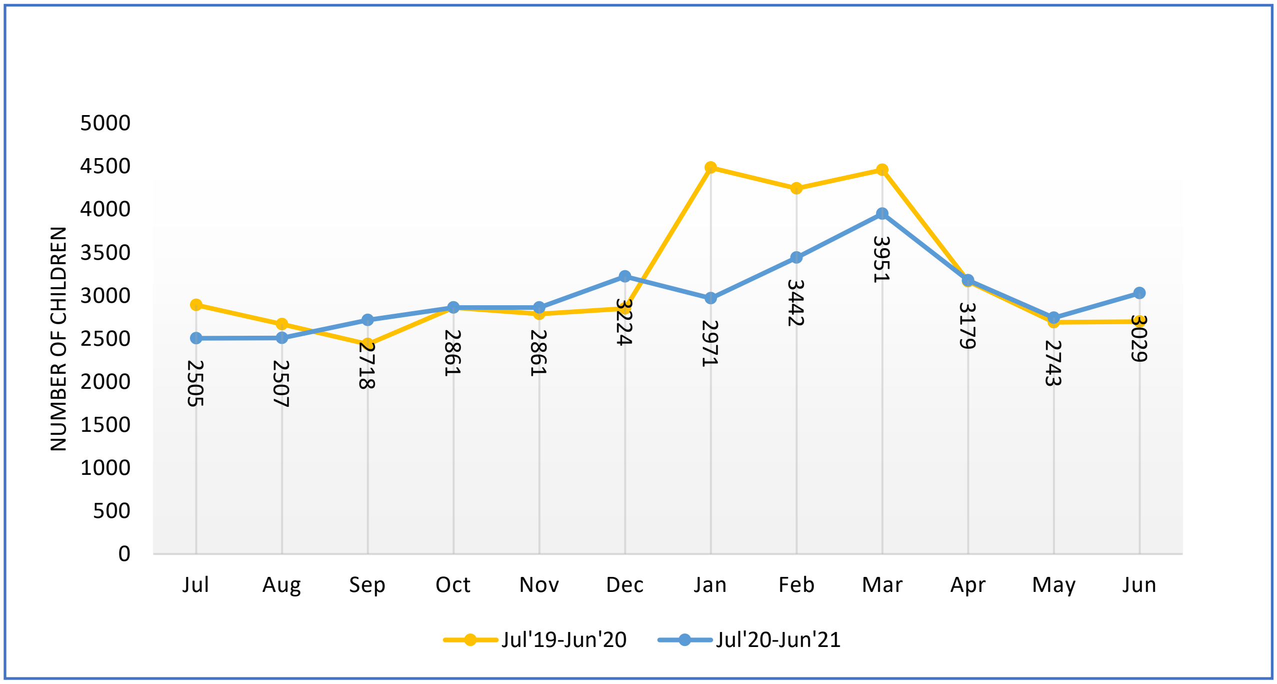
12.4 Nutrition

Malnutrition is characterized by under nutrition, over nutrition and micronutrient deficiencies which have a negative impact on the social and economic development in Malawi. The consequences of poor nutrition are more pronounced among children 0 to 59 months since this a period of rapid growth and development and pregnant and lactating women. These age groups are at the greatest risk of developing malnutrition and stunted growth. Malnutrition is a serious public health problem in Malawi. Limited diversity of complementary foods and infants and young children not being given minimal acceptable diets is one of the major reasons why this is a public health problem.

According to the MDHS 2015/16, 37 percent of children under the age of five are stunted, 3 percent are wasted, 12 percent are underweight while 5 percent are overweight. Almost 98 percent of the children are breastfed at some time with 61 percent exclusively breastfed for the first 6 months of life. Eight percent of Children 6-23 months meet the minimum acceptable dietary standard. Micronutrient deficiencies remain high.

The national nutrition policy provides a platform for implementation of various nutrition interventions aimed at reducing the prevalence of malnutrition across the country. These have led to significant improvement of nutrition status of the children under five, pregnant and lactating women and the general population as a whole. Figure 12.14 shows the trends in admissions for severe acute malnutrition (SAM) from July 2020 to June 2021 comparing same period from 2019 to 2020.

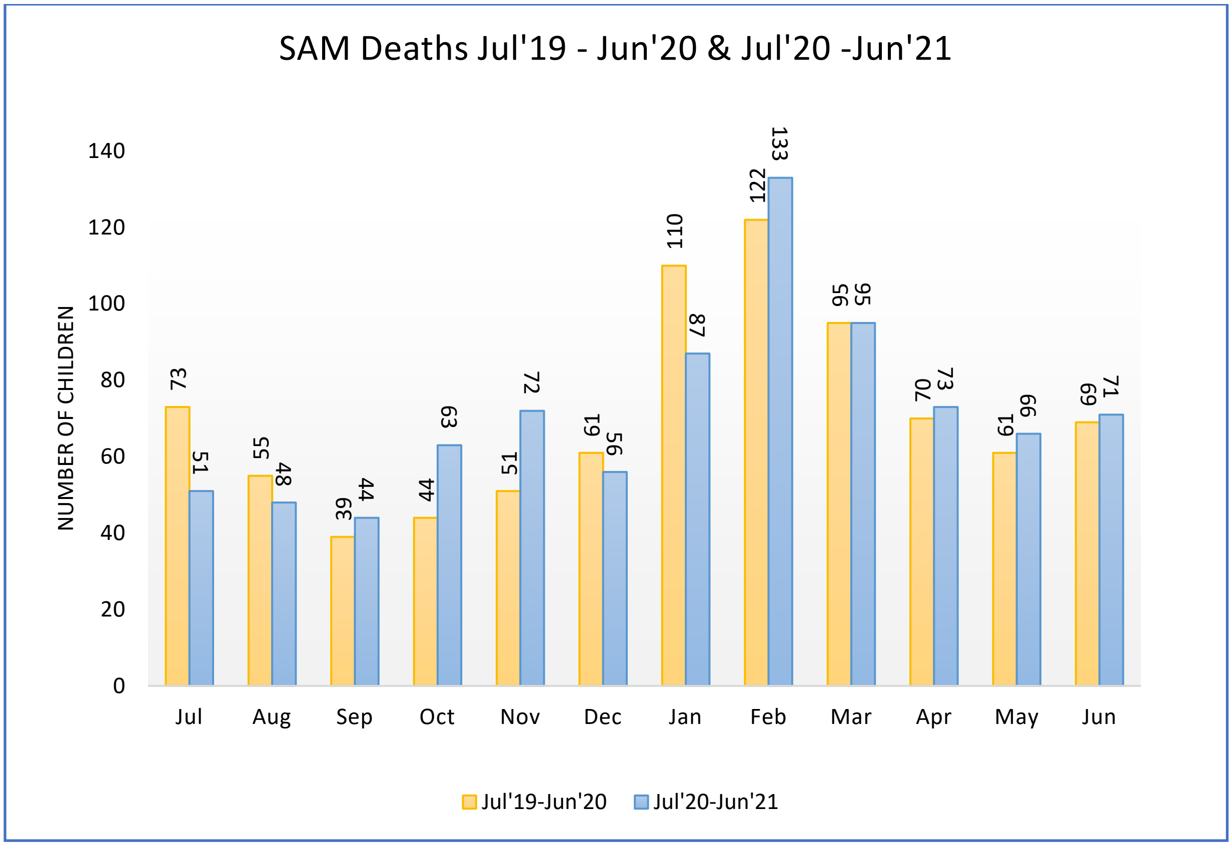
FIGURE 12.14: SAM ADMISSION JUL'19 - JUN'20 & JUL'20 -JUN'21



Source: Ministry of Health

In general, there is 6 percent reduction in admission of children with SAM (35991) from July 2020 to June 2021 compared to same period 2019 to 2020 where 38240 children were admitted in both Nutrition Rehabilitation Units and Outpatient Therapeutic Clinics as severely malnourished. However highest admissions in both periods were experienced in January 2020 (4485 children) and March 2021 (3951 children).

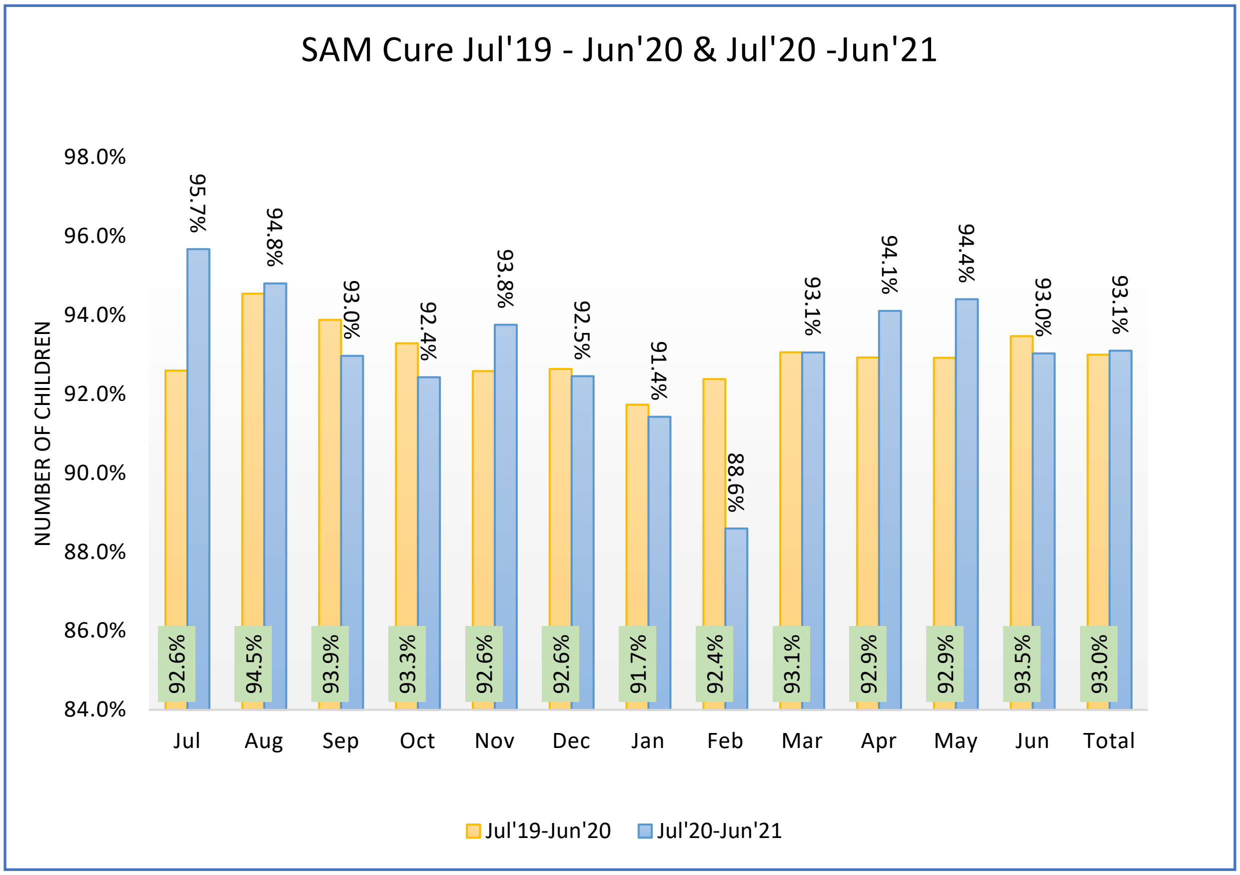
FIGURE 12.15: SAM CASE FATALITY RATE JULY TO JUNE



Source: Ministry of Health

There is no remarkable difference in death rate from July 2020 to June 2021 comparing with same period for the previous year where death rate was 2.6 percent and 2.3 percent respectively. In the period under review we observed high death rates in February where 133 children died while in the programme. However, the Case fatality rates are within the global sphere standards of <10 percent.

FIGURE12.16: NATIONAL AND CURE RATE FOR SAM



Source: Ministry of Health

Overall cured rate in treatment of children with severe acute malnutrition is above 75 percent as seen in Figure 12.16. The cure rate for 2020 to 2021 is 93.1 percent (31246 children cured) while same period for 2019 to 2020 the cure rate is 93.0 percent percent (34334 children were cured) July the cure rate was highest at 95.7 percent (2543 children were cured).

12.5 Health Systems

12.5.1 Health Infrastructure and Equipment

Provision of quality Health Services will rely on the availability of good health infrastructure that is close and accessible by the targeted population as highlightedin the objectives of the HSSP II. The HSSP II prioritises the completion of unfinished projects and rehabilitation and upgrading of existing facilities in terms of additional staff housing, utilities, theatres, storage space amongst others. In the period under review, several projects were initiated, some were completed and a number of them are still continuing across the country. In addition, some projects which stalled due to funding difficulties have been revamped under the Health Services Joint Fund.

The revamped projects, especially the Health Centres and Umoyo Houses have been categorized as new works because since their commencement they never came to a completion. In this regard, the projects type of works has 3 categories; New works, Rehabilitation and Pipeline. The projects in the pipeline are only those with assured funding and are going through design or procurement. A number of ongoing projects will be completed in the 2021/22 Financial Year. These include rehabilitation works of the Health Centres, Some Umoyo Houses, one new District Hospital, the 60 new Health posts and rehabilitation works on the COVID-19/Infectious Disease Isolation/Emergency Treatment Units and District Hospitals. Table 12.2 highlights key projects, in 2020/21 that are ongoing, recently completed and those that have been initiated recently.

TABLE 12.2: NUMBER OF KEY INFRASTRUCTURE PROJECTS IN MALAWI - 2020/21

Infrastructure Type	Type of Works (New, Rehabilitation, Pipeline)	Quantity-Number of facilities	Progress Status (Under Design, Initiated, On-going, implementation, Handed Over and Operational)
District Hospitals	New	1	Ongoing, progress at 98%
	Rehabilitation	4	1 theatre rehabilitated at Dedza DHO and handed over. 3 are at assessment stage.
	Pipeline	1	Chikwawa District Hospital is at design stage
Community Hospitals	New	2	Ongoing, Domasi Community Hospital is at 72% and Mponela at 25%
Health Centres (with 5 staff houses)	New - Completed	2	Completed and handed over
	New - Ongoing	14	Ongoing,
	Rehabilitation	15	Progress is at 95%
Health Posts	New	60	At contractor procurement
Umoyo Houses	New Rehabilitation	34	Ongoing at different completion rate
Covid 19/Infectious Disease Isolation/ETU	New	3	At design stage
	Rehabilitation	5	Implementation
Cancer Centre	New construction	1	Progress for phase 1 is at 90%. Currently designing the bunkers are are remaining in this phase
Kamuzu Central Orthopedic Centre	New construction	1	Ongoing, progress at over 65%

Source: Ministry of Health

12.6 Human Resources

Objective 4 under 5.4 in the HSSP II is to improve availability, retention, performance and motivation of human resources for health for effective, efficient and equitable health service delivery. There has been a challenge in terms of availability of Human Resource for health during the period under review. During this period, there was recruitment and deployment of human resources for health as depicted in Tables 12.3 and 12.4.

TABLE 12.3: HUMAN RESOURCES FOR HEALTH RECRUITMENTS, DEPLOYMENT BY DISTRICT 2020/21 FY

		Medical Doctor	Clinician	MA	RN	NMT	Pharmacy	Bio Tech
1	Chitipa	5	2	11	7	18	3	
2	Karonga	7	2	11	3	24	4	2
3	Rumphi	10	2	8	5	25	4	1
4	Nkhata-Bay	5	3	12		27	4	1
5	Mzimba North			18	4	34	8	1
6	Mzimba South					11		
7	Likoma				1		2	3
8	Kasungu	9	1	14	5	22	4	
9	Nkhotakota	4	2	14	3	18	3	
10	Ntchisi	11	1	15	4	21	2	2
11	Dowa	5	2	9	2	25	4	1
12	Salima	6	4	8	7	26	2	
13	Mchinji	5	4	2	7	23	7	1
14	Lilongwe	7	1	20	3	27	8	3
15	Dedza	5	3	19	4	23	5	
16	Ntcheu	3	3	18		18	4	2
17	Balaka	2*		4		5	3	
18	Mangochi	9	2	10	3	31	6	2
19	Machinga	3*		10		12	3	
20	Zomba	5	5	3		58	2	2
21	Blantyre	2	10	2	4	25	8	3
22	Chiradzulu	7	1	4	7	18	4	
23	Thyolo	6	1	7	3	20	2	
24	Mulanje	2	1	10	4	28	5	1
25	Phalombe	10	3	7		31	2	1
26	Chikwawa	15	2	8	8	24	6	
27	Neno	2	1	9	5	16	2	
28	Mwanza	4	2	10	10	11	2	
29	Nsanje	7		13	2	22	3	

Source: Ministry of Health

TABLE 12.4: HUMAN RESOURCES FOR HEALTH RECRUITMENTS, DEPLOYMENT BY DISTRICT 2020/21

		LAB	HSA	Optom	Other	HEO	REHAB
1	Chitipa	3	45		1		
2	Karonga	2	22		1	1	1
3	Rumphi	2	30			1	3
4	Nkhata-Bay	2	45		1	1	
5	Mzimba North		55				
6	Mzimba South	3			1	1	
7	Likoma		2				3
8	Kasungu	2	45		3	1	2
9	Nkhotakota	3	45		3		1
10	Ntchisi	3	20		1		3
11	Dowa	6	45		1		1
12	Salima	3	45		1		2
13	Mchinji	2	44		1	1	2
14	Lilongwe	4	155		6		3
15	Dedza	2	55		1		
16	Ntcheu	2	55		2		2
17	Balaka	2	45		2		
18	Mangochi	5	55		1	1	
19	Machinga	4	55		4		
20	Zomba	5	50		1	1	
21	Blantyre	3	45		1	1	
22	Chiradzulu	3	45		3		1
23	Thyolo	2	45		2		
24	Mulanje	4	45		2	1	
25	Phalombe	5	45		2	1	1
26	Chikwawa	3	45			1	1
27	Neno	6	30			1	

28	Mwanza	5	45			
29	Nsanje	2	45		2	1

Source: Ministry of Health

12.7 Implementation Challenges

COVID-19 continues to be one of the major challenges on service delivery at all levels, but notably at the community level. As a result, critical performance metrics in service delivery have been impacted. The epidemic also hampered the execution of previously scheduled programming activities such as training, supervision, and mentoring. Travel limitations caused delays in the purchase of crucial equipment, supplies, and pharmaceuticals.

12.8 2022 Outlook

Using the lessons learnt from 2020, a new emphasis on service continuity during a pandemic will be implemented. This would necessitate more community involvement to encourage individuals to seek health care despite the pandemic, enhanced supply chain forecasting and monitoring to avoid critical commodity stockouts, and increased Human Resource capability, among other things.

12.9 Performance in Nutrition

The Department of Nutrition, HIV and AIDS (DNHA) which provides oversight, coordination, strategic leadership, policy direction, resource mobilization, capacity building, quality control and monitoring and evaluation of the national nutrition response has recently, with support from development partners, launched Scaling Up Nutrition (SUN 3.0), to be rolled out across the country. This is a strategy focusing on the country's capacity to address all forms of malnutrition through nutrition sensitive and nutrition specific interventions.

12.9.1 Malnutrition

Malawi has made significant strides in curbing malnutrition especially in children under the age of 5 years. Available data from the Integrated Household Survey (IHS5, 2020) shows that levels of undernutrition reduced from 37 percent in 2016 to 33.7 percent in 2019, representing a 3.3 percent decrease in cases of undernutrition in under 5 children. Table 12.5 displays some major indicators for malnutrition which are, stunting, wasting and underweight.

TABLE 52.5 STUNTING, WASTING AND UNDERWEIGHT IN UNDER 5 CHILDREN

	1992	2000	2004	2010	2016	2020
Stunting	55	55	53	47	37	35.5
Wasting	24	20	17	13	12	11
underweight	6	7	6	4	3	1.9

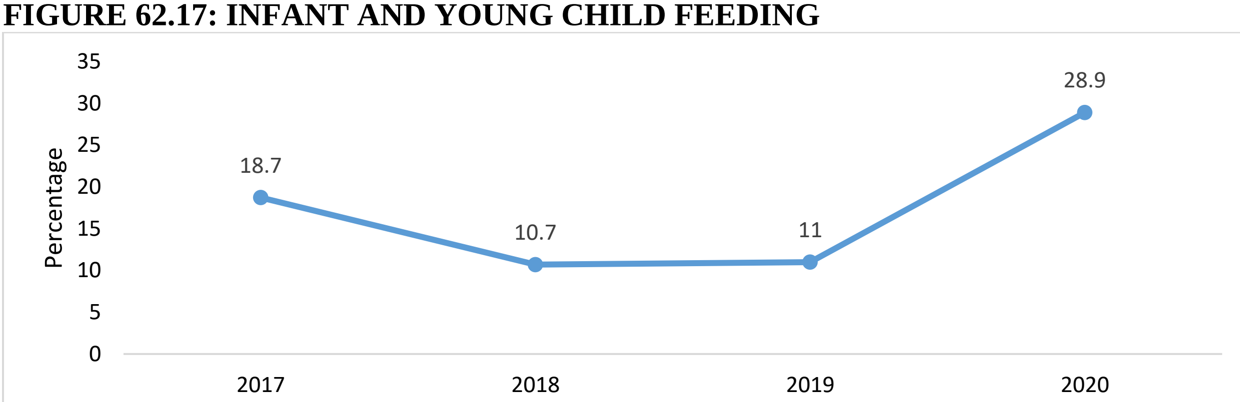
Source: Smart Survey Reports

Table 12.5 indicates a reduction in all the indicators for under 5 children over the years. Stunting levels reduced from 53 percent in 2004 to 37 percent and 35 percent in 2016 and 2020 respectively. Wasting dropped from 13 percent in 2010 to 11 percent in 2020, whereas underweight levels were reduced from 4 percent to 1.9 percent in the same period.

12.9.2 Infant and Young Child Feeding Practices

Exclusive breastfeeding is beneficial for infant nutrition in the first 6 months of life, thereafter complementary feeding practices should be encouraged until the child reaches 2 years of age. Figure 12.17 presents data on infant and young child feeding for Malawi over the years (2017 to 2019). Percentage of children meeting acceptable diet increased from 11 percent in 2019 to 29 percent in 2020.

FIGURE 62.17: INFANT AND YOUNG CHILD FEEDING

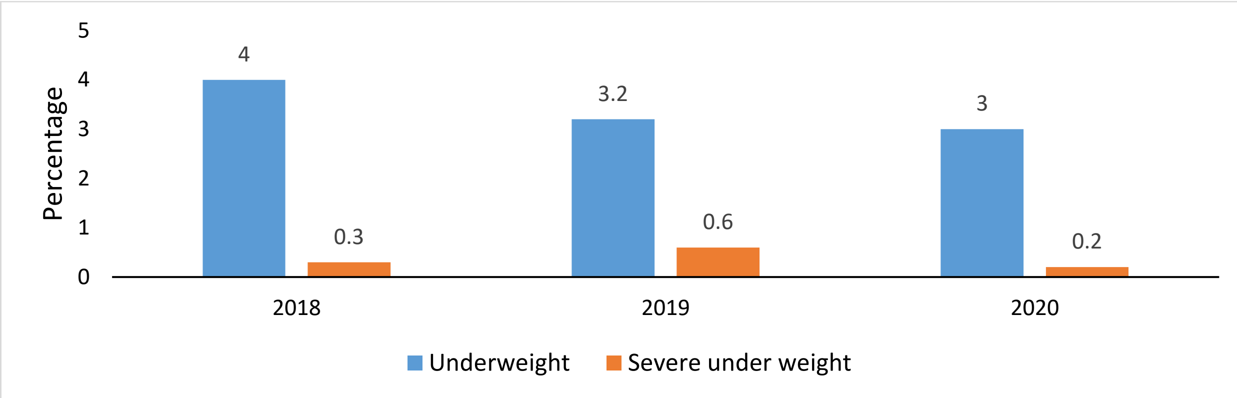


Source: Smart Survey Reports

12.9.3 Adolescent Nutrition

Adolescent nutrition is one of the key focus areas in the recently launched SUN 3.0 for Malawi whereby adolescents in Malawi are being targeted with several nutrition interventions including, adolescent nutrition education as well as Iron and Folic Acid Supplementation (IFA) for adolescent girls.

FIGURE 17.18: ADOLESCENT UNDERNUTRITION



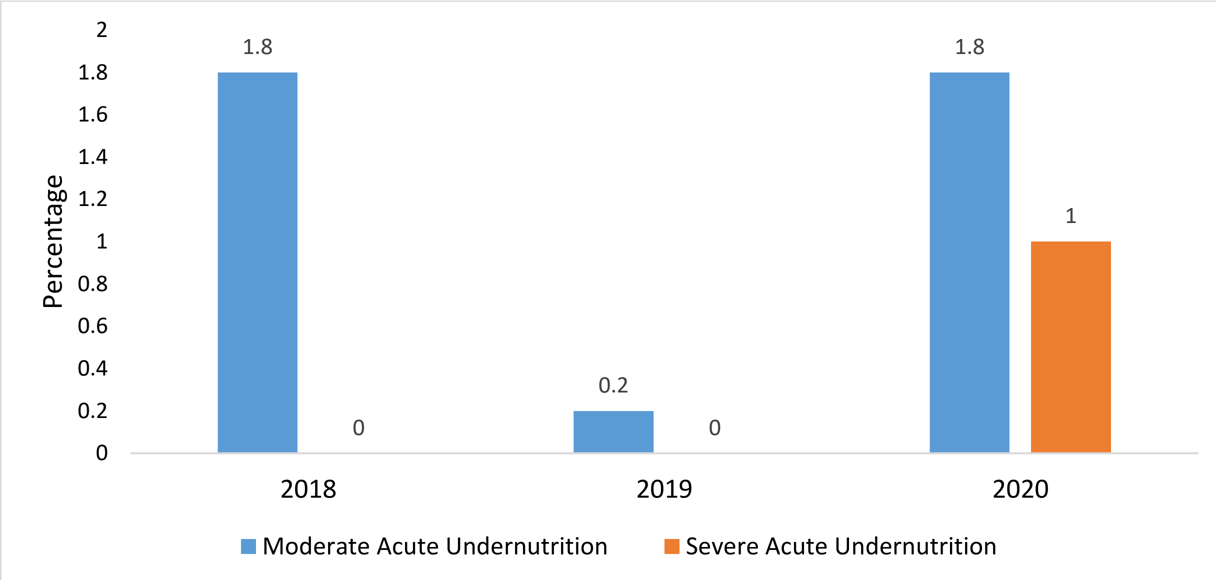
Source: Smart Survey Reports

The Smart Survey conducted in 2020 revealed that 3 percent of the adolescents were underweight, this percentage is lower than the one from 2018 findings where 4 percent of the adolescents were underweight. This represent a reduction in adolescent underweight by 1 percent.

12.9.4 Malnutrition among Pregnant and Lactating Women

Figure 12.19 presents prevalence of acute undernutrition in pregnant and lactating women (PLW) accessed using the mid-upper arm circumference (MUAC). Undernutrition was classified as moderate when MUAC was <22cm and as severe when MUAC was <19cm. According to SMART survey conducted in 2020, Overall moderate acute undernutrition among PLW was 1.8 percent, where as severe acute undernutrition was at 1 percent.

FIGURE 12.18: UNDERNUTRITION IN PREGNANT AND LACTATING WOMEN



Source: Smart Survey Reports

12.9.5 Challenges and Lessons Learnt in Implementing the Nutrition Programme

12.9.5.1 Challenges in Implementing the Nutrition Programme

A number of challenges were faced in implementing the nutrition programmes in the 2021/22 fiscal year including:

i. Inadequate financial resources for delivery of nutrition interventions at district and community levels as evidenced by lack of nutrition budget line in District Implementation Plans.
ii. Nutrition interventions heavily depend on development partners.
iii. COVID-19 had a huge impact on the implementation of nutrition interventions.

12.9.5.2 Lessons Learnt in Implementing the Nutrition Programme

i. With adequate funding, effective coordination and collaboration and adequate human resources, Malawi can further reduce stunting and other forms of malnutrition.
ii. Absence on nutrition budget in District plans would hinder economic growth and productivity.

12.9.6 Targeted Nutrition Performance for 2021 and 2022

The National Multi-Sector Nutrition Strategic Plan 2018-2022 outlines performance targets relating to nutrition. Table 12.6 gives a summary of performance targets for 2021 and 2022 as outlined in the strategic plan. In so doing projections for 2023 are not provided.

TABLE 12.6: TARGETED NUTRITION PERFORMANCE FOR 2021 AND 2022

Performance indicators	**Target**	
	2021	**2022**
Percentage of children under five years of age who are stunted	31	30
Percentage of children 6-23 months of age who received a minimum acceptable diet	27	32
Percentage of children under five years of age who are underweight	7	6
Percentage of children age 6-23 months who received minimum meal frequency	49	54
Percentage of women of reproductive age 15-49 years who are thin	3	2
Percentage of children under five years of age who are wasted	1.7	1.5
Percentage of children under five years of age who are overweight	3.8	3.5
Percentage of women of reproductive age (15 – 49 years) who are obese or overweight	17	16
Percentage of children 0 – 5 months of age who are exclusively breastfed	69	71

Source: National Multi Sector Strategic Plan 2018-2022

Chapter 13

LABOUR, SKILLS DEVELOPMENT AND SPORTS

13.1 Overview

This chapter reflects developments in the sector of labour and skills development for the period July 2021 to March 2021 and projections for 2022/23 financial year.

13.2 Skills Development

During the period under review government continued its plan to expand access to Technical, Entrepreneurial, Vocational Education and Training Authority (TEVETA) skills through establishment of the 28 Community Technical Colleges (CTC's). In addition to the 16 colleges that were operational in the last financial year, government has completed and operationalised two more colleges namely Lithipe CTC in Salima and Nkhatabay CTC. The construction of blocks for three more colleges in Machinga, Nkhotakota and Chiradzulu were also completed during the period under review with only electrical and plumbing fittings as well as landscaping remaining. The government also continued with the construction of community colleges in Rumphi and Thyolo districts expected to be finalised in the next financial year.

Furthermore, government operationalised 23 Skills Technical Development Centres (STDCs) which were constructed by the European Union.

Additionally, with support from the People's Republic of China; construction works of Sakata community college in Zomba, Nasomba in Mulanje, Ntonda in Ntcheu, Kavinkhama in Mzimba and Tengani in Nsanje have been completed.

Enrolment for the CTCs increased from 3300 during the last financial year to 3727 in the period under review owing to the operationalization of the two CTC's in Salima and Nkhatabay districts. Likewise, the addition of new trades of electrical installation & electronics at Mzuzu National Techinal College (NTC), motor vehicle mechanics at Namitete NTC and Renewable energy at Lilongwe NTC increased the total enrolment for the NTCs from 5008 during the last financial year to 5223 for the period under review. Operationalization of the STDCs particularly, led to the enrolment of 1380 students in different trades for skills development.

13.3 Trade Testing Services

In ensuring that students are accredited with the right qualifications, a total of 11898 candidates were tested against 11026candidates that were tested during the 2021/22 financial year. The average pass rate for the period under review was 58.5 percent a decrease from 60 percent that was registered in the 2021/22 financial year.

A total of 11488 records of candidate achievements were produced and distributed during the period under review and a total of 2033 Malawi TEVETA Certificates were also issued to respective graduates.

In addition to these, the Malawi TEVETA Assessment Framework (TAF) was developed, validated approved, and is currently in the process of gazette.

In an effort to increase access of Trade Testing Services, the Recognition to Prior Learning System which aims at recognizing the skills adopted informally by the general public was launched on 21st October 2021. The Program will be fully rolled out during the first quota of the 2022/23 financial year.

13.4 Labour Services

13.4.1 Labour Inspections

The Ministry conducts labour inspections in various workplaces in order to advise employers and employees on the need to comply with the labour laws of the country. This is done through the district and regional labour offices throughout the country. The Labour Laws of the country empower the labour officers to inspect places of work at least twice a year to ensure effective application of the country's labour laws.

During the period under review, a total of 676 labour inspections were conducted across the country against 1210 inspections conducted during the 2020/21 financial year. Table 13.1 shows the number of inspections conducted by type of inspection.

TABLE 13.1: NUMBER OF LABOUR INSPECTIONS CONDUCTED IN 2020-2021 FISCAL YEAR

LABOUR INSPECTIONS	TOTAL (%)
All Inspections	676 (100)
Routine	313 (46.30)
Complaint	259 (38.31)
Follow-up	71 (10.50)
Special	33 (4.88)

Source: Ministry of Labour and Skills Development

13.4.2 Labour Complaints and Prosecutions

The Ministry is also responsible for handling labour complaints which is part of social dialogue functions. Labour complaints are those grievances that are reported to various labour offices throughout the country concerning unlawful dismissals, non-payment of wages (e.g. on termination of employment, payment of overtime or payment below the minimum wages).

In the period under review all labour complaints were 14608 against 78,620 complaints registered in the previous financial year. Of these complaints, 11,364 were brought forward from the previous months, 3142 were cases that were actually registered in the respective months of the period under review and 102 complaints were registered with other offices.

While 1990 cases were closed, labour officers in all the districts managed to settle 1911 complaints during the period under review. A total of 412 cases were referred to the Industrial Relations Court (IRC) for further hearing while the rest of the cases are still outstanding. These cases attracted claims amounting to MK249, 187, 495.70 and MK143, 275, 835.40 was paid out.

13.4.3 Employment Services

The Ministry is also mandated to facilitate job creation initiatives and this is done through different ways. During the period under review, the Ministry launched the Decent Work Country Programme II which is premised on four pillars namely employment creation, rights at work, social security and social dialogue.

In order to provide work integrated experience and employable skills to the youth graduates in the country, the Ministry continued implementing the Graduate Internship Program. Apart from the 997third cohort interns that were engaged in the previous financial year who were carried forward into the period under review, the Ministry recruited and engaged 1067 forth cohort interns in the month of August, 2021 and 1556 fifth cohort interns in the month of December, 2021. The ministry therefore recruited and engaged a total of 3620 interns during the period under review.

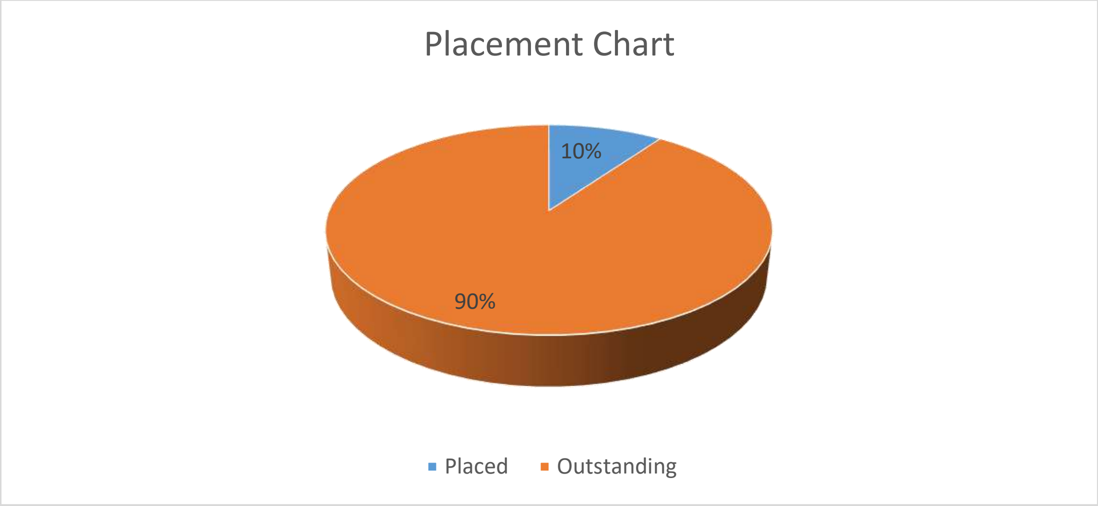
13.4.4 Public Employment Service

The Ministry of Labour also operates public employment services in all districts of the country. The service includes job seeker registration, placement, vacancy registration, guidance and counselling to school leavers and job seekers throughout the country at its regional and district labour offices. While this service has been manually operated, the Ministry has developed a computerised system which will be operating as a job centre. The pilot project with support from the International Labour Organization (ILO) has been established in Blantyre and similar projects are expected to be rolled out to all the cities of the country in the next financial year.

13.4.4.1 Job Seekers and Placements

During 2021-2022, a total of 10,101 job seekers were registered in labour offices across the country. Of these, only 998 were placed representing 10 percent which is a decrease from last financial years' 56 percent.

FIGURE 13.1: TOTAL JOB SEEKERS PLACED AND OUTSTANDING IN 2021-2022 FISCAL YEAR

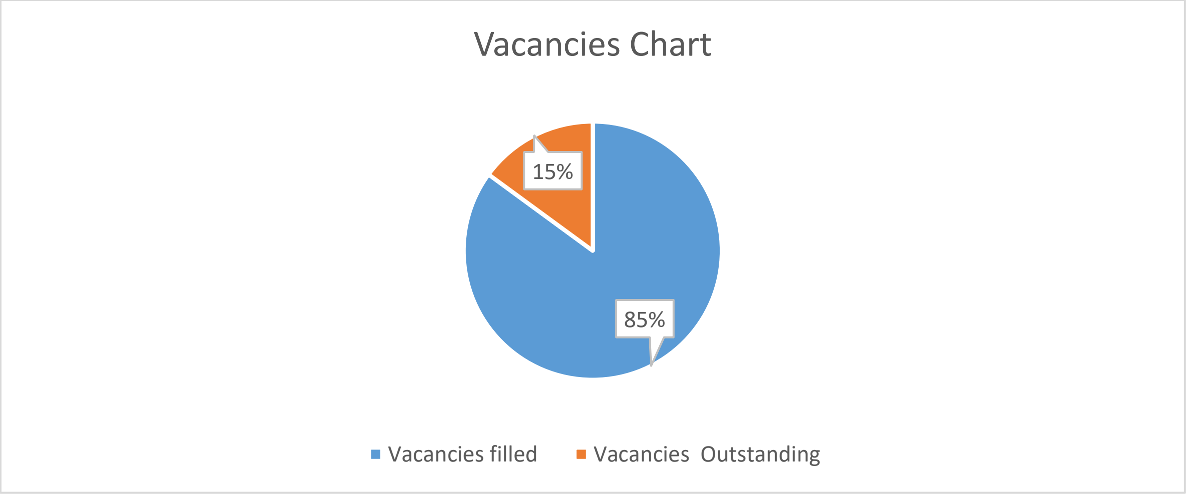


Source: Ministry of Labour and Skills Development

13.4.4.2 Vacancies Registration and Placements

A total of 1104 vacancies were registered during the period under review against 2291 in the 2021/22 financial year. Of these, 939 were filled representing 85.1 percent.

FIGURE 13.2: TOTAL VACANCIES FILLED AND OUTSTANDING IN 2021-2022 FISCAL YEAR



Source: Ministry of Labour and Skills Development

13.4.5 Occupational Safety, Health and Welfare

In order to improve safety at workplaces, two novel high level night inspections in Seven workplaces were done.

Even though there was a reduction on the regular Occupation and Health (OSH) inspections from 295 workplaces during the 2020/21 financial year to 82 workplaces during the period under review; compliance with the provisions of Occupational Safety Health and Welfare Act (OSHWA) increased from 13.6 percent to 68.2 percent.

In an effort to improve on the policy environment, the National OSH policy was drafted and is awaiting validation. Its finalisation will necessitate the review of the OSHWA. Additionally, the National AIDS and Workplace Policy were developed and its validation is also waiting.

13.4.6 Employment Injury and Workers Compensation

The Ministry is also responsible for facilitating payment of compensations for injuries resulting from work related accidents.

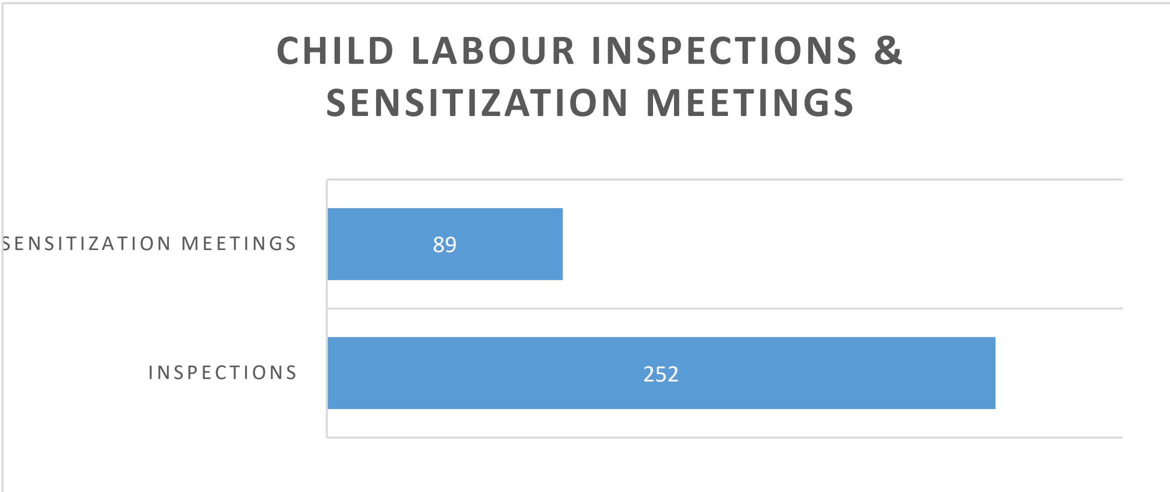
During the period under review, a total of 12894 workers' compensation cases were registered. A total of 837 cases were sent to the Workers Compensation Division where MK55, 937, 963 was paid out.

13.4.7 Child Labour

Government recognizes that child labour is prevalent in the country. Child labour refers to work that is harmful to the health, safety, education, morals or development of a child or interferes with the schooling of the child. This is a serious problem both globally and nationally. In an effort to address the challenge, the Ministry in collaboration with its social partners undertook a number of inspections and sensitization campaigns.

Figure 13.3 shows the number of inspections and sensitization meetings conducted in child labour during 2021-2022 fiscal year.

FIGURE 13.3: NUMBER OF INSPECTIONS AND SENSITIZATION MEETINGS CONDUCTED IN 2020-2021 FISCAL YEAR



Source: Ministry of Labour and Skills Development

Child labour inspections decreased during the year under review to 252 from 481 in the 2020/21 financial year. Sensitization meetings decreased as well from 226 to 89 in the 2021/22 financial year. Through the inspections, 111 children were identified to be in child labour a reduction from 760 in the 2020/21 financial year. Of the total, 98 were withdrawn while 44 were repatriated. Only 3 were placed for vocational training and 44 were sent back to school whilst 41 were placed on other rehabilitation measures. A total of 14 employers were prosecuted for engaging children in child labour during the period under review.

13.5 Challenges

Achievement of labour and skills development, sector aspirations in Malawi has been affected by a number of factors such as: inadequate labour inspectors, lack of operational resources such as finances and motor vehicles, skilled labour shortages; inadequate numbers of professional technical staff and ineffective monitoring and evaluation system and lack of appropriate infrastructure and institutional framework.

13.6 Youth Development

Malawi is one of the African countries with a high population of young people. The Malawi Population and Housing Census of 2018 indicates that 46 percent of the national population of 17.6 million is under the age of 15 and 73 percent is under the age of 35. This youthful population presents a potential human resource that could positively contribute to long-term national development and realisation of Malawi 2063. The problems mainly faced by the youth in the financial year under review include but are not limited to high unemployment and under-employment rates, high illiteracy levels, HIV and AIDS, drug and substance abuse, early pregnancies and marriages, limited access to sexual and reproductive health services, and limited access to technical and vocational training. For 2021, the Ministry through the Department of Youth achieved the following in addressing some of the highlighted issues;

i. In an effort to provide skills to the youth to improve their chances of being employed and employ others, enrolled 225 youths in TEVETA community based informal vocational training, trained 386 young people in Theatre for Development Skills in karonga, Machinga and Phalombe districts; trained 34 girls and 2 boys in tailoring and fashion design in Blantyre City; and trained 62 youths in business management and entrepreneurship in Zomba, Chikwawa, and Mchinji districts.

ii. With funding from the African Development Bank (ADB), the Department has continued to implement the Jobs for Youth (J4Y) Project which aims at creating 17,000 jobs and establish 6,000 businesses for the youth. The Department has undertaken the following activities: trained 370 youth in entrepreneurship in sectors of agriculture, ICT and small-scale mining; 1,357 youth have completed their business incubation programme bringing the total number to 2,332; 1,128 graduate youth incubates started running their businesses bringing the total number to 1,387; finalized the preparation of a Business Incubation Strategy in collaboration with Ministry of Industry; procured start-up equipment for promising 10 ICT and 18 manufacturing incubates distributed under mHub and SOS Villages Business Incubation Centres respectively; facilitated access to NEEF loans by submitting a list of 62 young people that had completed business incubation programme of which 3 got loans ranging from MK750,000 to MK1,000,000.00 each and others are yet to access the loans; procured Technical Assistance (TA) for Business Development Services (BDS) which has already enrolled 101 youth for BDS support; graduated 917 youth after completing their 12-months' internship program bringing the total number to 1,603 internship graduates; the Department also continued the process of extension and the rehabilitation of Ngala, Naminjiwa and Mbandira community technical colleges in Karonga, Nkhotakota and Phalombe districts respectively, and Neno Youth Development Center in Neno. Overall completion rate for all the sites was at 94.8 percent as of November 2021; and the Department also made advanced strides on the revision of the National Youth Policy which expired in 2018.

iii. In an effort to enhance data collection, use and accessibility in the youth sector, thirty-eight (38) officers (District Youth Officers and Assistant Youth officer) have been trained in Youth Management Information System (YOMIS).

iv. With funding from the Government of Korea, the Department of Youth rolled out a four year Sexual and Reproductive Health Rights (SRHR) as well as livelihoods project for teen mothers and adolescent girls to the tune of US$12 million implemented in Mchinji and Dedza districts;

v. The Department continues to review the 2013 National Youth Policy. The draft Revised National Youth Policy is in place. The Committee of Principal Secretaries for Sustainable Social Development has validated the draft revised policy.

vi. Reached 10,013 youths with Nutrition and Sexual Reproductive Health Rights information and back to school messages in Karonga, Kasungu, Mangochi, Blantyre, Machinga, Neno, Zomba City, Ntchisi, Dowa, Ntcheu and Phalombe districts.

vii. Trained and mentored 55 young people as well as 40 teen mothers and adolescent girls in Machinga district.

viii. In an effort to increase access to second chance education for out-of-school (OOS) youth, the Department has scaled up the Out of School Youth Functional Literacy program to four more districts of Chitipa, Karonga, Lilongwe and Mwanza. This is in addition to the current 9 districts of Nkhatabay, Nkhotakota, Salima, Dedza, Machinga, Thyolo, Mangochi, Chikwawa and Nsanje; 4,500 learners also graduated from OOS Functional Literacy program.

13.6.1 Adolescent Girls and Young Women (AGYW) Programme

Under the Adolescent Girls and Young Women (AGYW) Programme, Standard Operating Procedures (SOPs) for AGYW programming were developed by a technical team drawn from all the key public sector Ministries, Departments and Agencies, Development Partners (DPs) and local and international NGOs. The next step is for the AGYW sub group to validate the SOPs.

i. The Secretariat has also wound-up piloting of the AGYW Referral and Linkages Systems in Mulanje and Mzimba districts. The system will now be rolled out to the rest of the districts in phased/modular manner.

ii. National AGYW Strategy rolled out to all the districts in Malawi except Likoma, including establishment of district level AGYW coordination structures.

iii. AGYW Secretariat mobilized approximately MK380 million from the Global Fund, USAID, UNICEF, UNAIDS, UNFPA, National AIDS Commission and other partners for support towards a range of AGYW coordination and systems strengthening interventions development of the National AGYW Strategy whose process is set to kick start the process slated in January and end in June 2022.

The following AGYW achievements were also registered during the reporting period (according to annual reports from partners):

i. 981 AGYW aged between 15-24 accessed PrEP services;
ii. 310,354 AGYW reached with CSE/LSE interventions;
iii. 113,819 AGYW reached with a defined package of services (as defined in the Malawi AGYW Minimum Package);
iv. 75,992 AGYW tested for HIV and received their results;
v. 250 AGYW graduated from vocational skills training;
vi. 8,110 child marriages cases were reported; and
vii. 3, 773 AGYW and ABYM (3,203 AGYW and 570 ABYM) were withdrawn from child marriages.

13.6.1.1 Challenges for AGYW

i. Lack of adherence to the three ones principles for a coordinated response to AGYW in Malawi whereby some partners bypass the National AGYW established structures including the Secretariat;
ii. Lack of Comprehensive AGYW programme across the districts is still low at 28 percent; and
iii. Lack of sustained funding for AGYW coordination at national and district levels.

In the next Financial Year, the Ministry through the Department of Youth will carry out the following;

i. Establishment of the National Youth Service; and
ii. Commence the construction of Mzuzu Youth Centre under the Development budget. The project aims at providing a sporting and recreation facility for the youth in Mzuzu which currently has no standard recreation facility.

13.6.2 Sports Development

In the 2021 financial year, Government has continued the implementation of activities that facilitate the promotion and development of sports in the country. Technical capacity gaps, limited and poor sports infrastructure and lack of sports equipment in Malawi remains a big challenge. The Ministry through the Department of Sports is addressing the highlighted challenges through the implementation of the following activities;

i. In an effort to ensure adequate sports infrastructure in the country, the Ministry has continued construction of the Griffin Saenda National Indoor Sports Complex next to Bingu National Stadium at Area 48 in Lilongwe. The Ministry has also engaged a contractor and commenced the construction of the Aquatic Complex at Kamuzu Institute for Sports. The Ministry also carried out maintenance works at Bingu National stadium in Lilongwe. The condition of the stadium's football pitch has greatly improved as the natural grass has regenerated and there is hope that when CAF inspectors come, they will approve the stadium to continue hosting international matches.

ii. In an effort to develop the policy environment, the Department participated in the legal review of Malawi National Council of Sports Act as one of the reform areas under Malawi National Council of Sports. The revised Act will ensure that emerging issues are incorporated and the outdated issues are removed so that the development and management of sports programmes and institutions is effectively done.

iii. With the aim of exposing Malawian talent internationally, the department facilitated participation of the National teams and athletes in international events where the Malawi National Football Team qualified for 2022 Africa Cup of Nations edition to be hosted by Cameroon after beating Uganda 1-0 at Kamuzu Stadium in their last qualifying match. The qualification will help Malawi football players to gain exposure at continental level thereby improving the standards of the game in the country and providing an opportunity for our players to be identified by foreign clubs.

iv. In an effort to improve the quality and standard of sports coaching and management, the Department facilitated the training of 816 sports personnel in different fields across the country as follows: trained 69 Football Coaches in Mchinji, trained 90 Football Coaches in C license in Chiradzulu, trained 90 teachers in athletics coaching in Dowa, trained 40 personnel in Sports Administration in Rumphi, trained 70 personnel in Sports Administration in Karonga, trained 30 personnel in Sports Administration in Mulanje, trained 75 personnel in Sports Administration in Dedza, trained 114 personnel in Sports Administration in Chitipa, conducted football and netball coaching clinics for 243 people in Thyolo.

v. To ensure the successful hosting of the 2022 Africa Union Sports Council, Region 5 Youth Games, the Ministry facilitated the formation of a Local Organising Committee which was properly trained by Region 5 Experts. Furthermore, members of the Local Organizing Committee conducted a learning visit to Lesotho, where the 2020 Region 5 Youth Games were being hosted, to learn how the Region 5 Youth Games are organized.

vi. Malawi team participated in the Region 5 Youth Games in Athletics, Boxing, Football, Judo, Netball, Paralympics, Swimming, Taekwando, and Tennis. The youthful Malawian team managed to win 29 medals from the games comprising of 2 gold, 9 Silver and 18 Bronze medals. This is the best result that Malawi has ever achieved in sports.

vii. As a way of enhancing performance in sports, the government has re-introduced school sports programme which will help to identify more young raw talent for further development and exposure.

In the next Financial Year, the Ministry, through the Department of Sports, will carry out the following activities:

i. With the aim of producing quality athletes and ensuring a physically health nation, reintroduce Physical Education in Schools in collaboration with the Ministry of Education.

ii. Host the 2022 Africa Union Sports Council Region 5 under 20 Youth Games in Lilongwe, from 2nd to 11th December, 2022.
iii. Continue with capacity building, maintenance of sports facilities, improvement of revenue management and promoting mass participation in the country.

13.6.3 Challenges for the Ministry of Youth and Sports

The implementation of the Youth and Sports Development Programs has been affected largely by inadequate financial resources and the COVID-19 pandemic.

Chapter 14

ENVIRONMENT, NATURAL RESOURCES AND CLIMATE CHANGE MANAGEMENT

14.1. Overview

In recognising that Malawi's economic development and the livelihoods of its population are largely dependent on natural resources, the Malawi 2063 considers environmental sustainability as a key enabler for the attainment of its vision. The Government of Malawi recognizes that protecting the environment, as well as preventing the impacts of pollution, are also major sources of economic opportunity, thus providing jobs, reducing poverty and addressing resource availability / scarcity and depletion.

Natural resources are central to human wellbeing and economic growth. The environment and natural resources provide a number of services that are essential to secure human subsistence and quality of life as well as contributing significantly to the economy of Malawi. While being the foundation of economic activity and development, natural resources are often undervalued and mismanaged. This imposes costs to the economy and society, shaving off digits of annual increase in the Gross Domestic Product (GDP).

Government through the Environmental Affairs Department (EAD) in the Ministry of Forestry and Natural Resources continues to make commendable strides towards safeguarding the country's natural resource base for the economic growth and well-being of its population. This chapter provides information on the performance, challenges, lessons learnt and future plans by the Environment, Natural Resources and Climate Change sector.

14.2. Performance in 2021/22

In the 2021/22 financial year, Government has implemented various programmes on sustainable management of the environment, natural resources and climate change. The following are some of the key achievements.

14.2.1. Environment, Natural Resources and Climate Change Policy and Regulatory Frameworks

While environmental problems are often viewed as having technical, managerial, or behavioural dimensions, increasing attention has been paid to environmental governance as an overarching means to address these complexities. Policy and regulatory frameworks are crucial in determining and improving the state of our environment. Government continued intensifying enforcement of pieces of legislations in the Environment and Natural Resources Management (ENRM) sector in order to safeguard the country's natural capital. In the reporting period, Government developed regulations on Access and Benefit Sharing (ABS) to guide private individuals, communities and entities that intend to access biological resources, or use Traditional Knowledge associated with the biological resource for bio-trade, research and development or other uses. The regulations will ensure equitable sharing of benefits arising from utilization of biological resources in the country. It will further provide resources for conservation and sustainable utilization of biodiversity in Malawi. The Government of Malawi is also developing Environmental Assessment regulations in order to supplement the provisions relating to Environmental Social Impact Assessments in the Environment Management Act (no. 19 of 2017). The Environment Assessment regulations will give the contents of the Environment Impact Assessment Guidelines legal force and will provide a basis for revising and introducing legal fees for various administrative processes related to environmental assessments.

Government recognizes the key role of modern biotechnology in addressing most of the challenges in agriculture and health sectors. However, precaution must be taken to ensure that technologies adopted are safe to human health and biodiversity. Government has developed guidelines on safety assessment for food and feed derived from genetically modified crops. These guidelines provide steps to be followed when assessing safety of all foods derived from genetically modified organisms.

Government further recognizes that appropriate institutions for efficient delivery of environment, natural resources and climate change services are paramount. In this regard, Government is in a process of operationalizing the Malawi Environment Protection Authority (MEPA) in order to strengthen enforcement of ENRM related legislations. The MEPA consists of a Board and a Secretariat. Board Members for the Authority were appointed and confirmed by the Public Appointment Committee of Parliament. A secretariat will be in place after the completion of functional review which is underway; however an interim secretariat is in place. In addition to the MEPA the government is also in the process of operationalizing the Environmental Appeals Tribunal (EAT). The EAT was established under the repealed Environment Management Act (1996) and it has been retained in the revised Environment Management Act (1996). Despite being established under the previous 1996 Act the EAT has never been operationalized. Once the EAT is operational it is expected that it will provide a platform for expeditious dispute resolution, improve access to environmental justice and enhance environmental rule of law.

14.2.2. Mainstreaming of ENRM Issues into Development Policies and Programmes

Government continued promoting integration of environmental considerations into development programmes/projects and to enforce various environmental and natural resources management legislations and standards in order to address environmental degradation in the country and for environmental sustainability. Various development projects in the areas of infrastructure, energy, mining, waste management, irrigation, agriculture and water resources development were reviewed for adherence to Environment and Social Impact Assessment (ESIA) guidelines and environmental standards/legislations. A total of 60 Environmental and Social Impacts Assessments (ESIAs) and 52 Environmental and Social Management Plans (ESMPs) were reviewed. These include: Improvement of Kenyatta Drive and Mzimba Street in Lilongwe City; Muloza Rock Aggregate Quarry; Nathenje Quarry; Chamakala Quarry; Kaulwe Quarry; Chiweta Coal Mine; Ngana Coal Mine; Extraction of Black Granite at Kamphata; Kauma Priority Sewerage Rehabilitation Project, Lilongwe City; Construction of infrastructure for the Clinical Research Excellence and Training Open Resource (CREATOR) Project in Blantyre; Construction and operation of a Three Storey Building on Plot Number 2/690 in Lilongwe City; Improvement of the M1 Road Between Chilambula Road Junction and Lali Lubani Junction in the City of Lilongwe; Speedy's Poultry Farm at Msaka Village in Chiradzulu District; Ukasi Land Development Project at Illovo Dwangwa Sugar Estate; Construction of Dam and Irrigation System at Chitakale Estate, Mangochi District; Kambombo Hill O.G. Quarry; Chipofya Irrigation Scheme; Mafinga Hill Irrigation Scheme; Marko Irrigation Scheme; Amitofo Orphanage Centre; Expansion of the University of Malawi; Infrastructure Provision for Commercial and Residential Developments on Plots 45/195-45/198 in Area 45, Lilongwe City; National College of Information Technology, Blantyre City; Refurbishment of Building, Installation and Operation of Soya Milk Processing Plant on Plot Number 28/49254 in Lilongwe City; Carmel Quarry Project, TA Lukwa, Kasungu District; Fwiliwindi Quarry Project, TA Mtwalo, Mzimba District; Ng'ongo Irrigation Dam, TA Mtwalo, Mzimba District; Ng'ongo Macadamia Estate, TA Mtwalo, Mzimba District; and Construction of 300 Houses and other associated Infrastructure for Police in Lilongwe.

To ensure adherence to the ENRM legislations, Government continued monitoring implementation of various development projects in the country. A total of 34 development projects, industries and companies were monitored for compliance to the legislations and these included; Expansion of University of Malawi, Njuli Terrastone Quarry, Njuli Mota Engil Quarry, Shire Valley Transformation Project, Karonga Water Supply, Thekero Coal Mine, CEAR Railway Rehabilitation Project, Insecticide Residual Spray Project, Lifuwu Irrigation Scheme, Malmed Medical Clinic, Chipoka Fish Cage Farm, Karonga Water Supply Project Lunyangwa Dam Project, and various plastic manufacturing companies and distributors. Companies that were found non-compliant were ordered to conduct Environmental Audits and to adhere to the principles of good environmental management. In addition, 25 potentially polluted sites were inspected and best environmental practices were promoted. Those found seriously violating environmental standards and polluting the environment were ordered to pay fines and to take remedial actions.

In an effort to promote participation in the management of the Environment, Natural Resources and Climate Change, Government continued sensitizing the general public on environment, natural resources and climate change management. Awareness materials in various thematic areas such as

Waste Management including ban on thin plastics, Phase-out of Ozone Depleting Substances, Biodiversity Conservation and Climate Change Management were developed and disseminated. Furthermore, Government continued implementing the National Clean-up initiative as one way of promoting sustainable waste management practices in the country. The aim of the initiative is to instil a culture of cleanliness and promote a positive behavioural change through sustainable waste management practices. Second Friday of every month was designated as a National Clean-Up Day. The Government further established a toll free telephone hotline service (5153) on both TNM and Airtel networks to enable the General Public report on Environmental Issues.

14.2.3 Climate Change Management

As the country continues experiencing the devastating impacts of climate change, Government in collaborating with key stakeholders in government, civil society, academia, youths and the private sector developed and implemented strategies, frameworks, programmes and projects in responding to climate change. These were aimed at improving food security and nutrition, increasing climate resilience, reducing carbon emissions into the atmosphere, and increasing adaptive capacity of the people and ecosystems, as well as providing awareness on the causes and effects of climate change and climate variability. The following are key achievements on Climate Change management:

i. Malawi updated the Nationally Determined Contributions (NDC), in July 2021. The NDC has outlined the Government's commitments including mitigation and adaptation actions to be implemented by key sectors of the economy that will reduce greenhouse gas emissions and scale-up adaptation actions for the period 2020 to 2040. Government also developed a number of tools to support implementation of the NDC including: NDC Implementation Plan; NDC Mainstreaming Guidelines - to guide sectors mainstreaming NDC into plans and strategies; Monitoring, Reporting and Verification (MRV) Framework – to monitor and report outputs and outcome of the implementation process; NDC Score Card – to document successes, gaps and lessons learnt; and NDC Resource Mobilization Strategy - to identify sources of funding for NDC implementation.

ii. Government established a Women Network on Climate Action during the National Green Climate Conference held from 26th to 27th August 2021, Lilongwe, Malawi. The vision of the Network is to enhance participation of women and girls in Environment, Natural Resources and Climate Change Management. Among others the group will be influencing, mobilizing and accelerating environmental protection and natural resources restoration actions. The Network is expected to be operational in 2022.

iii. Government is also formulating a National Adaptation Plan (NAP) to address climate change impacts in the medium and long-term time periods. The core objective of the NAP is to reduce vulnerability of the people and ecosystems to climate change. The Government, under the NAP Readiness project, has initiated processes to conduct studies in the areas of climate change projection and risk assessment and these will lead to the identification of medium to long-term adaptation options to climate change impacts.

iv. Government has established a National Climate Change Fund, which is aimed at mobilizing; disbursing, monitoring and accounting for climate change resources received both from domestic and international sources. The Fund will be accessible to all key climate change stakeholders from government, civil society, academia, youths and the private sector for implementation of climate change programmes.

In operationalizing the Climate Change Fund, an operations manual for the Fund including Standard Operating Procedures (SOPs) and Governance Structure were developed. Further, developed Terms of References for a Climate Change Finance Expert Working Group to provide technical advice on financing for coordination, implementation, monitoring and reporting of climate change management and make recommendations to the National Technical Committee on Climate Change. The Terms of Reference for a Fund Manager who will be responsible for operations of the Fund have also been developed and an interim Fund Manager has been appointed.

v. Government facilitated the eestablishment of Malawi Higher Education Institutions Network on Climate Change Learning (MHEINCCL) as well as development of its Strategic Plan and Online Platform. The aim of the online platform is to strengthen information sharing and research findings dissemination among member institutions and individuals.

vi. Government through the Applied Research Innovation Window supported eight (8) institutions with funds to the tune of US$40,000.00 per institution to implement innovative projects in the areas of Energy, Waste management, Transport etc. Some of the innovations have focused on biogas, electric bikes, and transforming waste to innovative products. Ecogen, MUBAS and Wupla Enterprise are some of the beneficiaries under this challenge.

14.2.4. Phase-out of Ozone Depleting Substances

Government continued implementing activities on the phase-out of Ozone Depleting Substances (ODS) in the country in accordance with the requirements of the Montreal Protocol on the protection of the ozone layer. Government has trained 60 refrigeration technicians on good refrigeration practices. The training strengthened the capacity of refrigeration technicians on improved operations, service and maintenance of refrigeration facilities with the aim of reducing emissions of Ozone Depleting Substances into the atmosphere. In addition, a total of 15 customs officers were trained on control and monitoring imports of Ozone Depleting Substances. Furthermore, the Department in collaboration with Malawi Bureau of Standards developed competency standards for Refrigeration and Air Conditioning (RAC) Sector. The standards will enhance adherence to the good servicing practises in the RAC sector.

14.2.5. Biodiversity Conservation and Protection

Malawi's unique biodiversity and ecosystem services, as well as its abundance of traditional knowledge and practices, are vital assets for the country's long-term development. Biological resources provide ecosystem services which are fundamental to human survival and ecological wellbeing. Such services include provision of food, medicine, energy and timber, regulating climate, purifying water and air, carbon sequestration including cultural services such as recreation and therapeutic services. To sustain these benefits, Government continue implementing programmes aimed at addressing drivers of biodiversity loss, promoting conservation and sustainable use of biological resources in the country as follows;

i. Government developed an Invasive Alien Species (IAS) Communication Strategy and Implementation Plan for the period of 2021 to 2025. The IAS communication strategy and implementation plan is among the tools that Government would like to use for generating knowledge and information, and raising awareness among the public on IAS at different levels of the society.

ii. Government strengthened the capacity of biotechnology laboratories at Lilongwe University of Agriculture and Natural Resources (LUANAR) and Chitedze Agricultural Research Station through training of laboratory technicians and provision of modern equipment for LMO testing, quality management systems and documentation among others.

14.3 Challenges

The following challenges were encountered during the reporting period:

i. Inadequate and delayed funding affected timely implementation of planned activities and

ii. COVID-19 pandemic outbreak affected the implementation of many activities such as inspections and enforcement operations, which resulted into less fines leading to inadequate revenue collection.

14.4 Possible Solutions

i. Timely disbursement of funds from donors which will ensure timely implementation of project activities by the Government;

ii. Provision of adequate resources to the Sector to enable the achievement of crucial targets, for example through capitalisation of the National Climate Change fund which will provide predictable and adequate resources for Environment and Climate Change management.

14.5 Projected Performance for 2022/23 Financial Year

Government intends to implement the following key activities in the 2022/23 fiscal year on Environment, Natural Resources and Climate Change Management Sector:

i. Facilitate the operationalization of the EAT by developing rules of procedure for the tribunal and appointing members;

ii. Facilitate operationalisation of the National Climate Change Management Fund;

iii. Promote sustainable waste management practices to ensure a clean and heathy environment through among others; Conducting monthly National Clean-up initiatives; Enhancing the capacity and knowledge on waste management by upscaling Environmental awareness campaigns on various thematic areas in order to promote positive behaviour change on good environmental practices;

iv. Intensify environmental enforcement activities to ensure compliance to Environmental and Natural Resources Management (ENRM) legislations. Liaise with the Ministry of Justice on the vacating any pending court orders restricting MEPA from enforcing the Environment Management (Plastic) Regulations 2015;

v. Develop the Environmental Assessment regulations to supplement provisions of the Environment Management Act (No. 19 of 2017);

vi. Strengthen institutional capacity on the phase-out of Ozone Depleting Substances (ODS) in the country through provision of targeted trainings to refrigeration technicians and enforcement officers;

vii. Promote integration of environmental considerations into development projects through implementation of Environmental and Social Impact Assessments (ESIAs), Environmental and Social Management Plan (ESMP) and Environmental Audits;

viii. Enhance monitoring of imports and exports of agricultural commodities to ensure compliance to the Biosafety Act

ix. Enhance conservation, protection and sustainable use of Biodiversity; and

x. Upscale implementation of adaptation and mitigation measures to address the impacts of Climate Change in the country

Chapter 15

GENDER, COMMUNITY DEVELOPMENT AND SOCIAL WELFARE

15.1 Overview

Social economic empowerment and protection of women, men, girls and boys using community and welfare approaches continues to be vital for sustainable development and reduction of inequality in the country. As such, Government recognises the need for strengthening systems, structures, policies, programmes and services that culminate into transformation of vulnerable groups including children, persons with disability and the elderly. This chapter outlines the major achievements registered by the Gender empowerment and Social Inclusion Sector. It provides a review of major programs in the sector including Gender Equality and Empowerment; Community Development and Functional Literacy; Child Development and Protection, and Social Protection and Development.

15.2 Performance for 2021/22

15.2.1 Gender Equality and Women Empowerment

Government has continued to mainstream gender in all programs, projects and plans with a view to achieve gender equality. In the year under review, government has facilitated development of Gender policies in six (6) public universities (MUBAS, Chancellor College, Kamuzu University of Health Sciences, Mzuzu University, LUANAR and MUST); Six (6) private universities (Catholic University, DMI, Skyway, University of Hebron, Livingstonia University and Nkhoma University) and 6 statutory corporations (Lilongwe Water Board, MACRA, Lilongwe City Council, National Commission on Science and Technology, Tea Association of Malawi and ESCOM). This is expected to ensure that the Gender Equality quarter that had been disseminated is successfully implemented. In addition, Malawi is the second country in Africa to launch the National Action Plan on Women, Peace and Security. The development of Gender policies for Government Ministries, Departments and Agencies is expected to be completed by the end of the financial year.

The Coronavirus has created social and economic problems that have resulted into increased cases of Gender Based Violence. Across all districts, government has resolved 12,000 cases of gender-based violence from 9,000 in the year under review. The increase in number of cases resolved has been attributed to training of 3,550 first respondents of Gender Based Violence in all referral pathways. These include community victim support unit members, the police, health officers and the judiciary. The Ministry also developed the National Male Engagement Strategy to promote a gender transformative approach that ensures that males take a leading role in eliminating violence against women.

Government facilitated the review of National Plan of Action (NAP) on Women Economic Empowerment that is expected to expire by December 2021. The issues highlighted in the NAP will influence the formulation of the subsequent NAP. Government is also collecting information on the number of women that are accessing loans in finance and microfinance institutions. This information will provide a report on the level of women access to financial resources.

15.2.2 Community Development

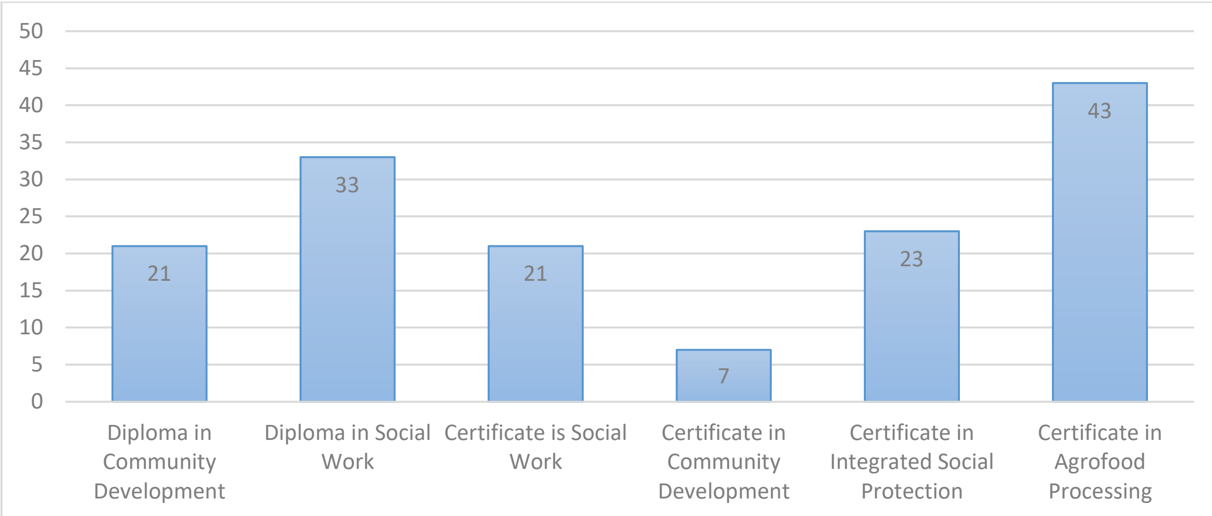
Community development is vital for wealth and job creation at the grassroots level. Apart from efforts to ensure that communities are self-reliant, Government introduced Village Savings and Loans in Community Based Care Centres (CBCCs). In 2021, 155 District Community Development Frontline workers were oriented in the Village Savings and Loan (VSL). Twenty (20) promoters and adult literacy instructors from care groups and 17 extension staff were oriented on the village savings and loan manual. Further, the Government trained 20 savings and loan groups comprising of 623 members (440 female, 58 male).

During the reporting period, the Government finalized the National Adult Literacy and Education strategy which provide an implementation framework for the National Adult and Education Policy of 2021. Government through the National Adult Literacy Programme manages 9,633 centres and in the 2021 Learning cycle, these classes enrolled 144,495 learners (Female 128,600, Male 15,895). The programme currently uses volunteers as facilitators and most of these are not certified but only inducted on the job. Of the 9,633 facilitators currently in the system, only 1,261 (13%) facilitators have formally been trained to-date on how they can effectively handle adult literacy classes. In 2021, the programme, with support from partners namely DVV International, Concern Worldwide and United Purpose trained 112 facilitators (9%) in functional adult literacy lessons delivery.

As part of milestones, in 2021 the programme started the process of upgrading the curriculum of the National Adult Literacy Programme which currently offers learning to the level of standard 5 so that we should now offer learning to the level of standard 8 to allow graduates of functional adult literacy classes an opportunity to access life improving skills most of which are being offered in Community Technical colleges (TEVET skills) which form qualifications or their equivalent for participation. During the year we developed the curriculum matrix to assist the developers to come up with themes that are to be included in the syllabuses of all the learning areas.

Fifty (50) Health Surveillance Assistants (HSAs) who had completed a three-month course graduated from Magomelo College of Community Development. Further thirty-two (32) serving officers graduated and received certificates for Integrated Social Protection and this was done to strengthen the capacity of community development training institutions. Figure 15.1 shows the number of students that graduated from Magomelo under different programmes being offered by the College.

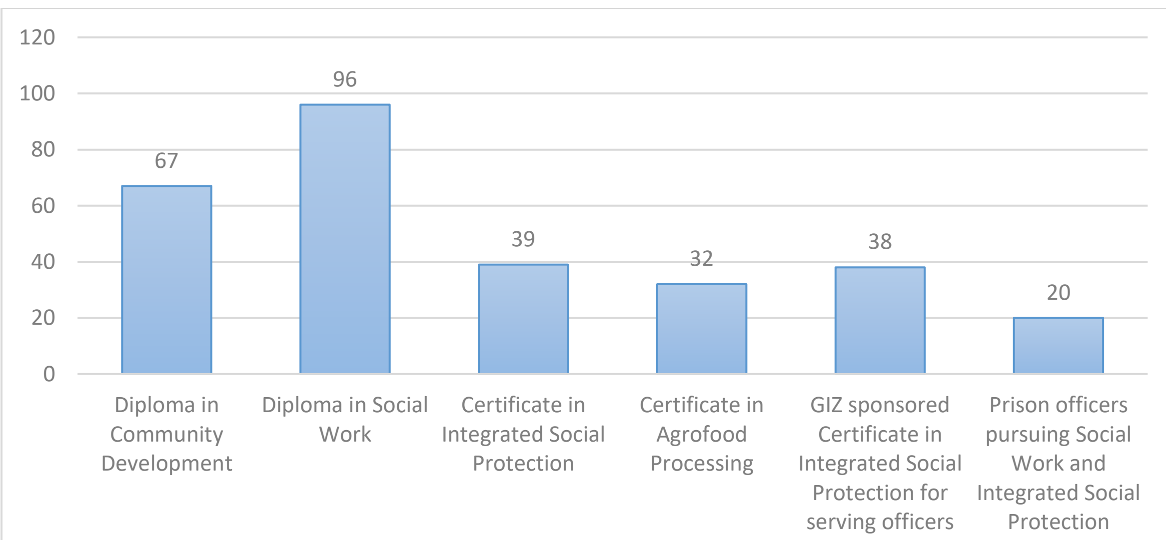
FIGURE 15.1: GRADUATES FROM MAGOMELO



Source: Ministry of Gender

On annual basis, the College admits new students to various programmes and during the year under review many students enrolled in Social work followed by community development as depicted in Figure 15.2.

FIGURE 15.2: STUDENT ENROLMENT FOR 2020/21



Source: Ministry of Gender

15.2.3 Child Development and Protection

15.2.3.1 Early Childhood Development

The Government recognises that the first few years of a child last forever and hence prioritises Early Childhood Development (ECD) in its programming. In order to expand access to quality Early Childhood programs affordably and in a standardized learning lessons, the Government developed an Interactive Radio Instruction (IRI) manual. Sixty-five (65) district training of trainers was conducted which was later cascaded to training of 1,400 caregivers. Airing programmes started in 11 districts through district community radios. The radio is expected to reach out to 189,000 children from the 93,000 children that had been targeted. To ensure that the caregivers are eligible for work, the Government trained and certified 40 caregivers in inclusive Early Childhood Development. Government also conducted a verification of 51,000 caregivers across the country, out of which 50 percent were certified.

The Government is constructing 137 out 150 model Community Based Childcare Centres (CBCCs) in 10 World Bank districts. The construction is at 37 percent level of completion with some districts progressing faster than other districts.

15.2.3.2 Child Protection

Government recognises the need to protect children from violence, abuse, exploitation and neglect. In the period under review, the Government launched the National Child Participation Guidelines and the National Child Participation Strategy; set up the National Children Commission and interviews were conducted for prospective commissioners; finalized the Miscellaneous Bill for harmonization of Child related laws; and annulled over 50 percent of child marriages.

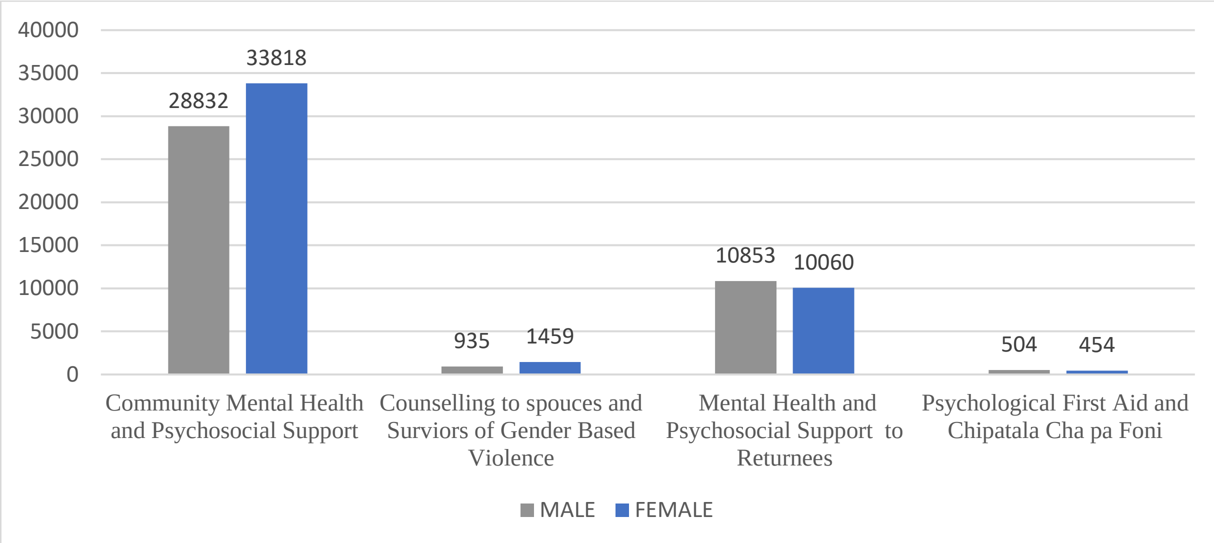
Another aspect of child protection and development is ensuring that children participate in policies and interventions that impact their lives. In fulfilling the pledge of establishing child participation platforms, Government developed National Child Participation Guidelines and formulated Child Participation Committees in 24 Districts. The committees will be responsible for organising and documenting annual Child Parliament Sessions in all the districts. The issues raised in child parliaments shall be submitted to relevant Ministry Department and Agencies (MDAs) for further action.

15.2.4 Social Protection and Development

15.2.4.1 Social Welfare

Social Protection and Development aims at promoting access to social justice and improved social wellbeing of vulnerable and disadvantaged groups through the social welfare services delivery system. Due to socio-economic hardships experienced by the Malawian population as a result of the COVID-19 Pandemic, Government Social Welfare Service providers focused on providing mental health and psychosocial support. Firstly, Government oriented and trained 120 providers of psychological aid and in the same line provided mental health, psychological aid. This was followed up with provision of mental and psychosocial support to community members including children, returnees from neighbouring countries who had been affected by coronavirus, victims of gender-based violence through Chipatala cha pa foni.

FIGURE 15.3: PROVISION OF MENTAL AND PSYCHOSOCIAL SUPPORT



Source: Ministry of Gender

In the same period, Government provided alternative care to 1,250 children (530 males, 720 female) without parental or family care. This ensures that children are raised with appropriate care to attain full development potential.

Government continued to register progress in the reintegration of street connected children. In 2021, Government identified 690 (517 males, 173 female) street connected children in cities of Blantyre, Lilongwe, Mzuzu and Zomba. 504 (362 males, 142 female) children have been reintegrated and 71 (51 males, 15 female) street connected children are at Lilongwe Social Rehabilitation Centre pending reintegration.

Reintegration of street connected children into their respective communities will reduce the incidences of abuse and homelessness that affect the children as well as theft and other crimes committed by street connected children. In light of making a favourable nation for the vulnerable. In 2021, child marriage cases escalated showing a 20 percent increase as compared to 2020, as such to address the rise of child marriage cases, Government nullified 11,729 (11,418 females, 311 male) child marriages. The survivors of child marriages were provided with psychosocial and mental health support as well as educational support.

Unlike other children, children that are in conflict with the law require special rehabilitation services. In 2021, Government continued to provide counselling, training skills and educational support to young offenders from the two reformatory centres and also diverted 60 (58 male, 2 female) children from criminal justice system in the all the districts of Malawi. The Ministry designated 7 private childcare institutions safety homes for vulnerable children in Rumphi, Zomba, Blantyre and Lilongwe.

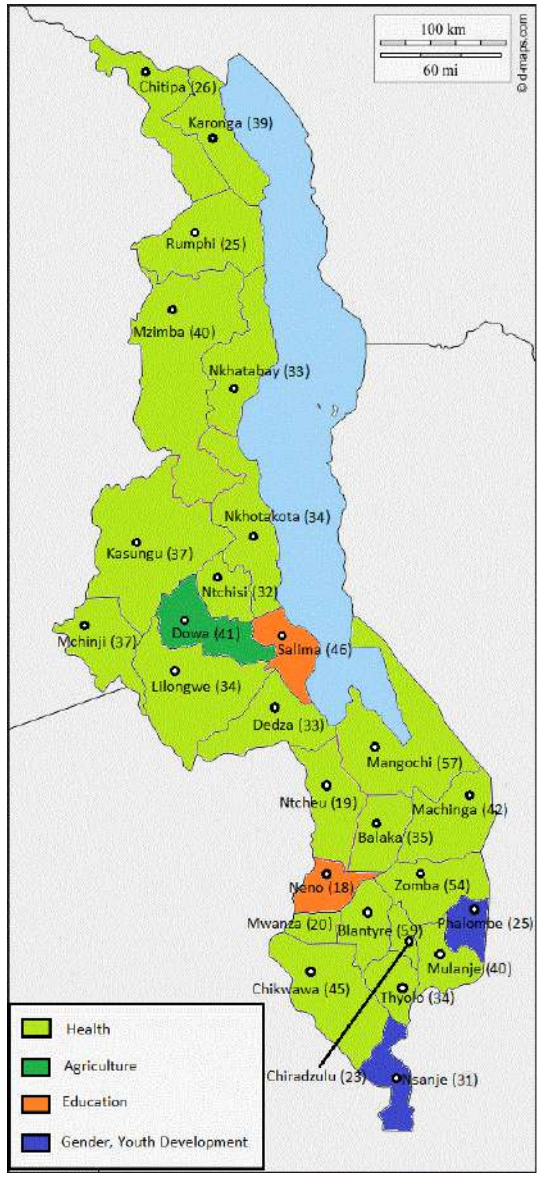
Government has successfully provided reformatory services to 89 children (males) in Chirwa Reformatory Center, 32 children (31 male 1 female) in Mpemba reformatory centre and 143 children (122 male 21 female). A computer laboratory with 10 computers was installed at Mpemba reformatory centre to instil computer literacy skills. A solar water pump was successfully installed at Chirwa reformatory centres and 40 mattresses were donated to Lilongwe Social Rehabilitation Centre.

15.2.4.2 Social Cash Transfer Program

In 2021, government increased the Social Cash Transfer Programme (SCTP) coverage from 290,036 in 2020 to 293,522 household beneficiaries with 1,284,633 individuals (about 7 percent of the country's population) covering all 28 districts. Seventy percent (70 percent) of the beneficiaries were women. In addition to the regular SCTP, Government also reached out to 144,104 in the cities of Blantyre, Lilongwe Mzuzu and Zomba with the COVID-19 Urban Cash Intervention (CUCI). A total of MK14.5 billion was disbursed in the intervention. The Social Cash Transfer Program is the prominent approach to reducing poverty as well as hunger in Malawi as it targets the most vulnerable households.

15.2.4.3 NGO Coordination

The Government recognizes the important role that Non-Governmental Organizations play in complementing Government efforts in improving the living standard of the vulnerable population. During the year under review the Government registered 62 new NGOs of which 54 were local NGOs and 8 NGOs were international. A total of 228 NGOs out of the expected 620 submitted their reports representing 37 percent compliance rate. 2020-21 audited financial statements of 184 NGOs revealed at total annual income of MK248 billion and MK247 billion expenditure was incurred in the year under reporting. Amongst the donors who provided financial support to Malawians through NGOs, USAID was the highest at MK29 billion followed by funds from Canada at MK23 billion and the EU at MK22 billion. Though the country faced a lot of financial challenges and most NGOs got reductions in annual funding due to the COVID-19 pandemic, the sector engaged 25,219 employees (both paid and volunteers) an increase of 72 percent over the 2019 financial year. There were 12,225 (48 percent) salaried employees and the rest 52 percent were volunteers



Other notable achievements registered during the period under review were: launch of NGO Management Information System dubbed myNGO.mw. This provides an opportunity to the public to access credible NGO information, provision on online registration and submission of annual reports by NGOs to Government. The Government also launched the Annual NGO Sector Report which captured NGO information for the period July, 2019 – June, 2020. Further the Government conducted NGO Mapping in all districts at ADC level to assess the distribution of NGO work at ADC and Sector level as depicted on the map.

15.2.5 Disability and Elderly

Government recognizes the importance of inclusive development therefore ensures that there is a conducive environment for persons with disabilities and the elderly. It is for this reason that Government validated the National Disability Policy, to effectively guide and tackle disabilities issues. In the same line the Government continues to implement the National Action Plan on Persons with Albinism which was launched in 2018. 300 persons with albinism were assisted with glasses to aid. 40 learners graduated from Mulanje Vocational School for the Blind in the year 2021. Government trained Health workers on Inclusive Service Delivery to enhance provision of services; and reduce communication barriers between persons with disabilities and the service providers.

15.3 Challenges in 2021/22

i. Inadequate funding is affecting the implementation of activities. For instance, academic operations at Magomero College have derailed the course calendar; provision of psychosocial support to people affected by COVID-19; and procurement of computers at Lilongwe Social Rehabilitation Centre.

ii. Limited financial and human resource to address emerging issues in the disability and elderly sectors.

iii. The new payment system affected implementation of planned activities. For instance, Mpemba and Chirwa reformatory centers have not yet accessed the funding since July 2021 because issues have not been resolved.

iv. Continued violence and abuse of the elderly and persons with albinism, despite implementation of the national action plan on persons with albinism and other awareness programs on the elderly, there are still cases of abuse on the Elderly and Persons with Albinism.

v. The emergence of the COVID-19 pandemic has slowed down the implementation of planned activities in the Ministry.

vi. The Ministry of Gender, Community Development and Social Welfare was issued with a court order to designate safety homes for children to ensure that children are not kept in adult prisons. The proposal to construct a safety home has not yet been approved by the PSIP.

vii. The Ministry was also not funded honoraria for early childhood development that had been committed during the financial year.

viii. Delayed completion of the Unified Beneficiary Registry (UBR) and upgrading of the SCTP Management Information System (MIS) which delayed roll out of SCTP Retargeting (i.e. reassessment and reselection of SCTP beneficiaries).

15.4 Outlook for 2022/23 Financial Year

15.4.1 Gender Equality and Economic Empowerment

Government plans to enforce laws that protect the rights of women, girls, boys and men against all forms of violence and reduce gender based violence. These laws include Prevention of Domestic Violence Act of 2006, Deceased Estates (Will, Inheritance and Protection) Act of 2015, Child Care Protection and Justice and Marriage, Divorce and Family Relations Act of 2015. This will minimize the cost of handling Gender Based Violence which involves multiple stakeholders in referral pathways and time resources. This will be done through training of 20 legal enforcement officers in gender related laws.

Government also plans to facilitate the mainstreaming of gender and gender responsive budgeting through 8 trainings. Government plans to facilitate formulation of gender strategies in 6 institutions to ensure that Gender Policy is fully implemented and that the Gender Equality Act is enforced. Besides, Government will facilitate women and girls access to finance in order to encourage entrepreneurship among them. This will be done through linking of 200 women groups with financial institutions in order to increase the access to loans.

15.4.2 Child Protection and Development

Government intends to continuously provide equitable access to quality Early Childhood Development by upgrading 100 Community Based Childcare Centers (CBCCs) to standardized gender and disability friendly structures. The Ministry is expected to provide honoraria to 60,000 certified caregivers.

The Ministry also plans to support children that have been withdrawn from child marriages though functional literacy and livelihood skills programs to ensure that the children do not return into child marriages. The Ministry also plans to create a database on Ending Child Marriages to ensure timely collection of quality data on Child Marriages. This will ensure that efforts of ending child marriages are harmonized and consolidated. The government is also expected to operationalize the National Children's Commission.

15.4.3 Social Protection and Development

The Ministry will finalize the foster care manual and regulations that will be sent to Justice for guide placement of children in childcare institutions and management of the systems. Government also plans to provide educational and functional literacy and life skill support to 300 children removed, rehabilitated and reintegrated from the streets and their families and children in Mpemba, Chirwa and Lilongwe Reformatory and Rehabilitation Centre. The Government also plans to capacitate 40 Trainers of Trainers on Mental Health and Psychosocial Support to expand access of mental and psychosocial to a minimum of 10,000 people. The Government also intends to train 80 officers and child protection workers in the Journey of Life, another tool in psychosocial support and community mobilization.

15.4.4 Disability and Elderly Affairs

The government plans to develop an integrated information management to collect data on persons with disabilities in Malawi. Government also plans to strengthen legal and policy frameworks which promote rights of persons with disabilities and Protection of Rights of Persons with Albinism and the elderly. This will be done through operationalization of the Disability Trust Fund and establishing and rolling roll-out the National Old Age Social Pension Scheme and Capacity building of Community Governance Structures to effectively respond to Cases of Abuse and Violence of Older Persons.

15.4.5 Community Development

Government plans to introduce and promote innovative Adult Literacy approaches to improve appeal of literacy programs. This is expected to be done through procurement of teaching and learning materials to address inadequacy of instructional materials, finalization and roll out of standard eight equivalent non-formal education curriculum to enhance linkage to formal education and certification by adult literacy graduates. Government plans to promote community participation to enhance ownership and sustainable development projects. Train communities in Financial Literacy, Savings and Investment to improve their Savings Culture and Economic Empowerment. Government plans to train 100 communities in Home Management and Nutrition to reduce prevalence of all forms of Malnutrition and train 250 Community Development and Social Welfare Officers in Community, Social welfare and Agro-processing.

Chapter 16

SOCIAL SUPPORT AND POVERTY REDUCTION PROGRAMMES

16.1 Overview

In addition to supporting economic sectors, Government continued to support social sectors in line with the policy of not leaving anyone behind.

16.2 Cash Transfer and Response to COVID-19 Pandemic

Government continued to provide Social Cash Transfer Program to 293,000 less privileged and marginalized households. As a response to the COVID-19 pandemic and its impact, Government provided a temporary top-up of MK 5,000 (€5/6) for 4 months to all the beneficiaries.

Besides, 135,798 households in urban settings received a 3-month cash support (35,000 MK, equivalent to €39 per month) to cushion the socioeconomic effects of COVID-19 and support livelihood recovery. The amount (MK35,000) was linked to the minimum salary in the country. Urban beneficiaries included households depending on daily work in the informal sector, who live from hand to mouth, and whose livelihoods were deeply affected by the COVID-19 crisis.

16.3 Resilient Livelihoods

To maximize the benefits of the cash transfers, Government disbursed over MK3 billion in seed capital to 10,800 households of which 3,509 are female headed households, 2,332 female youth, 1,330 male youth and 3,629 male headed households to start businesses.

16.4 Systems Strengthening

Government rolled out Integrated Electronic Payment Solution for Social Protection as mode of transferring cash to all beneficiaries of SPP. This is line with the Government-2-people digitization road map. It also continued to roll out the Unified Beneficiary Registry (UBR) with the aim of consolidating and harmonising targeting and enrolment of beneficiaries into different Social Protection programmes. The consolidation will strengthen coherence and synergies among these programmes and assist Government in building a stronger, more responsive, efficient, and resilient social protection system.

Chapter 17

PUBLIC ENTERPRISES

17.0 Overview

This chapter highlights the performance of the eighteen (18) commercial public enterprises during the 2020/21 financial year (FY) and projected financial positions up to 31st March, 2022. During this reporting period, Malawi's economy continued to be heavily affected by the COVID-19 pandemic. In order to contain the spread of the pandemic, the Government instituted measures including social distancing policies which also impacted on the financial performance of most public enterprises especially in the services and industry sectors. On the other hand, favorable weather and agricultural input subsidies contributed to bumper harvest for most crops including maize. Tobacco production also increased as such the economy grew to 3.9 percent in 2021.

Food inflation reached 11.1 percent in 2021 but non-food inflation remained in the single digits reaching 7.0 percent. This was due to the depreciation of the Kwacha and as such, these pressures pushed headline inflation to 9.0 percent.

On the financing, although policy rate has been declining to 12 percent as at December 2021, financing still remained unaffordable with most commercial banks' lending rate hovering around 21 percent. These high interest rates continued to impact on the level of new investments and indebtedness of the statutory bodies.

On aggregate, trade debtors continued to erode State Owned Enterprises (SOEs) working capital thereby worsening the liquidity position, a situation mostly prevalent among the public utility companies and other trading parastatals. To cushion their working capital requirements, the affected SOEs resorted to borrowing on overdrafts and obtaining government guaranteed loans.

Looking forward to the close of the financial year on 31st March, 2022, the prospects among the commercial parastatals suggests slight improvement in profitability, however, these projections are likely to be subdued in the face of the threats of a fourth wave of the impact of COVID-19 and the slowdown in economic activities.

17.1 Financial Performance

17.1.1 Blantyre Water Board (BWB)

Table 17.1 shows the financial performance of Blantyre Water Board (BWB) as at 30th June, 2021.

TABLE 17.1: SELECTED PERFORMANCE STATISTICS FOR BWB

	2017 (Audited) K'million	2018 (Audited) K'million	2019 (Audited) K'million	2020 (Audited) K'million	2021 (Audited) K'million	Outlook to March 2022 K'million
Financial Indicators						
Income	13,017	15,738	18,233	18,317	18,653	26,701
Change in Income	35%	21%	16%	0%	2%	43%
Expense	(14,361)	(16,087)	(20,250)	(25,3611)	(29,910)	(24,640)
Change in expense	19%	12%	26%	25%	18%	-18%
Profit After Tax	(4,111)	(2,337)	(4,506)	(7,94)	(15,021)	(1,154)
Change in Profit After Tax	18%	-43%	93%	76%	89%	-92%
Profit Margin (%)	-11.1	-2.5	-11.7	-43.7	-67.6	7.9
Return on Assets (%)	-11.2	-5.7	-8.4	-9.2	-18.9	-1.8
Net current assets	(13,040)	(9,566)	(14,209)	(20,007)	(33,029)	(37,982)
Current Ratio	0.3	0.4	0.3	0.3	0.2	0.2
Liquid Ratio	0.2	0.4	0.3	0.3	0.1	0.1
Change in current liabilities	122%	-3%	26%	33%	37%	16%
Debt Ratio	106%	112%	115%	92%	110%	142%
Debt-to-Equity	-1683%	-906%	-766%	1134%	-1085%	-337%
Trade Receivable Days	51.5	102.5	57.1	66.3	34.1	86.8
Change in Receivables	-0.3	1.3	-0.3	0.1	-0.5	2.9
Stock Turnover	15.2	33.9	9.1	12.6	23.9	24.4
Capital Employed	19,110	24,023	31,829	57,353	40,296	19,076
ROCE	-22%	-10%	-14%	-14%	-37%	-6%
Capital Turnover	63%	57%	54%	28%	41%	137%
Capital Gearing	204%	193%	193%	138%	217%	481%

Source: BWB Audited Accounts and 2021/22 Performance Management Plans and Budget

The Board posted a loss after tax of MK15.0 billion for the year ended 30 June 2021 relative to loss of MK7.9 billion registered in 2020. The poor performance of the Board is largely due to non-implementation of the cost reflective tariffs, high non-revenue water averaging 54 percent due to dilapidated pipeline systems and high costs of electricity. Electricity bills averaged MK1.5 billion per month representing approximately 69 percent of operating expenses.

The liquidity position of BWB continued to be weak. As at 30 June 2021, the current liabilities exceeded current assets by MK33.0 billion compared to MK20.0 billion recorded in 2020, leading to a very weak current ratio of 0.15:1 in June 2021 and projected to slightly improve to 0.16:1 by March, 2022. However, the Board will still not be able to meet its short-term obligations as they fall due. The Board's insolvency is largely due to non-payment of water bills by both private and public institutions. In monetary terms this translated to a total of MK6.5 billion, of which Government debtors stood at MK2.5 billion while private debtors stood at MK5.9 billion. Overall, BWB was in negative reserves with accumulated losses as at 30th June 2021 amounting to MK39.8 billion compared to MK24.8 billion in the prior financial year. All these challenges have negatively affected the status of Blantyre Water Board as a going concern.

Going forward, the Board has intensified debt collection by conducting periodic mass disconnection campaigns on all accounts over 30 days and cleaning up of customer data-base through customer verification exercises. Installation of prepaid meters to all its customers including Public Institutions is also a key strategy being used by the Board to reduce the receivables. Furthermore, BWB intends to implement strategies aimed at reducing non-revenue water to 41 percent by March 2022 through conducting water balancing and timely repair all leakages in transmission and distribution network and eliminating illegal connections. In an effort to reduce electricity bills, the Board has commenced the process of developing an alternative source of power.

The outlook to 31st March, 2022, the overall performance of the Board is projected to continue to be affected negatively by the non-cost reflective tariffs, non-payment of bills by public and private institutions, high electricity bills and high non-revenue water levels. Nevertheless, the Board has developed a turnaround strategy to improve the operational and financial performance in the short, medium and long term. The turnaround strategy focuses on improving financial position, operational efficiency, staff productivity and enhancing customer satisfaction.

17.1.2 Central Region Water Board (CRWB)

Table 17.2 shows the financial performance of Central Region Water Board (CRWB) as at 30th June, 2021.

TABLE 17.2: SELECTED PERFORMANCE STATISTICS FOR CRWB

Financial Indicators	2017 (Audited) K'million	2018 (Audited) K'million	2019 (Audited) K'million	2020 (Audited) K'million	2021 (Audited) K'million	Outlook to March 2022 K'million
Income	3,103.9	3,742.7	3,936.4	4,070.7	4,740.8	4,726.4
Change in Income	0	0	0.1	60.6%	52.7%	26.3%
Expenditure	(2,464.2)	(2,626.5)	(3,501.8)	(3,600.5)	(3,562.4)	(3,545.6)
Change in expenditure (%)	0	0	0.3	67.2%	44.6%	34.9%
Profit After Tax	163	(160.5)	(1,464.9)	(2,281.1)	(1,557.3)	51,598
Change in PAT	27.7	-1.9	8.1	-40247%	-1054%	-132%
Operating Profit Margin (%)	20.6	40.3	11.5	12.1	28.6	26
Return on Assets (%)	54%	-35%	-5.7	-4.6	-2.8	0.5
Net current assets	211.9	(1174)	(4,079.6)	(4,512.4)	(4,340.5)	(3,690.9)
Current Ratio	1.1	0.73	0.34	0.4	0.4	0.4
Liquid Ratio	1.0	0.7	0.3	0.4	0.4	0.4

Change in current liabilities	17%	101%	0.4	302.86%	226.42%	40.69%
Debt ratio	0.7	1.0	1.3	1.2	1.3	1.2
Debt-to-Equity ratio	1.8	-29.7	-4.3	-5.1	-4.8	-6.2
Trade Receivable Days	246	373	177	249	135	179
Change in Receivables	1	0	-0.35	96.83%	-27.39%	-21.43%
Stock Turnover	2592%	2104%	32.7	21.8	19.9	39.3
Capital Employed	12,436	11,425	8,562	10,677	11,600	9,121
ROCE	1%	0%	-10%	-8%	-5%	1%
Capital Turnover	25%	24%	44%	36%	36%	50%
Capital Gearing	76%	143%	225%	212%	204%	200%

Source: CRWB Audited accounts and 2021/22 Performance Management Plans and Budgets

Central Region Water Board's financial performance remained poor in the 2020/21 financial year during which it registered a loss of MK1.5 billion compared to a loss of MK2.4 billion recorded in 2019/20. The underperformance was largely on account of significant increase in non-revenue water due to the frequent pipe bursts, presence of a high number of stuck and aged meters, illegal connections, leakages of old tanks and frequent breakdown of aged water distribution infrastructure. The Board's financial performance is projected to slightly improve to a profit of MK58 million in 2022. The anticipated improvement is mainly on account of the proposed installation of additional prepaid meters, extension of distribution network by 42.3 Kilometres in Salima, 15 Kilometres in Dwangwa, 15 Kilometres in NKhota-kota, 2.3 Kilometres in Mponela and 4 Kilometres in Mitundu and projected reduction in non-revenue water from 31 percent to 29 percent through replacement of 2,500 aged and stuck meters, repairment of 6 leaking tanks in Madisi, Mponela, Nkhota-kota, Kochilira, Dedza and Salima schemes, and replacement of 10.3 Kilometres aged PVC pipeline in all the schemes.

Payment of short term obligations remained a challenge as evidenced by the worsening current ratio to 0.3:1 in 2020/2021 from 0.4:1 in 2019/20 financial year. CRWB's current ratio is projected to close at 0.40:1 on 31st March 2022. The cash flow challenges reported in the period under review were largely as a result of high receivables with high debtor days averaging 135 days in 2021, comprising128 days for private customers and 191 days for public institutions. As at 31st October, 2021, total trade receivables stood at MK2.1 billion of which private customers amounted to MK816 million while MK1.3 billion was for public institutions. These cash flow challenges resulted in partial budget implementation, low infrastructure maintenance and renewal and low investment in new water supply systems.

By 31st March 2022, CRWB's trade receivables are expected to increase to MK3.5 billion. The accumulated trade receivables have an impact on the profitability of the Board in line with IFRS 9 which necessitates the impairment of such balances. It is projected that the impairment amount will increase by MK134 million by the close of the financial year further eating into the Board's profitability. This also has a negative impact on the cash position of the Board which consequently affects the implementation of planned activities.

Going forward, the Board has put in place revenue collection strategies to improve collection from trade debtors through use of prepaid meters for institutional and commercial customers, enforcement of the Board's bye-laws in respect of non-payment of water bills for instance disconnections of overdue accounts and commissioning of on-the-spot billing system within the Board.

17.1.3 Lilongwe Water Board (LWB)

Table 17.3 shows the financial performance of the Lilongwe Water Board as at 30th June, 2021.

TABLE 17.3: SELECTED PERFORMANCE STATISTICS FOR LWB

Financial Indicator	2017 (Audited) K'million	2018 (Audited) K'million	2019 (Audited) K'million	2020 (Audited) K'million	2021 (Audited) K'million	Outlook to March 2022 K'million
Income	16,294.3	17,474.6	22,019.8	22,136.3	21,183.3	27,027.8
Change in Income	33%	7%	26%	1%	-4%	28%
Expenditure	(8,723.9)	(13,394.7)	(14,492.5)	(12,547.3)	(14,266.8)	(19,511.0)
Change in expenditure (%)	-1%	54%	8%	-13%	14%	37%
Profit After Tax	3,553.3	2,458.3	4,773.2	2,502.7	1,162.9	882.8
Change in PAT	41%	-31%	94%	-48%	-54%	-24%
Gross Profit Margin (%)	46%	28%	38%	17%	17%	29%
Return on Assets (%)	997%	814%	766%	231%	95%	97%
Net current assets	7,627.1	9,660.1	30,023.4	33,809.8	18,615.9	10,363.8
Current Ratio	3.3	3.4	7.6	5.1	6.4	2.5
Liquid Ratio	3.0	3.1	7.3	4.6	5.3	1.9
Change in current liabilities	-0.1	0.2	0.1	0.8	-0.6	1.0
Debt Ratio	7%	49%	60%	67%	70%	5%
Debt-to-Equity	7%	98%	152%	207%	232%	6%
Trade Receivable Days	1,618	208	198	217	116	156
Change in Receivables	12.2	-0.9	0.2	0.1	-0.5	0.7
Stock Turnover	11.9	14.0	13.2	5.57	5.56	6.5
Capital Employed	45,767.9	50,298.4	81,730.6	105,258.8	122,801.4	123,055.6
ROCE	0.1	0.1	0.1	0.02	0.01	0.01
Capital Turnover	0.4	0.4	0.3	0.2	0.2	0.2
Capital Gearing	0.1	0.5	0.6	0.7	0.7	0.1

Source: LWB Audited accounts and 2021/22 Performance Management Plans and Budget

The performance of Lilongwe Water Board (LWB) remained good though with a slight decline as it realized total revenue amounting to MK21.2 billion in 2021, relative to MK22.2 billion registered in 2020 representing a 4 percent decrease. The decrease in the sales revenue is largely attributed to the decline in water sales volume in 2021 from the its institutional and commercial customers whose consumption patterns reduced due to slow-down in trading activities and operations on account of the impact of COVID-19 pandemic. In terms of expenditure, production costs amounted to MK14.3 billion in 2021 compared to MK12.5 billion registered in 2020 representing 14 percent increase. Over the period energy and water treatment costs had risen exponentially from adjusted energy tariffs and increased importation costs in awake of COVID-19 pandemic.

Overall, high expenditure growth resulted into the Board registering a significantly lower profit after tax of K1.2 billion in 2021 compared to MK2.5 billion profit after tax registered in 2020, representing 14 percent decline in profitability.

By the close of the 2021/22 financial year, the cost of sales is projected to rise by 37 percent from MK14.3 billion to MK19.5 billion. The increase in the direct expenses is largely on account of the projected increase in water production and supply capacity as a result of investments in the Mbavi Groundwater Development project, raising of Kamuzu Dam 1 by seven (7) meters to increase storage capacity to 18 million cubic meters from 4.5 million cubic meters, network extension and upgrading and the development of a new Treatment Works 3 which is aimed at complementing the Kamuzu Dam 1 raising project by June 2023. On the other hand, total production capacity for 2021/22 financial year is projected at 30, 140,000m^3 reflecting a slight movement of 2 percent from the 2020/21 targeted production capacity of 29,422,500m^3 for the same period.

Overall, the 2021/22 projected sales revenue represents a 28 percent increase from the 2020/21 revenue of MK21.2 billion. Sales volume is projected at 18,988,200 m^3, reflecting a 1 percent increase from the 2020/21 budgeted sales volume of 18,734,702 m^3. The projected sales revenue, that has considered a water tariff revision of 45 percent is equivalent to MK27 billion before Value Added Tax (VAT) and inclusive of other incomes largely from new investments in Commercial Plumbing and Sanitation Services.

The liquidity position for LWB slightly improved from 5.07:1 in 2019/20 financial year to 6.41:1 in 2020/21. However, projections to the close of the 2021/22 financial year indicate significant reduction to 2.48:1 although the Board still has the ability to cover its current liabilities when they fall due. The debt collection days remained high at 116 in 2020/21 financial year with prospects of further rise to 156 days by the end of the 2021/22 financial year. The Board intends to rectify the situation through migration of its customers from post-paid to prepaid metering. The financial leverage of LWB as measured by debt ratio steadily increased to 70 percent in 2021 from 67 percent in 2020 financial year and it is projected to significantly reduce to 5 percent by close of the financial year.

Going forward, LWB plans to rehabilitate and upgrade and extend its transmission and distribution network by an additional 186 km to currently unserved areas. LWB further plans to implement Non Revenue Water reduction strategies.

17.1.4 Malawi Housing Corporation (MHC)

Table 17.4 shows the financial performance of the Corporation as at 30th June, 2021

TABLE 17.4 SELECTED PERFORMANCE STATISTICS FOR MHC

	2017 (Audited) K'million	2018 (Audited) K'million	2019 (Audited) K'million	2020 (Audited) K'million	2021 (Audited) K'million	Outlook to March 2022 K'million
Financial Indicators						
Income	4,097	5,125	3,726	3,713	3,719	6,412
Change in Income	24%	25%	-27%	13%	13%	204%
Expenditure	(3,600)	(4,722)	(5,135)	(5,192)	(5,417)	(6,312)
Change in expenditure	22%	31%	9%	76%	0.04	167%
Profit After Tax	183.7	257.4	(1,545)	(1,492.5)	(1,715.4)	(238,450)
Change in PAT	233%	40%	-700%	-2804%	15%	95122%
Operating Profit Margin (%)	13%	12%	-40%	-42%	-47%	3%
Return on Assets (%)	0%	0%	-1%	-1%	-1%	-177%
Net current assets	(557.7)	(1,413.9)	(471.4)	(1,093.4)	(2,150)	(1,509)
Current Ratio	0.9	0.7	0.8	0.7	0.5	0.6
Liquid Ratio	0.8	0.7	0.7	0.7	0.5	0.5
Change in current liabilities	6%	1%	-47%	-17%	17%	-9%
Debt Ratio	6%	5%	6%	8%	9%	10%
Debt-to-Equity	6%	5%	6%	9%	10%	11%
Trade Receivable Days	136	193	84	111	57	161
Change in Receivables	-3%	21%	-54%	-28%	-48%	-20%
Stock Turnover	398	447	559	674	842	599
Capital Employed	76,235	88,724	102,746	126,936	133,732	131,398
ROCE	0%	0%	-1%	-1%	-1%	-181%
Capital Turnover	5%	4%	3%	3%	3%	3%
Capital Gearing	6%	5%	6%	8%	9%	10%

Source: MHC Audited accounts and 2020/21 Performance Management Plans and Budgets

Malawi Housing Corporation's (MHC) financial performance slightly improved in 2020/21 financial year with revenues increasing by 13 percent to MK3.719 billion from MK3.713 billion in 2019/20. However, MHC's expenditure was still higher than revenues at MK5.5 billion, hence the loss of MK1.7 billion as of June 2021. The 2021 performance was largely affected by the failure to increase rentals resulting in stagnated revenue for three consecutive years, lost income due to delayed completion of 254 house construction projects and low income from plot sales due to delays in plot development and slow regularization of encroached areas during the period under review. Looking forward to March 2022, the Corporation projects to close with a loss after tax of about MK238.5 million.

The Corporation liquidity continues to deteriorate from a liquidity ratio of 0.7:1 reported in June 2020 to 0.49:1 posted in June 2021. This was largely due to increasing current liabilities compared to current assets. Current assets mostly comprised trade receivables including unpaid rentals for Government Institutions with average collection days of 57 days in 2020/21 financial year. Government Institutions occupies 85 percent of the Corporation's houses. On the other hand, current liabilities included arrears on statutory obligations such as pension and taxes (PAYE, Withholding Tax and Corporate Tax), insurance, deposits for plots and house rent and amounts owing to creditors and other service providers. MHC projects a worsening in the receivable days to 161 debtor days by March, 2022.

The debt to equity ratio for MHC was still very low at 10 percent as at 30th June, 2021 with prospects of a slight increase to 11 percent by March, 2022 signifying that the Corporation is to a large extent financed by owner's equity compared to debt.

17.1.5 Malawi Energy Regulatory Authority (MERA)

Table 17.5 shows the financial performance of MERA's as 30th June, 2021

TABLE 17.5: SELECTED PERFORMANCE STATISTICS FOR MERA

	2017 (Audited) K'million	2018 (Audited) K'million	2019 (Audited) K'million	2020 (Audited) K'million	2021 (Audited) K'million	Outlook to March 2022 K'million
Financial Indicator						
Income	5,464	6,802	7,513	7,902	11,158	10,465
Change in Income	-100%	24%	10%	5%	41%	-6%
Expenditure	(3,248.5)	(3,633.2)	(4,668.5)	(5,937.2)	(6,728.9)	(6,175.9)
Change in expenditure (%)	37%	12%	28%	27%	13%	-8%
Surplus	2,216	3,169	2,845	1,964.9	4429.3	2591.3
Change in Surplus (%)	-268%	12%	29%	27%	13%	-8%
Return on Assets (%)	-20%	-8%	-7%	-14%	-14%	-16%
Operating Profit Margin (%)	-69%	653%	-63%	-76%	-60%	7752%
Net current assets	5,171.6	20,943.6	22,814.6	16,685.9	9,657.7	3,970.9
Current Ratio	1.8	1.9	1.7	2.0	1.4	1.2
Liquid Ratio	1.8	1.9	1.7	2.0	1.4	1.2
Change in current liabilities	-28%	234%	59%	-54%	68%	-25%
Debt Ratio	40%	48%	83%	76%	72%	54%

Debt-to-Equity	68%	92%	496%	312%	252%	112%
Trade Receivable Days	21	-14,949	1,562	677	824	-91,038
Change in Receivables	-97%	8315%	40%	-55%	76%	-22%
Stock Turnover		-48.3	456.8	75.8	144.8	-3.3
Capital Employed	9,779.9	24,250.8	29,829.5	26,555.8	20,753.8	17,317.1
ROCE	-33%	-15%	-16%	-22%	-32%	-0.4
Capital Turnover	48%	-2%	25%	29%	54%	0%
Capital Gearing	68%	91%	181%	122%	166%	1.18

Source: MERA Audited accounts and 2021/22 Performance Management Plans and Budgets

MERA's revenues grew up by 41 percent in 2021 relative to the prior financial year from MK7.9 billion to MK11.2 billion. On the other hand, expenditures slightly declined from MK6.7 billion in 2020 to MK6.2 billion largely due to the 50 percent reduction in fuel levy coupled with high import costs incurred by importers that were not fully compensated due to delays in pump prices adjustments. As a result, a surplus MK4.4 billion was realised in the year 2021 compared to MK2.8 billion and MK1.96 billion registered in 2018/2019 and 2019/20 financial years, respectively.

Despite recording a relatively higher surplus in 2021, the liquidity position for the Authority deteriorated with current ratio declining from at 2.03:1 in 2019/20 financial year to 1.35:1 2021. Looking forward to 31st March, 2022, MERA's liquidity is projected to further decline to 1.19:1. The declining liquidity trend is largely due to the adjustments in the pump price not reflecting the prevailing market conditions.

17.1.6 Malawi Posts Corporation (MPC)

Table 17.6 shows the financial performance of MPC as at 30th June, 2021

TABLE 17.6: SELECTED PERFORMANCE STATISTICS FOR MPC

	2017 (Audited) K'million	2018 (Audited) K'million	2019 (Audited) K'million	2020 (Audited) K'million	2021 (Audited) K'million	Outlook to March 2022 K'million
Financial Indicators						
Income	17,055.9	18,219.7	18,106.8	19,140.8	20,217.1	14,959,674
Change in Income	30%	-7%	-14%	-1%	-1%	-32%
Expense	(4,755.5)	(4,676.6)	(4,792.4)	(7,714.2)	(5,077.8)	(4,065.4)
Change in expense	24%	-2%	2%	115%	33%	-15%
Profit After Tax	(292.3)	(523.1)	(1,200.7)	(2,990.7)	(1,110.1)	(1,897.3)
Change in Profit After Tax	-120%	79%	130%	-383%	-177%	5.5
Operating Profit Margin (%)	-7%	-13%	-38%	-181%	-79%	-35%
Return on Assets (%)	-2%	-4%	-10%	-19%	-5%	-8%
Net current assets	(1,369)	(1,629)		(7,183)	(8,483)	(9,477)

Current Ratio	0.7	0.6		0.3	0.2	0.3
Liquid Ratio	0.6	0.6		0.3	0.2	0.3
Change in current liabilities	0.1	-0.02	-1	1.9	1.9	2.4
Debt Ratio	44%	29%	0%	51%	52%	62%
Debt-to-Equity	80%	40%		106%	108%	166%
Trade Receivable Days	126	171		284	292	297
Change in Receivables	16%	26%	-100%	94%	29%	58%
Stock Turnover	3311%			4630%	4050%	5377%
Capital Employed	10,232	9,972	11,601	10,686	12,019	9,994
ROCE	-3%	-5%	-10%	-37%	-9%	-19%
Capital Turnover	44%	42%	27%	23%	18%	30%
Capital Gearing	61%	40%	0%	99%	98%	147%

Source: MPC Audited Accounts and 2021/22 Performance Management Plans and Budgets

The Malawi Posts Corporation continued to report losses in 2021 at MK1.1 billion compared to MK2.99 billion loss registered in 2020. Looking forward to the close of the 2021/22 financial year, the Malawi Posts Corporation projects a further loss at MK1.9 billion.

MPC's liquidity position declined with a current ratio of 0.28:1 reported in 2019/20, to 0.22:1 in 2021. This position is projected to slightly improve to the end of the 2021/22 financial to 0.3:1. However, MPC will still be unable to meet its current debt obligations as they fall due. Trade receivable days continue to worsen from 284 debtor days recorded in 2020 to 292 debtor days posted in 2021. The position is projected at 297 receivable days. This requires the Corporation to employ more efforts to collect resources from their debtors. The debt-to-equity position, however, increased to 108 percent in 2021 from 106 percent in June 2020. This was largely due to loans and overdrafts acquired by MPC to finance working capital requirements.

Going forward, the 2021/22 financial year is the foundation period in the transformation of MPC. As such, operations have been aligned with the turnaround strategy in order to improve efficiencies through ICT deployment, Cost reduction and increased speed in transacting business. However, full implementation of the turnaround strategy will require about MK43 billion spread over a 5-year period out of which MK9.7 Billion is required for balance sheet restructuring.

17.1.7 Malawi Communications Regulatory Authority (MACRA)

Table 17.7 shows the financial performance of MACRA as at 30th June, 2021

TABLE 17.7: SELECTED PERFORMANCE STATISTICS FOR MACRA

	2017 (Audited) K'million	2018 (Audited) K'million	2019 (Audited) K'million	2020 (Audited) K'million	2021 (Audited) K'million	Outlook to March 2022 K'million
Financial Indicators						
Income	17,055.9	18,219.7	18,106.8	19,140.8	20,217.1	14,959,674
Change in Income	20%	-8%	16%	6%	6%	-26%
Expenditure	(11,160)	(6,970)	(10,780)	(12,723)	(10,076)	(11,415)
Change in expenditure	16%	-38%	55%	18%	-21%	13%
Surplus	6,119.9	11,284.0	7,326.6	5,436	9,300	3,544
Change in Surplus	0.2	0.5	-0.1	-0.3	0.7	-0.6
Operating Profit Margin (%)			42%	36%	54%	24%
Return on Assets (%)	38%	37%	32%	25%	41%	18%
Net current assets	8,148	8,451	4,106.9	2,804	4,910.8	3,258.2
Current Ratio	3.8	2.4	1.4	1.3	1.5	1.5
Liquid Ratio	3.8	2.4	1.4	1.3	1.5	1.5
Change in current liabilities	-17%	103%	61%	9%	-4%	-30%
Debt Ratio	35%	37%	49%	53%	48%	41%
Debt-to-Equity	53%	58%	96%	114%	94%	69%
Trade Receivable Days			161	98	100	115
Change in Receivables	11%	-1%	10%	-39%	7%	-8%
Stock Turnover			1.0	0.6	0.4	0.3
Capital Employed	11,425	15,818	13,334	11,677	12,727	12,438
ROCE	47%	51%	55%	47%	73%	28%
Capital Turnover	0%	0%	131%	152%	147%	120%
Capital Gearing	43%	50%	84%	100%	86%	64%

Source: MACRA Audited Accounts and 2021/22 Performance Management Plans and Budgets

Malawi Communications Regulatory Authority (MACRA) continued to report good performance with surpluses recorded over the past six years. However, the Authority projects a declining position about MK3.5 billion on account of a drop in incoming international call minutes which is a basis for circulation of international call termination fees.

The major shift in MACRA's financial status changed in 2014 when International Call Termination Levy (ICTL) was introduced. This income line which is a fee collected by MACRA at 8 cents per minute for all international calls which are terminated in Malawi. The amount from this revenue source represents around 60 percent of the total income generated by MACRA. The amount has since been going down due to a number of factors including increase in calls made through other media such as WhatsApp and skype calls. The other reason for the decline was due to the implementation of the Universal Service Fund (USF) where the Authority is required to apportion 20 percent levy receivable from operations to USF. In the year 2021, revenues grew by 6 percent to 20.2 billion, while prospects to March 2022 demonstrates a decline of 26 percent to MK14.9 billion.

While the liquidity of the Authority shows declining trends to March 2022, MACRA is still capable of meeting short term obligations as they fall due.

17.1.8 National Food Reserve Agency (NFRA)

Table 17.8 shows the financial performance of NFRA as at 30th June, 2021

TABLE 17.8: SELECTED PERFORMANCE STATISTICS FOR NFRA

	2017 (Audited) K'million	2018 (Audited) K'million	2019 (Audited) K'million	2020 (Audited) K'million	2021 (Audited) K'million	Outlook to March 2022 K'million
Financial Indicators						
Income	10,080.6	9,393.7	1,888	2,285.8	2,144.1	2,641.7
Change in Income	857%	-7%	-80%	21%	-6%	23%
Expenditure	(9,391.9)	(3,057.9)	(1,657.2)	(2,603.6)	(2,486.5)	(2,402.1)
Change in expenditure	630%	-67%	-46%	57%	-4%	-3%
Surplus	688.8	6,335.8	230.8	(317.9)	(342.4)	46
Change in Surplus	-3.9	8.2	-0.9	-2.4	0.1	-1.1
Operating Profit Margin (%)		71%	16%	-14%	-25%	9%
Return on Assets (%)	4%	23%	1%	-1%	-1%	0%
Net current assets	11,913.3	18,331.9	18,468.8	18,290.4	18,069.2	18,226.4
Current Ratio	10.7	4.2	6.1	8.3	7.7	18.9
Liquid Ratio	7.6	1.5	4.7	7.4	5.7	2.1
Change in current liabilities	-90%	373%	-38%	-31%	9%	-63%
Debt Ratio	30%	35%	28%	25%	25%	5%
Debt-to-Equity	43%	53%	39%	33%	34%	5%
Trade Receivable Days		12	64	36	136	17
Change in Receivables	-27%	50%	-18%	-8%	129%	-76%
Stock Turnover	-	0.6	0.3	0.9	0.3	0.2
Capital Employed	14,957.6	21,159.1	21,255.2	20,805.4	20,331.9	21,138.7
ROCE	5%	30%	1%	-2%	-2%	0%
Capital Turnover	0%	42%	7%	11%	7%	12%
Capital Gearing	33%	44%	33%	28%	29%	5%

Source: NFRA Audited Accounts and 2021/22 Performance Management Plans and Budgets

National Food Reserve Agency (NFRA) continued to register deficits for the last two subsequent financial years, 2019/20 and 2020/21 with net losses of MK317.9 million and MK342.4 million registered in 2019/20 and 2020/21 financial years, respectively. This performance was largely due to higher handling costs, as well as depreciation and stock losses incurred in storage.

Moving on to the liquidity for NFRA, the position slightly reduced to 7.66:1 in 2021 from 8.32:1in 2020. However, the Agency was able to meet its current liabilities as they fall due. Nevertheless, the liquidity is projected to significantly improve from 7.66:1 to 18.96:1 at the end of 2021/2022 financial year. On the other hand, the analysis indicates that's the Agency largely finance its operations through own equity with a further improvement to the close of 2021/22 financial to 5 percent from 25 percent in 2020.

17.1.9 Tobacco Commission (TC)

Table 17.9 shows the financial performance of TC as at 30th June, 2021

TABLE 17.9: SELECTED PERFORMANCE STATISTICS FOR TC

	2017 (Audited) K'million	2018 (Audited) K'million	2019 (Audited) K'million	2020 (Audited) K'million	2021 (Audited) K'million	Outlook to March 2022 K'million
Financial Indicators						
Income	3,525.1	2,653.5	3,193.3	3,642.6	3,596	2,035
Change in Income	59%	-25%	20%	12%	-1%	-43%
Expenditure	(3,642.6)	(2,769.5)	(3505.6)	(4,067.6)	(1,617.4)	(2,596)
Change in expenditure	13%	-93%	28%	36%	-23%	-17%
Surplus	1306.4	305.5	89.2	(896.1)	165.8	(560.7)
Change in Surplus	4.9	-1	8.9	4.9	-1.2	-6.3
Operating Profit Margin (%)		14%	9%	-12%	13%	-29%
Return on Assets (%)	-25%	0%	-3%	-18%	3%	-17%
Net current assets	(33,566)	330	41	(121)	(886)	(288)
Current Ratio	0.5	1.2	1.0	0.9	1	0.8
Liquid Ratio	0.1	1.2	1.0	0.9	1	0.8
Change in current liabilities	6607%	-98%	-3%	4%	-13%	14%
Debt Ratio	79%	32%	26%	28%	24%	27%
Debt-to-Equity	368%	48%	36%	38%	31%	38%
Trade Receivable Days		3	59	46	55	91
Change in Receivables	33198%	-100%	2504%	-13%	17%	-7%

Stock Turnover (efficiency ratio)		235.7	264.6	87.3	118.8	150.3
Capital Employed	32,254	4,090	3,748	3,640	3,900	3,662
ROCE	-74%	0%	-4%	-25%	4%	-24%
Capital Turnover	0%	65%	85%	98%	89%	53%
Capital Gearing	235%	43%	36%	38%	31%	38%

Source: TC Audited Accounts and 2021/22 Performance Management Plans and Budgets

Tobacco Commission has been registering fluctuations in revenues and profitability positions over the past five years. In 2020/21 financial year, the Commission registered a surplus of MK165.8 million from a loss of MK896.1 million registered in 2019/20 financial year. The Commission anticipates another deficit amounting to MK560.7million by the end of 2021/22 financial year.

The Commission liquidity levels hovers around the margin of 1:1 meaning that the Commission is barely able to meet the short term obligation as they fall due. However, looking forward to March, 2022, the Commission projects a deterioration of the liquidity position from 1:1 to 0.79:1 depicting the revenue recognition polices of the commission.

On the other hand, the financial leverage position as measured by debt to equity ratio depicts the Commission's capacity to finance its operations using own resources.

17.1.10 Pharmacy and Medicines Regulatory Authority (PMRA)

Table 17.10 shows the financial performance of the Board as at 30th June, 2021

TABLE 17.10: SELECTED PERFORMANCE STATISTICS FOR PMRA

	2017 (Audited) K'million	2018 (Audited) K'million	2019 (Audited) K'million	2020 (Audited) K'million	2021 (Audited) K'million	Outlook to March 2022 K'million
Financial Indicators						
Income	1,159.9	1,300.4	1,216.8	2,151.6	1,801	1,544
Change in Income	-3%	46%	9%	62%	-16%	-26%
Expense	(907.4)	(1,192.3)	(1,303)	(1,306)	(1,545)	(1,534)
Change in expense	61%	31%	9%	131%	18%	107%
Surplus	306.2	161.8	(74)	53.6	261.9	1,409
Change in Surplus	-61%	-47%	-146%	-93%	38%	18%
Operating Profit Margin (%)	23%	8%	-10%	6%	0%	9%
Return on Assets (%)	15%	7%	-3%	2%	9%	55%
Net current assets	624	149	(84)	(191)	228	493
Current Ratio	4.4	1.7	0.7	0.7	1.3	0.8
Liquid Ratio	3.8	1.6	0.7	0.7	1.3	0.8
Change in current liabilities	15%	22%	43%	343%	883%	-21%

Debt Ratio	9%	10%	14%	26%	276%	75%
Debt-to-Equity	10%	11%	16%	37%	30%	107%
Trade Receivable Days	49	37	10	18	1,220	6,921
Change in Receivables	152%	-11%	-81%	-31%	52%	49%
Stock Turnover (efficiency ratio)	10.2	187.2	91.4	81.7	81.7	0.4
Capital Employed	1,907	2,028	1,954	1,959	(659)	2,550
ROCE	16%	8%	-4%	3%	0%	55%
Capital Turnover	57%	64%	45%	43%	-10%	0%
Capital Gearing	10%	11%	16%	36%	-100%	75%

Source: PMPA Audited Accounts and 2021/22 Performance Management Plans and Budgets

The performance of the Pharmacy and Medicines Regulatory Authority (PMRA) improved during the 2020/21 financial year as it registered a surplus of MK262 million compared to a surplus of MK54 million recorded in the 2019/20 financial year. The authority anticipates a net surplus of MK1.4 billion by the end of 2021/22 financial year, representing 18 percent growth. Despite registering growth in the surplus, the Authority continues to face policy and operational challenges such as below cost regulatory fees which were last gazetted in 2014 and under-collection of regulatory fees. In order to deal with these challenges, the regulatory fees were revised but implementation has not started as the fees were yet to be gazetted.

Following the implementation of the PMRA Act, the Authority was developing Regulations which will help enforce compliance by licence holders while also creating additional revenue streams for the Authority such as regulation of allied substances and traditional medicine.

Due to the poor financial performance, the liquidity position of the Commission remained weak with current ratio slightly above the margin of 1.3:1 in 2020/21 with prospects to close with a current ratio of 0.8:1 in March, 2022. To address this challenge, the Authority will continue to engage the Ministry of Health to gazette the proposed revised regulatory fees.

17.1.11 Technical, Entrepreneurial and Vocational Education and Training Authority (TEVETA)

Table 17.11 shows the financial performance of TEVETA as at 30 June, 2021

TABLE 17.11: SELECTED PERFORMANCE STATISTICS FOR TEVETA

	2017 (Audited) K'million	2018 (Audited) K'million	2019 (Audited) K'million	2020 Audited K'million	2021 Audited K'million	Outlook to March 2021 K'million
Financial Indicators						
Income	6,036	6,040	10,489	13,344	16,867	8,357
Change in Income, %	-3%	0%	74%	27%	-64%	-46%
Expenditure	(6,344)	(5,697)	(10,327)	(12,658)	(15,231)	(7,716)
Change in expense, %	46%	-10%	81%	23%	20%	20%
Surplus	(308)	342.8	161.9	685.4	1,695.6	114.5
Change in surplus, %	-116%	-211%	-53%	323%	447%	-60%
Profit Margin (%)	-6%	6%	2%	5%	53%	7%
Return on Assets (%)	-6%	5%	3%	7%	30%	2%
Net current assets	2,279	3,210	1,788	4,343.80	5,335	4,313.90
Current Ratio	2.7	3.3	1.9	2.4	2.9	2.7
Liquid Ratio	2.69	3.3	1.9	2.4	2.9	2.7
Debt Ratio	33%	25%	34%	38%	-7%	27%
Debt-to-Equity	49%	38%	53%	61%	32%	34%
Receivable Days	168	251	0	189	255	272
Capital Employed	3,814	5,443	4,353	6,597.30	6,612.30	9,267.00
Capital Gearing	50%	56%	0%	0%	0%	0%

Source: TEVETA Audited Accounts and 2021/22 Performance Management Plans and Budgets

In the 2020/21 financial year, TEVETA recorded a surplus of MK1.6 billion compared to MK685 million registered in 2020. Despite registering surplus over the past five years, the Authority's income has not grown large enough to meet the cost of programme implementation, particularly with respect to training delivery. The average cost of training per student per term, which currently is around MK480,000.00 has been increasing annually at a rate far above the annual inflation rate. On the other hand, the annual training delivery cost has been compounded by continuous high annual growth rate of student enrollment (recruitment) based on demand and increase in access to training in both the Public and Private Technical Colleges in Malawi.

The Authority's liquidity position has been satisfactory over the past five years with a current ratio growing from 2.42:1 in 2020 to 2.87:1 recorded in 2021. The Authority projects a slight reduction of the current ratio by 4 percent to 2.69:1. Nevertheless, the Authority is able to meet its short-term obligations as they fall due.

Generally, the Authority finances its operations using own generated resources than borrowing as depicted by the improved debt to equity ratio in table 13 above. Going forward, the Authority shall continue to engage Government to ensure that 1 percent of the total wage bill is remitted to the Authority.

17.1.12 Malawi Institute of Management (MIM)

Table 17.12 shows the financial performance of MIM as at 30th June, 2021.

TABLE 17.12: SELECTED PERFORMANCE STATISTICS FOR MIM

	2017 (Audited) K'million	2018 (Audited) K'million	2019 (Audited) K'million	2020 (Audited) K'million	2021 (Audited) K'million	Outlook to March 2022 K'million
Financial Indicators						
Income	1,032.4	989.3	1,466.7	1,230.7	1,336.4	1,551.9
Change in Income	-4%	-4%	48%	-16%	9%	16%
Expenditure	(1,390.7)	(1,302)	(1,668)	(1,670.2)	(1,790)	(1,796)
Change in expenditure	23%	-6%	28%	0%	7%	0%
Profit After Tax	(354)	(308.7)	(198.5)	(517.7)	(536.6)	(309)
Change in Profit After Tax	509%	-13%	-36%	161%	4%	-42%
Operating Profit Margin (%)	-37%	-41%	-14%	-36%	-38%	-18%
Return on Assets (%)	-17%	-15%	-9%	-27%	-24%	-14%
Net current assets	(634.8)	(911.8)	(1,119.6)	(1,544.2)	(2,022.7)	(2,252.9)
Current Ratio	0.4	0.3	0.3	0.1	0.2	0.2
Liquid Ratio	0.4	0.3	0.3	0.1	0.2	0.2
Change in current liabilities	-1%	22%	20%	12%	52%	3%
Debt Ratio	63%	78%	89%	112%	131%	144%
Debt-to-Equity	174%	345%	797%	-911%	-329%	-328%
Trade Receivable Days	107	136	96	29	166	123
Change in Receivables	-49%	-1%	37%	-74%	450%	-17%
Stock Turnover	47	33	54	35	35	28
Capital Employed	1,107	795	604	160	(392)	(592)
ROCE	-32%	-39%	-33%	-323%	137%	52%
Capital Turnover	89%	95%	243%	768%	-306%	-226%
Capital Gearing	124%	204%	317%	1335%	-756%	-520%

Source: MIM Audited Accounts and 2021/22 Performance Management Plans and Budgets

Malawi Institute of Management (MIM) has been operating on perpetual deficit budgets over the past five years. The entity registered a loss after tax of MK536 million in 2021 with prospects to close with a loss of MK309 million. The losses are largely due to low patronage of MIM short courses and academic programmes as well as failure to attract high value consultancies as clients currently prefers to hire individual consultants.

Going forward, MIM anticipates to improve revenue generation for the Short-term Training programs following the introduction of special courses, with focus to client tailor made courses and Lakeshore courses with incentives. MIM's liquidity position remains very weak at 0.22:1 in 2021 and projected to further worsen to 0.16:1 by the end of the 2021/22, demonstrating its inability of the meet its current liabilities as they fall due.

Going forward, the Institute has developed turn around strategies, among others, commencement of e-learning as an alternative mode of delivery, advertising on regular basis all programmes for the Institute in various media houses such as newspapers, radio, and television, online, social media (MIM Facebook and Twitter), intensifying door to door marketing of short term courses, selecting attractive venues for the high profile short term courses, provision of incentives to Short term course participants, awarding certificates of accomplishment rather than certificate of attendance for selected courses, intensifying online advertisement of short courses, organising customer symposiums to showcase MIM's products and services and Investing more in the MIM Business School for continuous improvement, to maintain the accreditation status.

17.1.13 Malawi Bureau of Standards (MBS)

Table 17.13 shows the financial performance of the Bureau as at 30th June, 2021.

TABLE 17.13: SELECTED PERFORMANCE STATISTICS FOR MBS

	2017 (Audited) K'million	**2018 (Audited) K'million**	**2019 (Audited) K'million**	**2020 (Audited) K'million**	**2021 (Audited) K'million**	**Outlook to March 2022 K'million**
Financial Indicator						
Income	3,720.3	5,179.3	6,584.4	6,416	7,639.2	7,049.4
Change in Income	56%	39%	27%	-3%	19%	-8%
Expenditure	(2,664.8)	(2,880.8)	(4,358.3)	(5,152.3)	(6,858.9)	(6,666.4)
Change in expenditure	28%	8%	51%	18%	33%	-3%
Surplus	1,055.4	2,298.6	2,225.4	1,893.7	1,207.6	640.6
Change in Surplus	166%	118%	-3%	-15%	-36%	-47%
Operating Profit Margin (%)	28%	44%	35%	26%	14%	7%
Return on Assets (%)	22%	24%	13%	10%	5%	2%
Net current assets	2,011,993	2,145,960	3,224,023	3,755,687	1,008,218	1,951,044

Current Ratio	5.6	2.7	2.3	2.8	1.2	1.6
Liquid Ratio	5.6	2.7	2.3	2.8	1.2	1.6
Change in current liabilities	231%	188%	94%	-16%	80%	-10%
Debt Ratio	9%	13%	15%	11%	15%	12%
Debt-to-Equity	10%	15%	17%	12%	18%	13%
Trade Receivable Days	13	13	75	92	107	149
Change in Receivables	-54%	35%	661%	20%	38%	29%
Stock Turnover	15493%	22435%	20643%	16818%	23636%	22959%
Capital Employed	4,352.0	8,457.3	14,264.1	17,192.3	20,865.3	25,067.2
ROCE	24%	27%	16%	11%	6%	3%
Capital Turnover	85%	61%	46%	37%	37%	28%
Capital Gearing	10%	15%	17%	12%	18%	13%

Source: MBS Audited Accounts and 2021/22 Performance Management Plans and Budgets

Malawi Bureau of Standards (MBS) has been recording a significant increase in revenue from MK3.7 billion posted in 2017 to MK7.6 billion reported in 2021. Surplus for the year 2021 was MK1.2 billion but projected to slightly decline to MK641 million by March, 2022. The decline is largely on account of the negative impact of COVID-19 which resulted to closure of boarders.

MBS's liquidity improved to a current ratio of 1.27:1 in 2021 and projected to close at 1.5:1 at the end of 2021/22 financial year. The slight decline on current ratio was largely due to the disinvestment in short-term investments to procure heating and air conditioning system in the new laboratory and offices which resulted in a decrease in current assets.

17.1.14 Malawi Gaming Board (MGB)

Table 17.14 shows the financial performance of the MGB as at 30th June, 2021.

TABLE 17.14: SELECTED PERFORMANCE STATISTICS FOR MGB

Financial Indicator	**2017 (Audited) K'million**	**2018 (Audited) K'million**	**2019 (Audited) K'million**	**2020 Audited K'million**	**2020/2021 Audited K'million**	**Outlook to March, 2022 K'million**
Income	674.4	799.6	916.3	937.2	772.1	814.1
Change in Income	24%	19%	15%	2%	-16%	7%
Expenditure	(540.5)	(668.5)	(831.8)	(709.5)	(301.4)	(746.6)
Change in expense, %	24%	24%	24%	-15%	3%	40%
Surplus	78.7	131.2	84.5	92.5	345.8	67.4
Change in Surplus, %	9%	67%	-36%	8%	20%	51%
Profit Margin (%)	22%	17%	10%	24%	37%	33%
Return on Assets (%)	10%	15%	6%	5%	5%	13%
Working Capital (WC)	318	257	(145)	(30.1)	135.7	(92,5)

Current Ratio	4.1	2.6	0.8	1	1.1	1.1
Liquid Ratio	4.1	2.6	0.8	1	1.1	0.9
Debt Ratio	13%	18%	45%	58%	57%	53%
Debt-to-Equity	15%	23%	81%	140%	132%	113%
Receivable Days	104	593	88	314	785	164
Capital Employed	693	718	751	787.7	899.1	958.7
Capital Gearing	15%	23%	81%	240%	53%	53%

Source: MGB Audited Accounts and 2021/22 Performance Management Plans and Budgets

Malawi Gaming Board (MGB) financial position has been reasonable over the years largely as a result of better performance of Colony Casino and Marina Casino. The Board consequently posted a surplus of MK354.8 million in 2021, an increase from MK92.5 million reported in 2019/20 financial year. However, the Board anticipates to register a surplus of MK67 million by March 2022, a decrease by 51 percent largely on account of the impact of Covid-19. Looking ahead, the Board intends to improve its performance through improving revenues from the current operations especially Wide Area Progressive Gaming operations, as well as the opening of the new casino in Blantyre.

On the other hand, the Board's liquidity remained slightly above the industrial benchmark with a current ratio of 0.9:1 in 2020/21 and prospects to the close of the 2021/22 financial year with a current ratio of 1.1:1.

17.1.15 Airport Development Limited (ADL)

Table 17.15 shows the financial performance of the ADL as at 30th June, 2021

TABLE 17.15: SELECTED PERFORMANCE STATISTICS FOR ADL

	2017 (Audited) K'million	2018 (Audited) K'million	2019 (Audited) K'million	2020 (Audited) K'million	2021 (Audited) K'million	Outlook to March 2022 K'million
Financial Indicator						
Income	1,946.3	8,325.7	9,484.3	10,304.1	7,968.8	1,678.5
Change in Income	19%	328%	14%	9%	-23%	-79%
Expenditure	(1,446.3)	(2,201.1)	(2,377.6)	(2,405.2)	(1,884.7)	(1,629)
Change in expenditure	-3%	52%	8%	1%	-22%	-14%
Profit After Tax	474.4	6,100.6	7,092.2	7,898.8	6,084.1	48
Change in PAT	271%	1186%	16%	11%	-23%	-99%
Operating Profit Margin (%)	29%	302%	283%	306%	277%	3%
Return on Assets (%)	0.02	0.2	0.2	16%	11%	0%
Net current assets	348	26	223	146	223	527
Current Ratio	1.5	1.0	1.2	1.1	1.2	1.9
Liquid Ratio	1.3	0.9	1.1	1.0	1.1	1.7

Change in current liabilities	33%	27%	4%	25%	3%	-52%
Debt Ratio	3%	3%	3%	3%	4%	3%
Debt-to-Equity	3%	3%	3%	3%	4%	2%
Trade Receivable Days	178	151	154	178	230	219
Change in Receivables	24%	0%	26%	19%	10%	-27%
Stock Turnover	12.1	19.3	18.7	2568%	2537%	1679%
Capital Employed	25,343	34,386	41,713	49,468	54,578	50,045
ROCE	2%	18%	17%	16%	11%	0%
Capital Turnover	7%	6%	6%	5%	4%	3%
Capital Gearing	3%	3%	3%	3%	4%	3%

Source: ADL Audited Accounts and 2021/22 Performance Management Plans and Budgets

Performance of Airport Development Limited (ADL) weakened in 2021 with revenues declining to MK7.9 billion from MK10.3 billion registered in 2020. ADL projects a further decline in revenues to MK1.7 billion by the end of March, 2022. The declining revenue performance was largely on account of impact Covid-19 pandemic which continued to negatively affect the hospitality industry. On expenditure side, the company registered a downward trend from MK2.4 billion reported in 2020 to MK1.9 billion in 2021 and a further projected decline to MK1.6 billion by March, 2022.

The company’s liquidity remained slightly above the industrial benchmark with a current ratio of 1.12:1 in 2019/20 to 1.18:1 in 2020/21. At the end of 2021/22 financial year, the liquidity will further increase to1.88:1, implying that the company ability to meet its current liabilities as they fall due. The Corporation debt collection days continue to worsen from 178 days reported in 2019/20 financial year to 230 days in 2020/21. The company's main challenge was the accumulation of trade receivables in rent arrears by the Ministry of Lands which owes ADL over MK600 million. ADL agreed on a settlement arrangement with Ministry of Lands, however, the arrears were undergoing audit in readiness for a phased settlement.

17.1.16 National Construction Industry Council (NCIC)

Table 17.6 shows the financial performance of the Council as at 30th June, 2021

TABLE 17.6: SELECTED PERFORMANCE STATISTICS FOR NCIC

	2017 (Audited) K'million	2018 (Audited) K'million	2019 (Audited) K'millions	2020 (Audited) K'million	2021 (Audited) K'million	Outlook to March 2022 K'million
Financial Indicators						
Income	1,511.7	1,886.2	2,390.9	2,558.3	2,778.7	2,155
Change in Income	30%	25%	27%	7%	9%	-22%
Expenditure	(1,543)	(1,893.8)	(2,281.3)	(2,364.8)	(2,710.9)	(2,772.4)

Change in expenditure	24%	23%	20%	89%	76%	46%
Surplus	4.4	43.3	54.1	55.4	80.3	259.2
Change in Surplus	-102%	893%	25%	-124%	1742%	499%
Operating Profit Margin (%)	0%	2%	7%	8%	3%	12%
Return on Assets (%)	0%	3%	4%	3%	4%	13%
Net current assets	319	273	318	48.2	116	78.8
Current Ratio	3.9	3.2	4.1	1.2	1.4	1.2
Liquid Ratio	3.9	3.2	4.1	1.2	1.4	1.2
Change in current liabilities	-13%	12%	-17%	94%	151%	217%
Debt Ratio	10%	19%	17%	24%	15%	20%
Debt-to-Equity	12%	23%	20%	32%	18%	25%
Trade Receivable Days	83	50	33	20	41	3
Change in Receivables	-7%	-25%	-16%	-62%	-9%	-92%
Stock Turnover			2.8		0.1	
Capital Employed	944.2	1,340.4	1,380.8	1,381.4	1,565.7	1,584.8
ROCE	0%	3%	4%	4%	5%	16%
Capital Turnover	160%	141%	173%	185%	177%	136%
Capital Gearing	12%	20%	18%	29%	18%	25%

Source: NCIC Audited accounts and 2020/21 Performance Management Plans and Budgets

The financial performance of the National Construction Industry Council (NCIC) has been improving over time. The Council posted a surplus of MK80 million in 2021 compared to MK55 million registered in 2020 with prospects to close with a surplus in March, 2022 of about MK259 million. The significant improvement on financial position was largely on account of growth on construction levy by 6 percent, subscription fees by 10 percent, registration fees by 17 percent, and rental income by 18 percent over the previous year.

The Council's returns on assets and equity has skyrocketed over the years. The Council managed its assets well to post a healthy and stable returns on its investments over the years. On cost recovery, the Council has demonstrated the ability to generate adequate revenue to meet operational expenses.

17.1.17 Malawi Accountants Board (MAB)

Table 17.17 shows the financial performance of the MAB as at 31st December, 2021

TABLE 17.17: SELECTED PERFORMANCE STATISTICS FOR MAB

	2017 (Audited) K'millions	2018 (Audited) K'millions	2019 (Audited) K'millions	2020 (Audited) K'million	2021 (Audited) K'million	Outlook to March 2022 K'million
Financial Indicator						
Income	234.2	208.6	266.7	302.2	50.8	416
Change in Income, %		-11%	28%	13%	-35%	35%
Expenditure	(222.5)	(231.4)	(249.7)	(283.9)	(248.2)	(307.2)
Change in expenditure		4%	8%	14%	-55%	8%
Surplus	11.7	(22.8)	17.0	34.6	47.1	99.2
Change in Surplus, %		-296%	-174%	103%	96%	187%
Profit Margin (%)	5%	-11%	7%	6%	35%	24%
Return on Assets (%)	3%	-6%	5%	9%	13%	22%
Working Capital (WC)	291.0	244.0	285.0	289.3	357.2	218.5
Current Ratio	31.0	9.7	27.6	12.0	4.3	14.1
Liquid Ratio	31.0	9.7	27.6	12.0	4.3	14.1
Debt Ratio	3%	8%	3%	3%	20%	4%
Debt-to-Equity	3%	9%	3%	3%	25%	4%
Receivable Days	47	98	129	247	251	52
Capital Employed	349.0	327.0	344.0	360.3	407	465
Capital Gearing	3%	9%	3%	3%	0%	3%

Source: MAB Audited Accounts and 2021/22 Performance Management Plans and Budgets

Malawi Accountants Board (MAB) performance remained good with a surplus of MK47 million registered in 2021 and further prospects to close with a surplus of MK99 million by March, 2022.

Liquidity position for MAB has generally been good over the past five years with a current ratio of 4.27:1 and projections to the end of the year of 14.6:1 indicating a further improvement in MAB's ability to meet its short-term obligations.

Chapter 18

BANKING AND FINANCE

18.1 Monetary Developments

Broad Money (M2) recorded an annual growth of 32.4 percent to MK1.9 trillion in October 2021 compared to an annual growth of 16.7 percent registered at the end of 2020. The growth in broad money was reflective of rising government domestic borrowing from the banking system coupled with commercial banks' increased lending to the private sector in order to support economic recovery from the impact of COVID-19 pandemic.

18.2 Broad Money and its Components

In terms of components, the annual growth in M2 was supported by all its components namely: demand deposits, term (time and savings) deposits, currency outside banks and foreign currency denominated deposits which increased by MK176.6 billion, MK111.7 billion, MK94.1 billion and MK78.4 billion in October 2021, respectively. The increases in demand deposits, term deposits and currency outside banks reflected recovery in economic activity during the year following improved agricultural production and marketing during the 2020/21 harvest season which coincided with opening up of the economies as COVID-19 cases moderated with administration of vaccines globally and domestically. Meanwhile, the increase in foreign currency deposits partly reflected improved performance of the 2020/21 agricultural marketing season and receipt of Special Drawing Rights (SDR) allocation from the IMF during the year.

18.3 Counterparts to Broad Money

On the counterparts to M2 developments on the asset side, the annual growth in M2 was entirely driven by Net Domestic Assets (NDA) of the banking system which increased by MK591.9 billion to MK2.2 trillion in October 2021, compared to an annual increase of MK735.7 billion in 2020. Partly counteracting this expansionary effect, Net Foreign Assets (NFA) contracted by MK131.2 billion (US$159.7 million) to minus MK319.4 billion (US$388.8 million) in October 2021, following another decrease of MK514.8 billion (US$665.9 million) in December 2020. The expansion in NDA was solely attributed to net domestic claims of the banking system while other items net declined over the review period.

18.3.1 Net Domestic Credit

The banking system domestic claims recorded an annual increase of MK699.9 billion (37.8 percent) to MK2.4 trillion in October 2021, compared to an increase of MK416.6 billion (29.1

percent) in 2020. This development was largely on account of expansion in net credit to central government by MK487.5 billion, which was reinforced by increases in credit to private sector, claims on other financial corporations and credit to statutory bodies of MK143.6 billion, MK59.8 billion and MK8.8 billion, respectively.

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 MK496.3 billion, year-on-year in October 2021, compared to an annual increase of MK278.8 billion in 2020. This constituted MK245.2 billion commercial banks' net claims on central government, MK242.3 billion increase in net claims on central government by the monetary authorities and MK8.8 billion increase in commercial banks claims on statutory bodies. The increase in commercial banks' net claims on government was on account of uptake of Treasury notes and Treasury bills of MK216.1 billion and MK28.5 billion, respectively, and increase in direct loans to Government Ministries, Departments and Agencies (MDAs) amounting to MK1.4 billion over the review period. Meanwhile, Government accumulated its deposits at the commercial banks by MK786.0 million during the review period, partially counteracting the expansionary effect of securities.

Similarly, the annual increase of MK242.3 billion in monetary authorities' net claims on central government was driven by increases of MK238.3 billion and MK293.1 million in central bank's portfolios of Treasury notes and Treasury bills, respectively, and increase in Ways and Means advances to government of MK48.3 billion. Partially counteracting this expansionary effect, there was accumulation of government deposits at the central bank amounting to MK44.6 billion over the review period.

18.3.3 Private Sector Credit

Private sector credit continued to recover in 2021 from the subdued growth experienced in the second half of 2020 at the peak of COVID-19 pandemic. As of October 2021, private sector credit grew by 21.3 percent annually, compared to an annual growth of 16.4 percent registered in 2020. The upturn was supported by individual and household loans, and commercial and industrial loans which increased by MK81.9 billion and MK77.6 billion, respectively. Meanwhile, foreign currency denominated loan facilities and mortgages recorded annual net repayments of MK11.8 billion and MK3.8 billion in October 2021, partly offsetting the increase in the other loan categories. The increase in individual and household loans and commercial and industrial loans was driven by commercial banks deliberate strategy to cushion the households from the impact of COVID-19 pandemic and the need to support economic recovery from the prolonged impact of COVID-19 pandemic.

Looking ahead, private sector credit is projected to continue on the recovery path in the short to medium term owing to relatively high demand for credit to support recovery in most sectors. However, continued uncertainty surrounding the pandemic exert downside risks.

In terms of economic sectors, private sector credit increased in all the sectors but one namely: Community, Social and Personal Services (MK68.3 billion), Wholesale and Retail Trade (MK23.0 billion), Construction (MK12.3 billion), Transport, Storage and Communications (MK11.8 billion), Restaurants and Hotels (MK10.4 billion), Manufacturing (MK9.4 billion), Financial Services (MK5.2 billion), Electricity, Gas, Water, and Energy (MK2.6 billion), Mining and Quarrying (MK1.0 billion), and Agricultural (MK210.4 million) sectors. However, Real estate sector registered net repayment of MK515.3 million over the review period.

Accordingly, the Community, Social and Personal Services sector continued to hold the largest share of outstanding private sector credit, at 30.8 percent, followed by the Wholesale and Retail Trade at 22.6 percent, Agriculture, Forestry, Fishing and Hunting at 16.1 percent, and Manufacturing at 12.8 percent.

TABLE 18.6: MONETARY SURVEY

	End Period Balances			Annual Changes During Period		
	2019	2020	Oct-2021	2019	2020	Oct-2021
A. Net Domestic Credit						
1. Credit to government (i+ii)………………..…	700,549.0	976,899.5	1,385,610.5	-43,568.5	276,350.6	487,514.3
i. Monetary Authorities…………………...	228,033.0	409,038.2	570,633.3	-127,385.2	181,005.2	242,346.4
ii. Commercial Banks…………………….	472,516.0	567,861.3	814,977.2	83,816.7	95,345.3	245,167.9
2. Credit to statutory bodies…………………..	48,180.5	50,639.1	61,691.5	14,098.6	2,458.5	8,768.0
3. Credit to private sector (gross)……………...	594,960.6	692,759.6	817,755.7	101,711.8	97,798.9	143,552.2
B. Money Supply (M2)	1,320,469.6	1,541,351.1	1,882,525.8	122,151.1	220,881.5	460,756.2
4. Currency outside banks…………………..…	201,801.1	236,966.4	305,426.5	12,343.5	35,165.3	94,053.0
5. Demand deposits…………………………..	428,153.0	518,986.5	626,177.5	62,933.0	90,833.5	171,225.6
6. Time and savings deposits………………..	503,296.9	565,073.7	677,318.7	59,540.3	61,776.8	117,117.8
7. Foreign currency denominated deposits….	187,218.6	220,324.5	273,603.1	-12,665.7	33,105.9	78,359.8
E. Net Foreign Assets	331,944.7	-182,859.4	-319,366.1	81,398.0	-514,804.1	-131,183.6
6. Monetary Authorities……………………….	325,183.5	-302,747.6	-435,265.9	106,996.1	-627,931.1	-207,011.5
7. Commercial banks…………………………..	6,761.2	119,888.3	115,899.7	-25,598.0	113,127.0	75,827.9

Source: Reserve Bank of Malawi

18.4 Activities of Commercial Banks

Commercial banks mobilised a total of MK315.4 billion during the year to October 2021, thus increasing the banking sector's available resources to MK2.6 trillion as at the end of October 2021. This followed another increase in resources of MK365.1 billion in 2020. Sources of funds in the year through October 2021 comprised private sector deposits, borrowing from the reserve bank, capital accounts, official sector deposits and liabilities to non-residents which rose by MK229.5 billion, MK69.2 billion, MK42.9 billion, MK19.0 billion and MK2.4 billion, respectively. Partly offsetting this expansionary effect, unsectored liabilities declined by K47.5 billion over the 10-months period to October 2021.

On the uses of funds, commercial banks increased gross domestic claims by MK372.2 billion over the 10-months period to October 2021, which was higher than MK260.5 billion expansion in the year 2020. Precisely, claims on central government, private sector, other financial corporations and state-owned enterprises increased by MK229.3 billion, MK120.2 billion, MK11.6 billion and MK11.0 billion, respectively. However, the expansionary effect of gross domestic claims was partially counteracted by decreases in miscellaneous asset items, deposits with RBM and vault cash, and claims on the foreign sector of MK35.3 billion, MK19.8 billion and MK1.6 billion, respectively.

TABLE 18.7: COMMERCIAL BANKS: SOURCES AND USES OF FUNDS (K'MN)

	End Period Balances			Changes During Period		
	2019	2020	Oct-2021	2019	2020	Oct-2021
A Sources of Funds						
1. Private sector…………………	1,057,223.6	1,249,239.1	1,478,745.0	77,447.3	192,015	229,506
2. Official Sector Deposits[1]…………	107,394.3	159,283.9	178,272.7	9,550.7	51,890	18,989
3. Borrowing from the RBM……….	0.0	64,891.9	134,124.7	(9,023.7)	64,892	69,233
4. Liabilities to non-residents……….	91,264.2	71,555.4	73,939.0	8,912.1	(19,709)	2,384
5. Capital Accounts…………………	298,050.7	349,558.9	392,412.1	44,076.7	51,508	42,853
6. All other liabilities..……………	334,048.4	358,509.9	310,993.6	86,474.6	24,462	(47,516)
7. Total (1+2+3+4+5+6)…………	**1,887,981.2**	**2,253,039.1**	**2,568,487.2**	**217,437.7**	**365,058**	**315,448**
B. Uses of Funds						
I. Domestic credit to:						
8. Private sector (gross)……………..	583,188.7	672,400.4	792,590.5	100,427.2	89,212	120,190
9. Statutory bodies (gross)……………	543,756.3	672,633.1	901,971.1	85,906.2	128,877	229,338
10. Central Government (gross)………	48,180.5	50,639.1	61,655.8	14,098.6	2,459	11,017
11. Other financial corporations	80,659.7	120,651.6	132,279.1	55,086.0	39,992	11,628
12. Sub-total (8+9+10)………………………	1,255,785.2	1,516,324.1	1,888,496.4	255,518.0	260,539	372,172
II. Deposits with Reserve Bank plus currency in banks……………………………………						

	74,331.3	112,476.2	92,643.5	(43,633.7)	38,145	(19,833)
III. Foreign assets…………………………	98,025.4	191,443.6	189,838.7	(16,685.9)	93,418	(1,605)
IV. All other assets………………………	459,839.3	432,795.2	397,508.5	22,239.3	(27,044)	(35,287)
V. Total (I+II+III+IV)…………………	**1,887,981.2**	**2,253,039.1**	**2,568,487.2**	**217,437.7**	**365,058**	**315,448**

Source: Reserve Bank of Malawi
[1]Consists of Central Government and Statutory Bodies

18.5 Reserve Bank of Malawi: Sources and Uses of Funds

Similar to the developments in the commercial banks, RBM’s resource envelope increased by MK120.4 billion during the first 10-months of 2021 to MK1.8 trillion in October 2021, compared to an annual increase of MK384.4 billion at the end of 2020. This development was on account of increases in currency outside banks (MK68.5 billion), open market operations-repurchase agreements (MK38.7 billion), deposits of official sector (MK31.1 billion) and liabilities to foreign sector (MK20.4 billion). However, all other unsectored liabilities and deposits of commercial banks plus till money declined by MK26.2 billion and MK12.1 billion, respectively. The increase in currency outside banks over the review period partly reflected the pickup in economic activity during the agricultural harvest and marketing season which had coincided with easing of COVID-19 restriction measures both internationally and domestically before resurgence of the fourth wave. Meanwhile, the increase in deposits of official sector was partly supported by receipt of the IMF SDR allocation for budget support.

Commensurate with the increase in sources of funds, RBM’s gross claims on central government, and claims on commercial banks increased by MK192.7 billion and MK57.6 billion during the 10-months period to October 2021. Partially counteracting this expansionary effect, RBM investments in the foreign sector and miscellaneous asset items decreased by MK112.1 billion and MK17.8 billion, respectively. The decrease in foreign sector investment reflects rising supply and demand imbalances in the foreign exchange market.

TABLE 18.3: RESERVE BANK OF MALAWI SOURCES AND USES OF FUNDS

	End Period Balances			Changes During Period		
(K'mn)	2019	2020	Oct-2021	2019	2020	Oct-2021
A. Sources of Funds						
i. Private sector:						
1. Currency outside banks…………..…	201,801.1	236,966.4	305,426.5	12,344	35,165	68,460
ii. Commercial banks						
2. Deposits plus till money……………	76,274.2	104,538.9	92,471.8	(23,703)	28,265	(12,067)
iii. Official sector deposits.....................	216,818.4	197,586.5	228,731.0	(137)	(19,232)	31,144
3. Sub-total (i+ii+iii)……………….	494,893.7	539,091.8	626,629.3	(11,496)	44,198	87,537
iv. Repurchase Agreements	168,596.5	108,685.9	147,372.0	(45,160)	(59,911)	38,686
v. Foreign Sector…………	294,998.3	754,741.8	775,124.6	(41,932)	459,744	20,383
vi. All other liabilities………	320,456.2	260,796.5	234,612.9	104,890	(59,660)	(26,184)
vi**.Total (i+ii+iii+iv+v+vi)……**	**1,278,944.7**	**1,663,316.1**	**1,783,738.8**	**6,301**	**384,371**	**120,423**
B. Uses of Funds						
i. Domestic claims (gross)	459,018.5	724,728.9	975,068.5	12,855	265,710	250,340
1. Statutory bodies……………	0.0	0.0	35.7	0	0	35.7
2. Central Government ……….	444,813.9	606,587.1	799,282.6	(127,533)	161,773	192,696
3. Commercial Banks………	14,204.7	118,141.8	175,750.2	(114,678)	103,937	57,608
ii. Foreign assets (gross)………	620,181.8	451,994.2	339,858.8	65,064	(168,188)	(112,135)
iii. All other assets…………	199,744.4	486,593.0	468,811.5	55,916	286,849	(17,781)
iv. Total ……………………	**1,278,944.7**	**1,663,316.1**	**1,783,738.8**	**6,301**	**384,371**	**120,423**

Source: Reserve Bank of Malawi

Chapter 19

PUBLIC FINANCE

19.1 Overview

This Chapter presents the fiscal performance of Budgetary Central Government operations for 2020/21 and 2021/22 fiscal years as well as estimates for 2022/23 fiscal year based on economic classification of Government operations. The position for 2020/21 is actual outturn while for 2021/22 is likely outturn. The Chapter is structured as follows: Section 19.2 presents Summarised Performance of Budgetary Central Government Operations while Sections 19.3 is a more detailed explanation on the performance of revenue while 19.4 is detailed explanation on expenditure and financing.

19.2 Summarised Performance of Budgetary Central Government Operations

In 2021/22, fiscal performance improved especially on revenue owing to progressive reopening of the economy following receding threat of Covid-19. There was also improvement in terms of resources for public investment compared to the previous fiscal year. However, the fiscal deficit remains high thereby putting pressure on public debt.

In the 2020/21 fiscal year revenue amounted to 16.5 percent of GDP of which taxes were 12.2 percent of GDP, grants were 3.9 percent of GDP, while other revenue was 0.8 percent of GDP. In terms of the nine-month 2021/22 fiscal year, revenue is estimated to amount to 12.1 percent of GDP of which taxes are 10.2 percent of GDP, grants are 1.4 percent of GDP, while other revenue is at 0.6 percent of GDP.

In 2020/21 expenditure was 25.3 percent of GDP and this led to net borrowing (fiscal deficit) of 8.8 percent of GDP. In 2021/22 expenditure is projected at 20.1 percent of GDP while overall fiscal balance is estimated at 8.0 percent of GDP. Figure 19.1 below shows more details regarding the performance of central government operations.

TABLE 19.1: BUDGETARY CENTRAL GOVERNMENT OPERATIONS (MK' MILLION)

Category	2020/21 Actual Outturn	2021/22 Approved Estimates	2021/22 Likely Outturn	2022/23 Proposed Estimates
Revenue	1,533,999	1,271,261	1,239,907	1,955,848
Taxes	1,128,966	1,044,051	1,044,051	1,527,750
Grants	364,204	170,314	138,961	320,331
Other Revenue	71,525	56,895	56,895	107,767
Expense	1,709,962	1,424,263	1,525,054	2,019,218
of which Interest	355,377	299,728	299,728	523,747
Net Operating Balance	- 175,963	- 153,002	- 285,147	- 63,370
Net Acquisition of Non-Financial Assets	637,146	570,838	539,849	820,674
Foreign financed (Part I)	537,785	351,243	319,889	580,932
Domestic financed (Part II)	99,361	219,595	219,960	239,742
Expenditure	2,347,108	1,995,101	2,064,903	2,839,891
Net borrowing (Fiscal Deficit)	(813,109)	(723,840)	(824,996)	(884,043)
Domestic Primary balance	(284,151)	(243,183)	(344,340)	(99,695)
Percent of GDP				
Revenue	16.5	12.4	12.1	17.1
Taxes	12.2	10.2	10.2	13.4
Grants	3.9	1.7	1.4	2.8
Other Revenue	0.8	0.6	0.6	0.9
Expense	18.4	13.9	14.8	17.7
of which Interest	3.8	2.9	2.9	4.6
Net Operating Balance	-1.9	-1.5	-2.8	-0.6
Net Acquisition of Non-Financial Assets	6.9	5.6	5.3	7.2
Foreign financed (Part I)	5.8	3.4	3.1	5.1
Domestic financed (Part II)	1.1	2.1	2.1	2.1
Expenditure	25.3	19.4	20.1	24.9
Net borrowing (Fiscal Deficit)	-8.8	-7.0	-8.0	-7.7
Domestic Primary balance	-3.1	-2.4	-3.3	-0.9

19.3 Revenue performance

The level of revenue currently being collected demonstrates that, going forward, there is sufficient room for meaningful improvement in revenue performance. For instance, in 2020/21, revenue amounted to 16.5 percent of GDP which is expected to further improve in the 2021/22 and 2022/23 fiscal years.

Generally, performance of revenue below target is fundamentally an issue with the economy being largely dominated by the informal sector thereby rendering it difficult for the Government to collect all potential revenues. Undesirably, formalizing the informal sector is a gradual process which needs time. This notwithstanding, the Government will intensify efforts to improve the efficiency and effectiveness of the revenue system through the implementing of the newly launched Domestic Revenue Mobilisation Strategy which comes into full force in 2022/2023 fiscal year.

In 2021/22 revenue is projected to amount to 12.1 percent of GDP. The low outturn is, however, largely due to the shorter 2021/22 fiscal year which was only for nine months. Fiscal performance in 2021/22 continued to be constrained by Covid-19 related supply and trade disruptions hence revenue performance was below target, but higher when compared to same period previous year. In 2022/23, revenue is expected to increase to 17.1 percent of GDP based on a positive outlook.

In 2021/22 Grants are projected at 1.4 percent of GDP from an earlier estimate of 1.7 percent of GDP. Going forward, the grants are expected to increase to 2.8 percent of GDP in 2022/23 fiscal year. In view of the moderate importance of grants in 2021/22 fiscal year, the Government will rely on the expected good performance of domestic revenue at the back of implementation of the DRMS.

Other revenue outturn in 2021/22 is estimated at 0.6 percent of GDP hence performing as planned for that fiscal year. In 2022/23 other revenue is estimated at 0.9 percent of GDP. Table 19.2 below shows the detailed performance of revenue from 2020/21 to 2021/22 fiscal years as well as projections for 2022/23 fiscal year.

TABLE 19.2: BUDGETARY CENTRAL GOVERNMENT REVENUE (MK' MILLION)

Category	2020/21 Actual Outturn	2021/22 Approved Estimates	2021/22 Likely Outturn	2022/23 Proposed Estimates
Revenue	1,533,999	1,271,261	1,239,907	1,955,848
Taxes	1,128,966	1,044,051	1,044,051	1,527,750
Taxes on income profits and capital gains	544,909	495,798	495,798	730,984
Payable by individuals	325,063	306,818	306,818	387,182
Payable by corporations and other enterprises	219,846	188,979	188,979	343,802
Taxes on goods and services	493,347	464,415	464,415	660,849
General taxes on goods and services	342,834	316,769	316,769	458,205
Value-added taxes	342,834	316,765	316,765	458,094
Turnover and other general taxes on goods and services	19	4	4	111
Excise	141,117	139,373	139,373	193,062
Motor vehicle taxes	9,396	8,273	8,273	9,581
Other taxes on goods and services	-	-	-	-
Taxes on international trade and transaction	89,926	83,121	83,121	134,401
Other taxes	784	718	718	1,516
Grants	364,204	170,314	138,961	320,331
From Foreign Governments	66,835	58,430	58,430	41,910
From International Organizations	297,369	111,884	80,530	278,421
Other Revenue	71,525	56,895	56,895	107,767
Percent of GDP				
Category				
Revenue	16.5	12.4	12.1	17.1
Taxes	12.2	10.2	10.2	13.4
Taxes on income profits and capital gains	5.9	4.8	4.8	6.4
Payable by individuals	3.5	3.0	3.0	3.4
Payable by corporations and other enterprises	2.4	1.8	1.8	3.0
Taxes on goods and services	5.3	4.5	4.5	5.8
General taxes on goods and services	3.7	3.1	3.1	4.0
Value-added taxes	3.7	3.1	3.1	4.0
Turnover and other general taxes on goods and services	0.0	0.0	0.0	0.0
Excise	1.5	1.4	1.4	1.7
Taxes on use of goods and on permission to use goods or perform activities	0.0	0.0	0.0	0.0
Motor vehicle taxes	0.1	0.1	0.1	0.1
Taxes on international trade and transaction	1.0	0.8	0.8	1.2
Other taxes	0.0	0.0	0.0	0.0
Grants	3.9	1.7	1.4	2.8
From Foreign Governments	0.7	0.6	0.6	0.4
From International Organizations	3.2	1.1	0.8	2.4

Other Revenue	0.8	0.6	0.6	0.9

19.4 Expenditure Performance by Economic Classification

As presented in Table 19.3 below, expenditure was 25.3 percent of GDP in 2020/21 while 20.1 percent of GDP is being estimated for 2021/22 fiscal year. Going forward, in 2022/23 total expenditure is estimated at 24.9 percent of GDP of which recurrent expenditure is 17.7 percent of GDP while development is 7.2 percent of GDP.

TABLE 19.3: EXPENDITURE PERFORMANCE BY ECONOMIC CLASSIFICATION

Category	2020/21 Actual Outturn	2021/22 Approved Estimates	2021/22 Likely Outturn	2022/23 Proposed Estimates
Expense	1,709,962	1,424,263	1,525,054	2,019,218
Compensation of employees	552,891	449,615	493,046	688,783
Wages and salaries	536,014	436,324	475,916	670,283
Employers social contributions	16,877	13,290	17,130	18,500
Use of Goods and Services	349,305	269,642	315,854	360,771
Interest	355,377	299,728	299,728	523,747
Foreign Interest	15,833	14,474	14,474	22,689
Domestic Interest	339,544	285,254	285,254	501,058
Subsidies	-	-	-	-
Grants	178,806	154,000	163,147	217,064
To other general government units	178,806	154,000	163,147	217,064
Social benefits	244,419	221,825	221,825	213,578
Pensions and gratuities	103,253	77,588	77,213	100,914
Other Expenses	29,007	29,453	31,453	15,275
Other Statutory expenditures	29,165	29,453	31,453	15,275
Acquisition of Non-Financial Assets	637,146	570,838	539,849	820,674
Fixed Assets	637,146	570,838	539,849	820,674
Foreign (Part I)	537,785	351,243	319,889	580,932
Domestic (Part II)	99,361	219,595	219,960	239,742
Expenditure	2,347,108	1,995,101	2,064,903	2,839,891
Net borrowing	(813,108)	(723,840)	(824,997)	(884,044)
Percent of GDP				
Expense	18.4	13.9	14.8	17.7
Compensation of employees	6.0	4.4	4.8	6.0
Wages and salaries	5.8	4.2	4.6	5.9
Recruitment	0.0	0.0	0.0	0.0
Employers social contributions	0.2	0.1	0.2	0.2
Use of Goods and Services	3.8	2.6	3.1	3.2
Interest	3.8	2.9	2.9	4.6
Foreign Interest	0.2	0.1	0.1	0.2
Domestic Interest	3.7	2.8	2.8	4.4
Subsidies	0.0	0.0	0.0	0.0

Grants	1.9	1.5	1.6	1.9
To other general government units	1.9	1.5	1.6	1.9
Social benefits	2.6	2.2	2.2	1.9
Pensions and gratuities	1.1	0.8	0.8	0.9
Other Expenses	0.3	0.3	0.3	0.1
Other Statutory expenditures	0.3	0.3	0.3	0.1
Acquisition of Non-Financial Assets	6.9	5.6	5.3	7.2
Fixed Assets	6.9	5.6	5.3	7.2
Foreign (Part I)	5.8	3.4	3.1	5.1
Domestic (Part II)	1.1	2.1	2.1	2.1
Expenditure	25.3	19.4	20.1	24.9
Net borrowing (Fiscal Deficit)	-8.8	-7.0	-8.0	-7.7

19.5 Conclusion

The Malawi Government will, in 2022/23 continue to manage its public finances with the aim of promoting economic growth, macroeconomic stability and job creation while maintaining overall fiscal deficit within the projected level. The Government will also start to implement the DRMS, which is aimed at improving the efficiency and effectiveness of the revenue collection system.

Chapter 20

INFORMATION AND COMMUNICATIONS 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. The country has 22 licensed Internet Service Providers (ISPs) with 10 active ISPs serving a limited customer base and mobile coverage registered at 85 percent (MGDS III, 2017-2022).

20.2 Performance in 2021/22 and Projections for 2022/23

Table 20.1 provides the Key Performance Indicators that guide the ICT Sector in Malawi.

TABLE 20.1: KEY ICT INDICATORS

No	ICT Indicators	2020/21 Target	2020/21 Actuals	2021/22 Targets*	2021/22 Actuals	2022/23 Targets
1	Voice Telephony Penetration raised (%)	75	*54*	*60*		
2	Internet Penetration increased (%)	25	*37*	*40*		
3	Ratio of Postal and Courier Penetration	1:40,000	*1:54,264*	*1:50,000*		
4	Electronic Commerce Penetration increased (%)	55	*NA*	*NA*		
5	Level of regulatory compliance raised(%)	100	*>90*	*>95*		
6	ICT contribution to GDP increased (%)	8	*4.8*	*5.0*		
7	Proportion of individuals who own a mobile telephone (%)[3]	39	*43.2*			
8	Proportion of population covered by a mobile network (2G) (%)	99	*83*			
9	Proportion of population covered by a mobile network (3G) (%)	60	*82*			
10	Proportion of population covered by a mobile network (4G) (%)	45	*65*			
11	Fixed Internet Broadband subscriptions (Internet users per 100 people) (%)	0.001	*<0.001*	*>0.001*		
12	Proportion of individuals using the internet (%)[4]	40	*37*			
13	Retail Price of Prepaid Mobile Broadband Monthly bundle, 500MB (USD) Data Volume (US$)	3.5	*2.7*			
14	ICT development Index	167	*Not yet available*			
15	Number of licensed TV broadcaster	40	*22*			
16	Number of licensed Radio broadcaster	60	*53*			
17	Number of Telecentres/Public internet/Information Access Centres		*137*			
18	Number of licensed ISPs		*42*			
19	Number of active ISPs		*19*			
20	Number of post Offices converted into One Stop Public Service Delivery Centres	2	*2*			

Source: MACRA Mid-Year Report; *Projection

[3] Based on 2019 National ICT Survey
[4] Use the same as Internet penetration rate

TABLE 20.2: CORPORATE HISTORICAL NON-FINANCIAL PERFORMANCE

No	Non-Financial Performance Targets	2020/21 Targets	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Targets
1	Satellite Coverage (%)	100	100	100		
2	Satellite availability (%)	99.6	99.6	99.6		
3	Terrestrial coverage – radio (%)	80	75	95		
4	Terrestrial Analogue Coverage – TV (%)	0	30	0		
5	Number of Viewers (%)	87	90	94		
6	Number of Listeners (%)	80.2	80.2	87		
7	Programming Local Content Television	95	95	92		
8	Programming Local Content (%) Radio	97	99	99		
9	News Local Content (%) TV	97	98	99		
10	News Local Content (%) Radio	97	99	99		
11	Compliance to the strategic plan	70	90	100		

Source: MBC Performance Management Plans and Budget (PMPB) Half Year Report (2020/21)

TABLE 20.3: PERFORMANCE INDICATORS FOR ACCESS TO INFORMATION

Non-Financial Performance Targets	2021/22 Targets	2021/22 Actuals	2022/23 Target
Percentage of population accessing information through various channels of communication	100	90	100
Number of publications (Boma Lathu) and IEC materials produced and distributed	324,000	144,000	150,000
Number of news articles produced and transmitted to various media houses/institutions	16500	15,480	16000
Number of documents translated from English to local languages	15	13	21
Number of photographic images produced	80,000	72,450	82,000
Number of documentaries produced and distributed to various media houses	42	36	45

Source: Ministry of Information and Communication Technology

20.3 Projects Performance

20.3.1 Last Mile Rural Connectivity Project

The Government of Malawi is implementing the project with the aim of extending network connectivity to rural areas through construction and operationalzation of Telecommunication Towers across the country. The project is vital for the socio-economic development of the country through increase in use of efficient and effective electronic services among citizens.

TABLE 20.4: PROJECT PERFORMANCE FOR LAST MILE RURAL CONNECTIVITY

Planned Activities 2021/22	Progress Attained	2022-2023 Projections
i. Procurement and installation of telecommunication equipment and solar system The installations were earmarked to take place in the following 13 Sites: i. Chabvala in Chikwawa, ii. Chibako in Nkhatabay iii. Chimembe in Blantyre iv. Lichenya in Mulanje v. Kasamba in Neno, vi. Mbanira in Machinga, vii. Zanguza in Rumphi, viii. Undi in Ntchisi, ix. Sangala in Zomba x. Mlaluwele in Machinga xi. Chikutu in Karonga, xii. Kaloga in Nsanje	i. Compensation for the landowners in various Districts was done and completed ii. 28 towers have been constructed and 15 out of them have been equipped with telecommunication equipment and powered by solar system and are on air. The list of those in operation and on air as follows: i. Gawani in Mulanje ii. Nyachilendo in Nsanje iii. Chigondo in Zomba iv. Katema in Mangochi v. Lipenga in Mwanza vi. Msakambewa in Dowa vii. Faiti in Mwanza viii. Chembe in Mangochi ix. Kadeta in Ntcheu x. Vuvumwe in Mzimba xi. Ngongoliwa in Thyolo xii. Chisenga in Chitipa xiii. Nkhombwa in Rumphi xiv. Malota in Mulanje xv. Mpotola in Machinga On the remaining 13 towers, 2 out of them will be operational soon namely	i. Operationalizing the 11 remaining towers ii. Handing over running operations of the towers to MDBNL

xiii.	Romoliwa in Phalombe	chibako in Nkhatabay and Zanguza in Rumphi
xiv.	Compensation for the land owners in various Districts	

Source: e-government-Project Report

20.3.2 National College of Information and Technology Project

This Project was developed in 2012 and received approval from PSIP in 2015 and will be completed in 2021. The purpose of the project is improving the quality and scope of ICT training in the public sector through the improvement of the dilapidated and outdated NACIT infrastructure (both physical infrastructure and ICT infrastructure), as well as strengthening the essential human capital investment trough ICT training.

TABLE 20.5: PROJECT PERFORMANCE FOR NACIT

Planned Activites For 2021/22	**Progress to Date**	**2022/23 Expectations**
i. Commencement of hostel construction works and associated supervision. ii. Completion of earmarked additional rehabilitation works and associated supervision. iii. Submission of hostel drawings to Blantyre City Council. iv. Formulation of library and recreation center brief. v. Conducting EIA for library and recreation center sites.	i. Site preparedness for the hostel construction; processing of payment to Blantyre Water Board in progress in order to ensure removal of pipes on the proposed site ii. Drawings for the hostel has been submitted to Blantyre City Council iii. A comprehensive proposal has been developed to seek alternative financing for the NACIT Enhancement Project with key focus on Infrastructure development, Establishment of Innovation and e-learning centres iv. The budget proposals have been submitted to PSIP for 2022-2023 Financial year v. Other works such as rehabilitation of classrooms and undertaking of EIA for library and recreation centres	i. Construction of a hostel, library and recreation centres

vi.	2022-23 budgets and M & E.	have been affected by distorted budget lines that the virement to rectify the challenge is not yet effected	

Source: e-government-Project Report

20.3.4 Digital Malawi Project

Given the national need on transitioning the nation to technologically advanced levels, the Government is implementing the Digital Malawi project among other initiatives to develop the nation into a digital economy. Several deliverables have been attained since the commencement of the project and the Government still sets projections to be attained in 2022-2023.

TABLE 20.6: PROJECT PERFORMANCE FOR DIGITAL MALAWI PROJECT

Planned Activites 2021/22	**Progress to Date**	**2022/23 Projections**
Component 1: Enabling Environment (Digital Ecosystems) – US $9.5Million i. This component comprises the formulation of policies and legislation (including secondary legislation) in the ICT sector in Malawi **Component 2: Connectivity (Digital Connectivity) – US$ 44 Million** i. The main purpose of the proposed backbone will be to transmit public telecom traffic, comprising of e-Government and other applications, such as the Integrated Financial	**Component 1: Enabling Environment (Digital Ecosystems) :** i. Digital Government bill has been drafted ii. Functional review on the restructuring of e-Government was conducted iii. Digital Skills Strategy was developed **iv.** Officials from various MDAs were oriented on the Cyber Security Strategy, Enterprise Architecture and Electronic Government Procurement System **Component 2: Connectivity (Digital Connectivity) :** i. Contractors were engaged to supply and install equipment for Local Area Networks (LANs). ii. Evaluation was conducted for a Consultant to facilitate connection of selected 500	i. Connection of 500 sites to a robust internet ii. National Data Center in place iii. Operational Malawi Enterprise Architecture Framework

Management Information System (IFMIS), Human Resources Management Information System (HRIMS), national signal distributor content, and education and research applications.	sites to robust internet network iii. Contractor has been engaged to supply and install equipment for LAN in various selected government institutions iv. Connection of selected universities to WI-FI under the Malawi Research and Education Network (MAREN) was done **v.** Connection of selected schools, markets, airports and hospitals to a free public WI-FI was done
Component 3: **e-Government (Digital Platforms and Services) – US $20 Million** **i.** There is overwhelming consensus amongst implementing partners to carry out an e-Government program. The scope will include e-applications in an effort to enhance public service delivery and efficiency.	**Component 3:** **e-Government (Digital Platforms and Services)** i. MDAs were oriented on how to develop retention schedules, index filling, Electronic records management policies in readiness for the procurement of an electronic records and management system ii. Evaluation was done for a Consultant that will facilitate the establishment of a National Data Center **iii.** The consultant to facilitate implementation of Malawi Enterprise Architecture and Interoperability Framework has been recruited

Source: e-government-Project report

20.3.4 National Fibre Backbone Phase 2 Project

The purpose of this Project is to connect all major sectors of the economy and Government agencies in the country to a high speed optical fibre based network.

TABLE 20.7 PROJECT PERFORMANCE FOR NATIONAL FIBRE BACKBONE PHASE II

Planned Activities 2021/22	Progress to Date	2022/23 Projections
i. Last mile connectivity ii. National Data Centre($66,951,290 with 15% from Malawi): iii. Fibre Backbone ($99 Million),1941km overhead fiber for Backbone/Metro/Access Network i. Backbone Network Expansion - Ring Protection & More Coverage ii. Metro Network - 10 cities (Lilongwe, Blantyre, Mzuzu, Zomba, Karonga, Mangochi, Liwonde, Kasungu, Thyolo and Dedza) iii. Access Network - Maximum 100k users in 29 districts (Lilongwe, Blantyre, Mzuzu, Zomba, Karonga, Mangochi, Salima, Kasungu + 22 others) iv. Video Conference – 10 VC terminals, 500 IP video phones at main cities including Lilongwe,	iv. The Construction of National Data Center is in progress and now at an advanced stage at ESCOM offices in Blantyre. v. The Surveys in readiness of installation of video conferencing facilities in selected sites is currently underway. vi. 421 km of overhead fibre has been laid for backbone, 469 km laid for metro and 1083 laid for access. vii. Most backbone network expansion has been completed currently waiting for the data center site completion viii. 326.9 km of fibre has been laid for metro network in 10 cities ix. 99km of fibre has been laid for access network in 28 districts x. Site surveys have been finished for video conferencing, drawings/ designing now in progress.	xi. Finalization of Data Center with the necessary equipment xii. Installation of video conferencing facilities xiii. Finalizing the connection of selected sites to Access, metro and backbone networks

	Blantyre, Mzuzu, Zomba, Mangochi, Kasungu	

Source: e-government-Project report

20.3.5 Digital Migration Project

The Malawi Digital Broadcast Network Limited (MDBNL) implements the Digital Migration Project part II which is being funded by Malawi Government. The Project was approved to be in PSIP by Government to run from July 2015 to June 2020. Due to a number of challenges that the project went through during this period such as delayed disbursement of funds and underfunding, some of its targets were not met. Hence, Management requested for an extension to July, 2021.

In January of the 2019/20 financial year, MDBNL Equipment gutted into fire and was completely burnt to ashes. This again forced management of MDBNL to request for another project extension so that it may re-install the equipment in the 2021/22 financial year.

TABLE 20.8 PROJECT PERFORMANCE FOR DIGITAL MIGRATION

No	Non-Financial Performance Targets	2020/21 Targets	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Targets
1	Number of equipment shelters constructed	3				
2	Percentage increase in network coverage and signal penetration	75	75	90		
3	Number of panel antennae system procured	6				
4	Number of technical staff trained in Conditional Access(CAS) and Electronic Program Guide (EPG) and sent for long or short term trainings	7	7	10		
5	Number of transmitters installed	6	1			
6	Number of decoders provided in the system			20,000		
7	Number of channels on the headend	25	25	32		
6	One monitoring and evaluation exercise conducted	1	1	1		

Source: MDBNL-Project Report

20.4 Challenges

20.4.1 Inadequate Funding

Inadequate and inconsistent flow of funds for projects fully funded by the Government has been a challenge. This has led to very minimal progress in such projects, most of which should have been completed by now. This has also led to rescheduling of other projects to future Financial Years. In addition, there has not been Counterpart funding (Development Budget part 2) for initiatives like the National Fibre backbone Project which the sector intends to utilize for supervision, monitoring and evaluation. As a result, Monitoring and Evaluation for the project has been difficult.

20.4.2 Delays in Approval Processes in Construction Projects

Delays in processing of various procedures with other Government Departments have greatly affected projects' performance. This is particularly evident with Departments such as Buildings who have spent over a year processing bills of quantities and are still yet to complete the exercise for the NACIT Enhancement Project.

20.4.3 Lack of coordination among the key stakeholders in the Sector

Challenges in coordination of members of the ICT sector working group has led to challenges in developing the common goal for the sector. This also leads to insufficient data for reporting on the sector's indicators.

20.4.4 Inadequate Human Capacity

The Ministry has been experiencing shortage in Human Capacity and lack of staff functional adjustments due to low level of staff trainings and inadequate resources respectively. The lack of trainings has continously stagnated effectiveness of staff in delivering Ministry services. This challenge has also been hand in hand with increase in Ministry's structrure on long bearucracy hence slowing implementation of activities.

20.4.5 Inadequate Equipment

With the World going Digital, the Ministry still lags behind in using advanced equipment to support the rolling in of technology on areas of work. i.e Microsoft software for E-Government Department to support and develop new operating systems, inadequate equipment to support GWAN network across the country.

20.4.6 Mobility Challenges

The Ministry still exhibits in the challenge due to shortage in the number of vehicles for staff hence posing transportation problems of staff on a number of Ministry duties.