Budget Document No. 2

MALAWI GOVERNMENT

ANNUAL ECONOMIC REPORT 2021

Ministry of Economic Planning & Development and Public Sector Reforms

ANNUAL ECONOMIC REPORT 2021

Ministry of Economic Planning & Development and Public Sector Reforms,
Department of Economic Planning and Development,
P.O. Box 30136,
Lilongwe 3.
Telephone: (265) 1 788 888
Fax: (265) 1 788 247
E-mail: epd@malawi.net

TABLE OF CONTENTS

Chapter 1

WORLD ECONOMIC OUTLOOK

1.1 World Output

Global economy contracted to 3.3 percent in 2020 from a growth of 2.9 percent registered in 2019. Despite global downturn, growth was slightly higher than envisaged. The higher than expected growth outturn especially in second half of 2020 was due to easing of lockdowns by many economies. A rebound is expected in 2021 with growth prospects of 6.0 percent.The expected strong growth is against a backdrop of additional fiscal support in some of the large economies and COVID-19 vaccine which has been rolled out in many countries. In 2022, expectation is that the global economy will moderate with growth projection of 4.4 percent.

1.1.1 World Output Developments in 2020

Advanced economies growth contracted by 4.7 percent in 2020 from 1.7 percent in 2019. For example, the United States economic growth declined to negative 3.5 percent in 2020 from a growth of 2.3 percent in 2019. Euro Zone economic growth declined to negative 6.6 percent in 2020 from 1.2 percent in 2019. Japan's economy contracted by 4.8 percent from 0.7 percent in 2019. Countries responded differently to the pandemic, therefore, this resulted in variations in terms of contraction to the economies.

Emerging Markets and Developing Economies (EMDE) growth declined to negative 2.2 percent in 2020 from 3.7 percent in 2019. Although the Chinese economy experienced growth during the COVID-19 period, the economy significantly slowed down. The economic growth declined from 6.1 percent registered in 2019 to a growth of 2.3 percent in 2020. This economic growth was due to strong policy support and resilient exports. However, EMDE excluding China experienced a contraction. Some of the factors that led to the decline in economic growth in EMDE were; continued spread of COVID-19 and overwhelmed health care systems, significant decline in tourism activities and huge reduction in external finance more especially the remittances.

1.1.2 World Output Prospects for 2021 and 2022

The world economy is projected to grow by 6.0 percent in 2021 and the growth will moderate in 2022 with a growth of 4.4 percent. In Advanced Economies growth is projected at 5.1 percent in 2021 and 3.6 percent in 2022. Growth in United States and Japan is expected to be stronger than expected, reflecting additional fiscal support legislated in both countries at the end of 2020. In addition, the $1.9 trillion rescue package by the United States is expected to further boost GDP growth over 2021-22, with significant spillovers to US trading partners. The United States is projected to grow at 6.4 percent in 2021 and 3.5 percent in 2022. The Euro area is projected to grow by 4.4 percent in 2021 and growth of 3.8 percent is expected in 2022.

Growth in Emerging Markets and Developing Economies is projected at 6.7 percent in 2021 and 5.0 percent in 2022. China is estimated to register a strong recovery in 2021 and 2022. Growth is projected at 8.4 percent in 2021 moderating to 5.6 percent in 2022, reflecting effective containment measures, a forceful public investment response, and central bank liquidity support. However, tourism-based developing economies face particularly difficult prospects considering the expected slow normalization of cross-border travel. Table 1.1 highlights economic growth for different economies and projections for the outer years.

TABLE 1.1: WORLD OUTPUT (ANNUAL PERCENTAGE CHANGE)

	2019	2020	2021*	2022*
World Output	***2.9***	***-3.3***	***6.0***	***4.4***
Sub-Saharan Africa	***3.1***	***-1.9***	***3.4***	***4.0***
Advanced Economies	***1.7***	***-4.7***	***5.1***	***3.6***
United States	*2.3*	*-3.5*	*6.4*	*3.5*
Euro Area	*1.2*	*-6.6*	*4.4*	*3.8*
Japan	*0.7*	*-4.8*	*3.3*	*2.5*
United Kingdom	*1.4*	*-9.9*	*5.3*	*5.1*
Canada	*1.6*	*-5.4*	*5.0*	*4.7*
Emerging Market and Developing Economies	***3.7***	***-2.2***	***6.7***	***5.0***
Emerging and Developing Asia	*5.5*	*-1.0*	*8.6*	*6.0*
China	*6.1*	*2.3*	*8.4*	*5.6*
India	*4.2*	*-8.0*	*12.5*	*6.9*
Emerging and Developing Europe	*2.1*	*-2.0*	*4.4*	*3.9*
Latin America and the Caribbean	*0.1*	*-7.0*	*4.6*	*3.1*
Middle East and Central Asia	*1.2*	*-2.9*	*3.7*	*3.8*

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

Recovery from the pandemic vary, based on regional differences in the severity of the pandemic, economic structure, exposure to specific shocks[1], and effectiveness of the policy response to combat the fallout.

For the Middle East and Central Asia, 3.7 percent growth is projected for 2021 and 3.8 percent is projected for 2022, reflecting significant differences among countries, depending on the path of the pandemic, vaccine rollouts, tourism dependence, oil price developments and policy space actions.

1.2 Regional Output

1.2.1 Developments in 2020

In 2020, the Sub-Saharan Africa (SSA) region experienced a slowdown in economic growth. For example, it declined from 3.1 percent growth registered in 2019 to a growth of negative 1.9 percent in 2020. The South African economy declined to negative 7.0 percent in 2020 from a growth of 0.2 percent realized in 2019. Growth of the Tanzania economy declined from 6.3 percent in 2019 to 1.0 percent in 2020.

[1] For instance, due to reliance on commodity export.

TABLE 1.2: REGIONAL OUTPUT (ANNUAL PERCENTAGE CHANGE)

	2019	2020	2021*	2022*
Sub-Saharan Africa	***3.1***	***-1.9***	***3.4***	***4.0***
Ethiopia	*9.0*	*6.1*	*2.0*	*8.7*
Kenya	*5.6*	*-0.1*	*7.6*	*5.7*
Uganda	*4.9*	*-2.1*	*6.3*	*5.0*
Nigeria	*2.2*	*-1.8*	*2.5*	*2.3*
South Africa	*0.2*	*-7.0*	*3.1*	*2.0*
Tanzania	*6.3*	*1.0*	*2.7*	*4.6*
Zambia	*1.5*	*-3.5*	*0.6*	*1.1*
Mozambique	*2.3*	*-0.5*	*2.1*	*4.7*
Zimbabwe	*-7.4*	*-8.0*	*3.1*	*4.0*

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

1.2.1 Prospects for 2020 and 2021

Economic growth for SSA is expected to recover in 2021 with a projected growth of 3.4 percent. In 2022, economic growth is projected to reach 4.0 percent.

Price Development

1.2.2 Inflation and World Commodity Prices in 2020

Whereas in advanced economies consumer price growth was 0.7 percent in 2020, in EMDE it averaged 5.1 percent. Precious metal prices decreased by 6 percent after reaching highs in August 2020 as demand for safe assets faded. A surge in prices of many staple crops was experienced in the second half of 2020, including wheat, corn, soybeans and palm oil, reversing earlier trend of stable or declining prices over the first months of the pandemic when large global supplies and weaker demand weighed on prices. While prices of such items as medical supplies increased and commodity prices lifted from their April trough, the effects of weak aggregate demand appear to have outweighed the impact of supply. Consumer price growth in Sub-Saharan Africa averaged 10.8 percent in 2020.

1.3.2 Inflation and World Commodity Price Prospects for 2021 and 2022

Inflation in advanced economies will remain subdued, while in emerging markets it will remain moderate at below 5 percent for 2021 and 2022. Commodity prices (particularly for oil) are expected to film up further in the second half of 2021. Given their record-low levels of a year ago, firmer prices should mechanically lift consumer price indices, and headline inflation, in particular, could turn volatile in the second half of 2021. However, the volatility should be short lived. The subdued outlook reflects developments in the labor market, where subdued wage growth and weak worker bargaining power have been compounded recently by high unemployment, underemployment, and lower participation rates.

In Sub-Saharan Africa, consumer price growth will increase to 9.8 percent in 2020 and decline gradually to 7.8 percent in 2022. Rapidly rising food prices have lifted headline inflation rates in some regions including Sub-Saharan Africa and Asia. Temporarily high headline inflation could raise inflation expectations in these economies and affect overall inflation.

TABLE 1.3: CONSUMER PRICES (ANNUAL PERCENTAGE CHANGE)

	2019	2020	2021*	2022*
Consumer Price Growth				
Advanced Economies	***1.4***	***0.7***	***1.6***	***1.7***
Emerging Markets and Developing Economies	***5.0***	***5.1***	***4.9***	***4.4***
Sub-Saharan Africa	***8.4***	***10.8***	***9.8***	***7.8***

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

A resurgence of COVID-19 cases and difficulties in vaccine rollout at the beginning of the year weakened the oil demand outlook and led the OPEC[2] coalition to review more prudently the relaxation of the production per day curbs announced in April 2020. Oil prices increased by 39 percent between August 2020 and February 2021 due to vaccine rollout and the rapid economic recovery in Asia.

Base metal prices increased by 30 percent between August 2020 and February 2021. The resurgent industrial activity in China and other advanced economies, coupled with optimism about US fiscal stimulus, boosted sentiment toward metals. The prices of copper and iron ore, heavily used in construction and manufacturing sectors, increased by 30 percent and 35 percent, respectively. The base metal index is projected to increase by 32.1 percent in 2021 and decrease by 4.5 percent in 2022. Uncertainty over the speed of the global economic recovery and potential production and trade disruptions due to the pandemic are the main risks to the forecast. Precious metal prices are expected to increase to 6 percent in 2021 and 0.4 percent in 2022 because monetary policies are expected to continue to be accommodative.

Soybean and corn prices surged by more than 50 percent between August 2020 and February 2021. These prices were supported by weaker-than-expected harvest, first in the United States and more recently in South America, and strong demand from China. Wheat prices increased by 38 percent, following dry winter wheat conditions across the US Great Plains, a small 2020 crop in the European Union, and strong stockpiling demand.

1.4 Global Financial Sector

1.4.1 Developments in 2020

More than a year since the outbreak of COVID-19 pandemic, global financial stability risks are still contained, reflecting bold and timely policy actions. The combination of progress in healthcare solutions and continued unprecedented policy accommodation has been remarkably successful in preventing an even more devastating blow to the global economy and has bolstered hope for a forthcoming recovery. The magnitude of the output loss, although unprecedented in modern times, has had only a limited impact on the financial sector. While the pandemic has weighed heavily on some sectors of the economy and unmasked some underlying vulnerabilities, global financial system has shown remarkable resilience so far. The monetary policy remained accommodative in most economies with interest rates in many countries still at their low level.

[2] Organization of the Petroleum Exporting Countries, including Russia and other non-OPEC oil exporters

1.4.2 Prospects for 2021 and 2022

Resilient global risk appetite and favorable external conditions have contributed to improving domestic financial conditions, albeit with large differentiation across countries. Currencies of major emerging market economies have gained against the dollar but have faced some notable turbulence in early 2021 on the back of rising interest rates in the United States. The recovery in emerging markets is expected to be slower than in advanced economies, with significant divergence across countries.

Government financing needs have surged and the resulting increase in public debt loads is a challenge for policy makers. Faced with higher post-pandemic budgetary funding needs, policymakers have adjusted and broadened their strategies over the past few quarters. These adjustments have included a mix of shorter local currency debt duration; the introduction of asset purchase programs-which in some cases involved explicit monetary financing; and increased reliance on the domestic banking system for newly issued debt. Some frontier market economies have also relied on debt restructuring and, for eligible countries, participation in the G20 Debt Service Suspension Initiative and more recently in the G20 Common Framework for Debt Treatments.

Monetary policy in advanced economies-especially in the United States still has a large impact on financial conditions in emerging market economies. Aggressive policy easing by advanced economy central banks early in the pandemic provided the much relief to financial markets in emerging market economies.

1.5 International Trade

International trade grew by negative 8.5 percent in 2020 compared to 0.9 percent in 2019. In 2021, growth in trade volumes is projected to increase to 8.4 percent, and it is forecasted to grow by 6.5 percent in 2022.

1.5.1 Developments in 2020

Global trade began recovering in June 2020 as lockdowns were eased. China is an important contributor. Its exports recovered from deep declines earlier in the year, supported by earlier restart of activity and a strong pickup in external demand for medical equipment and for equipment to support the shift to remote working.

TABLE 1.4: WORLD TRADE (ANNUAL PERCENTAGE CHANGE)

	2019	2020	2021*	2022*
World Trade Volume (Goods and Services)	***0.9***	***-8.5***	***8.4***	***6.5***
Imports				
Advanced Economies	*1.7*	*-9.1*	*9.1*	*6.4*
Emerging Markets and Developing Economies	*-1.0*	*-8.6*	*9.0*	*7.4*
Exports				
Advanced Economies	*1.3*	*-9.5*	*7.9*	*6.4*
Emerging Markets and Developing Economies	*0.5*	*-5.7*	*7.6*	*6.0*

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

1.5.2 Prospects for 2021 and 2022

The volume of world trade is projected to accelerate to 8.4 percent in 2021 and 6.5 percent in 2022, mainly because of the rebound in merchandise volumes. Cross-border services trade (tourism and transportation) is expected to remain subdued until the pandemic is brought under control everywhere. Pandemic-related restrictions on international travel and a more general fear of travelling are expected to have lasting effects on income from exported services.

Chapter 2

MACROECONOMIC PERFORMANCE IN 2020 AND PROSPECTS FOR 2021 AND 2022

2.1 GDP Performance and Forecast

Real Gross Domestic Product (GDP) growth for 2020 was revised downwards from 1.5 percent projected in August 2020, to 0.9 percent. This downwards revision is attributed to the impact of the COVID-19 pandemic which proved to be more persistent and serious than previously anticipated. Furthermore, third round agricultural production estimates for 2019/2020 indicated that in 2020, agricultural production grew slower than previously anticipated. This necessitated a further downwards revision in the 2020 growth estimate.

At 0.9 percent, the 2020 GDP growth is the lowest registered growth rate since the 2001 recession. Such a dismal performance reflects diminishing local and cross-border economic transactions resulting from people and countries deliberately minimizing social and economic activity in a bid to contain the COVID-19 pandemic. The resultant negative demand and supply shocks have been damaging to most sectors of the economy. In particular, accommodation and food service, transportation, education, wholesale and retail, health and manufacturing sectors all saw their real output decline from the levels attained in 2019.

As for the 2021 growth projections, these were also revised. The initial growth of 6.1 percent was revised downwards to 3.8 percent. This is also a result of the COVID-19 situation which was initially expected to dissipate by the beginning of 2021, but was now expected to linger for the most part of the year. Consequently, growth in most sectors, particularly manufacturing, construction, wholesale retail trade and transportation were revised downwards to reflect these COVID-19 related challenges expected in 2021. Nonetheless, it is worth noting that the pandemic is expected to be less severe than in 2020 with the introduction of the vaccine both locally and internationally. This is expected to bring some confidence in the economy and help regain some of the economic activities that were lost in 2020.

Despite the impact of the COVID-19 pandemic, the weather conditions in late 2020 and much of 2021 have been promising for both crop and animal production. In fact, agriculture is the main driver of growth in 2021 as the sector is expected to perform well because of a combination of both favourable weather and successful implementation of the Affordable Input Program (AIP). The expectation is that the AIP intervention will significantly increase crop production in 2021 as an unprecedented number of farming households receive access to quality seed and fertilizers. The first round of agriculture estimates demonstrated that for the majority of crops, the output will be larger during the 2020/21 farming season than in the 2019/2020 season. Consequently, the crop production growth rate is expected to accelerate from 3.4 percent in 2020 to 7.1 percent in 2021. This is the main contributor of the overall economic growth of 3.8 percent in 2021. This has prevented the contraction of the economy despite the impact of the coronavirus pandemic.

As for 2022 projections, the economy is expected to further rebound and grow by 5.4 percent. This growth will be supported by the expected rebound in the manufacturing, transportation, construction and wholesale and retail sectors as the COVID-19 pandemic is contained. Even if the pandemic is not contained, it is expected that by 2021 the economy will become more resilient to this condition. The rolling out of the COVID-19 vaccines in Malawi and other countries is expected to contain the pandemic and allow economic activity to resume normality; setting in motion the recovery process for the global, regional and local economies. Equally important in 2022, is the expected high growth in the agricultural sector which is expected to reach a 6.2 percent. This will be facilitated by an increased demand for crop and animal products and improvements in the implementation of the AIP program which will be in its second year of implementation. Consequently, crop output is expected to grow by 6.7 percent and animal production by 7.3 percent.

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

Sector	2018	2019	2020	2021*	2022*
Agriculture, forestry and fishing	1,501,799.0	1,590,381.4	1,656,670.9	1,747,862.4	1,856,491.6
Crop and animal production	1,404,984.1	1,490,491.6	1,566,285.8	1,662,226.0	1,776,415.7
Forestry and logging	8,966.5	9,005.6	8,803.5	8,743.5	9,081.5
Fishing and aquaculture	87,848.4	90,884.2	81,581.6	76,892.8	70,994.4
Mining and quarrying	49,095.7	52,748.4	53,945.7	54,592.3	55,717.9
Manufacturing	787,879.0	848,143.8	884,832.3	917,455.4	970,552.4
Electricity, gas and water supply	191,522.3	206,556.9	216,159.1	223,748.3	233,171.1
Electricity and gas	70,028.5	74,650.4	76,646.4	78,426.9	80,892.8
Water supply	121,493.7	131,906.5	139,512.7	145,321.4	152,278.3
Construction	213,651.2	230,377.9	238,748.2	244,782.5	255,118.7
Wholesale and retail trade	857,719.3	909,559.1	897,793.8	916,190.3	956,458.4
Transportation and storage	310,144.1	337,198.7	313,410.5	323,183.7	345,630.3
Accomodation and food services	104,264.9	107,857.9	84,782.1	85,842.8	90,792.4
Information and communication	373,270.8	407,821.9	432,625.5	456,187.5	483,392.9
Financial and insurance activities	409,822.4	430,698.1	450,638.3	472,387.9	501,324.8
Real estate activities	451,269.7	463,729.7	477,430.6	495,629.9	509,202.0
Professional and support services	84,397.0	92,408.1	89,219.9	92,064.5	96,433.0
Public administration and defense	214,474.2	227,559.4	236,884.2	246,232.4	259,456.5
Education	293,895.1	307,834.3	293,894.5	300,266.6	321,544.3
Health and social work activities	405,562.9	408,847.4	396,455.8	406,336.1	420,183.8
Other services	119,928.6	137,885.8	136,890.8	139,046.2	143,318.6
Sum of all industries	6,368,696.2	6,759,609.1	6,860,382.4	7,121,808.9	7,498,788.8
Plus: Taxes less subsidies on product	446,874.9	434,624.0	398,856.3	414,718.7	441,618.3
GDP in constant 2017 prices	**6,815,571.1**	**7,194,233.1**	**7,259,238.7**	**7,536,527.6**	**7,940,407.1**

Source: National Accounts and Balance of Payment Committee

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

Sector	2018	2019	2020	2021*	2022*
Agriculture, forestry and fishing	22.0	22.1	22.8	23.2	23.4
Crop and animal production	20.6	20.7	21.6	22.1	22.4
Forestry and logging	0.1	0.1	0.1	0.1	0.1
Fishing and aquaculture	1.3	1.3	1.1	1.0	0.9
Mining and quarrying	0.7	0.7	0.7	0.7	0.7
Manufacturing	11.6	11.8	12.2	12.2	12.2
Electricity, gas and water supply	2.8	2.9	3.0	3.0	2.9
Electricity and gas	1.0	1.0	1.1	1.0	1.0
Water supply	1.8	1.8	1.9	1.9	1.9
Construction	3.1	3.2	3.3	3.2	3.2
Wholesale and retail trade	12.6	12.6	12.4	12.2	12.0
Transportation and storage	4.6	4.7	4.3	4.3	4.4
Accomodation and food services	1.5	1.5	1.2	1.1	1.1
Information and communication	5.5	5.7	6.0	6.1	6.1
Financial and insurance activities	6.0	6.0	6.2	6.3	6.3
Real estate activities	6.6	6.4	6.6	6.6	6.4
Professional and support services	1.2	1.3	1.2	1.2	1.2
Public administration and defense	3.1	3.2	3.3	3.3	3.3
Education	4.3	4.3	4.0	4.0	4.0
Health and social work activities	6.0	5.7	5.5	5.4	5.3
Other services	1.8	1.9	1.9	1.8	1.8
Sum of all industries	93.4	94.0	94.5	94.5	94.4
Plus: Taxes less subsidies on products	6.6	6.0	5.5	5.5	5.6

Source: National Accounts and Balance of Payment Committee

TABLE 2.3: ANNUAL PERCENTAGE GROWTH RATES (IN PERCENT)

Sector	2018	2019	2020	2021*	2022*
Agriculture, forestry and fishing	0.3	5.9	4.2	5.5	6.2
Crop and animal production	0.0	6.1	5.1	6.1	6.9
Forestry and logging	2.4	0.4	-2.2	-0.7	3.9
Fishing and aquaculture	5.1	3.5	-10.2	-5.7	-7.7
Mining and quarrying	8.8	7.4	2.3	1.2	2.1
Manufacturing	6.8	7.6	4.3	3.7	5.8
Electricity, gas and water supply	8.3	7.9	4.6	3.5	4.2
Electricity and gas	17.5	6.6	2.7	2.3	3.1
Water supply	3.6	8.6	5.8	4.2	4.8
Construction	7.2	7.8	3.6	2.5	4.2
Wholesale and retail trade	3.3	6.0	-1.3	2.0	4.4
Transportation and storage	6.3	8.7	-7.1	3.1	6.9
Accommodation and food services	4.0	3.4	-21.4	1.3	5.8
Information and communication	9.5	9.3	6.1	5.4	6.0
Financial and insurance activities	6.8	5.1	4.6	4.8	6.1
Real estate activities	-2.9	2.8	3.0	3.8	2.7
Professional and support services	8.1	9.5	-3.5	3.2	4.7

Public administration and defense	*6.0*	*6.1*	*4.1*	*3.9*	*5.4*
Education	*4.6*	*4.7*	*-4.5*	*2.2*	*7.1*
Health and social work activities	*5.3*	*0.8*	*-3.0*	*2.5*	*3.4*
Other services	*8.0*	*15.0*	*-0.7*	*1.6*	*3.1*
Sum of all industries	*4.0*	*6.1*	*1.5*	*3.8*	*5.3*
Plus: Taxes less subsidies on products	***10.3***	***-2.7***	***-8.2***	***4.0***	*6.5*
GDP in constant 2017 prices	***4.4***	***5.6***	***0.9***	***3.8***	***5.4***

Source: National Accounts and Balance of Payment Committee

2.2 Real Sector Performance in 2020 and Prospects for 2021 and 2022

2.2.1 Agriculture, Forestry and Fishing

Growth within this sector for the year 2020 was revised downwards from 6.6 percent to 4.2 percent. This reflects new data from the 2019/20 Third Round APES suggesting that crop output in 2020 grew less than previously anticipated. Nevertheless, the sector is still estimated to have done well due to a significant output of maize, rice and cotton which benefited from favorable weather conditions and increased output uptake.

In 2021, the sector is expected to grow by 5.5 percent representing a downwards revision from the 8.8 percent projected in August 2020. This is also due to new information from the 2020/21 First Round Agricultural Production Estimates. Despite this reduction, a 5.5 percent growth rate signals that the sector performed well. This high growth is mainly driven by the high input uptake due to the Affordable Input Program in its maiden year. Furthermore, favorable weather during the 2020/21 agricultural season is also an important factor in ensuring the increased output for the year. In 2022, the sector is expected to do even better, growing by 6.2 percent as the country gains experience in implementing the AIP.

2.2.2 Mining and Quarrying

Growth for the mining sector for 2020 has slightly been revised downwards from 2.6 percent reported in August 2020 to 2.3 percent as of February 2021. This is due to a reduced demand for quarry aggregates in both the domestic and international markets because of a combination of two factors. First of all construction slowed down in Malawi due to the impact of the pandemic. Much of the mining in Malawi involves quarrystones for construction and demand for this product declined due to reduced construction activities. Secondly, with industry slowing due to the pandemic, the demand for coal fell as well. Disruptions in the electricity supply also affected production of quarry aggregates and coal. In addition, the sector was affected by the failure of some of the foreign investors (including Lancaster Exploration Limited and Globe Metals and Mining Company) to come into the country to conclude the Mining Development Agreements (MDA). Notably, reports of mineral trade on the informal market suggests that the sector has potential to grow.

The 2021 growth for the sector has been revised downwards from 2.8 percent reported in August 2020 to 1.2 percent as of February 2021 on account of the COVID-19 pandemic which hindered production, exploration and investment prospects. This is because of the lockdown and restrictions in international travel. Furthermore, it is expected that there will be a reduced demand for coal because firms in Malawi that consume this input will have slowed down their own production due to COVID-19 preventive measures. Notably, the failure by local firms to meet international quality standards for coal is another factor that continues to slow down the sector.

For 2022, growth for the sector is projected at 2.1 percent with the expectation that demand for quarry aggregates will increase. Energy production is also expected to improve with the emergence of solar farms and maintenance work on some hydro power plants. Furthermore, there is an increase in the number of companies obtaining exploration licenses which will contribute to the projected increase in rock aggregate mining in the coming year.

2.2.3 Manufacturing

Growth of the manufacturing sector in 2020 was estimated at 4.3 percent. While Coronavirus negatively influenced growth in this sector, the positive impacts of the bumper harvest allowed the sector to still register growth. It should be noted that agricultural products are the main inputs for the manufacturing sector in Malawi.

As for 2021, the estimated growth rate was revised downwards from 5.9 percent during the August 2020 estimations to 3.7 percent during the February 2021 survey; a much more significant fall. This reflects the extended duration of the COVID-19 pandemic which is expected to continue affecting the economic activity in 2021. This is contrary to the initial assumption that the pandemic would be contained by early 2021. Nevertheless, the sector will still grow for two reasons namely adaptation to the COVID-19 situation by both producers and consumers and continued good performance of the agriculture sector which will provide raw materials to the sector.

In 2022, the manufacturing sector is expected to rebound and grow by 5.8 percent. The assumption underlying this projection is that the pandemic will be contained following both domestic and international vaccination campaigns. This will spur economic activities towards pre-Covid levels.

2.2.4 Electricity, Gas and Water

The 2020 growth in this sector was revised downwards from 5.4 percent to 4.6 percent reflecting the challenges the sector was experiencing in relation to the COVID-19 pandemic. As for 2021, growth for the sector was also revised downwards from 5.1 to 3.5 percent reflecting challenges the sub-sectors of electricity and water encountered.

The electricity subsector faced mechanical breakdowns at the Kapichira Phase 1 and Nkula B power stations leading to a reduction of energy generation. The coronavirus pandemic exacerbated this problem by preventing foreign technicians and contractors from entering the country to maintain faulty equipment due to travel restrictions. This meant that maintenance of essential equipment was postponed. In addition, heavy rainfall resulted in siltation that, apart from affecting power generation, increased operational costs including dredging in order to sustain energy production.

The water subsector has been heavily affected by increases in operating costs and the inability of water boards to adjust tariffs, reducing the profitability of the boards. In addition to this, the coronavirus pandemic has influenced several of their institutional customers to scale down operations, reducing the demand for utilities. Increases in non-revenue water has also negatively impacted the boards. Strategies for reducing non-revenue water were not implemented because repair costs were not justifiable due to the severe reduction of funding. The water boards are also indicating that the customer base is now shifting to domestic instead of institutional customers. This shift is because the pandemic influenced institutions to scale down their activities and allow employees to work from home. Unfortunately, this has reduced the demand for water because institutions are high consumers.

By 2022, the sector is projected to grow by 4.2 percent as the Coronavirus pandemic is expected to have been contained which will allow regular repairs to be conducted and institutional customers to resume work thereby restoring demand for their services.

2.2.5 Construction

As for the year 2020, growth for the construction sector was slightly revised upwards from 3.4 percent to 3.6 percent. Meanwhile, the estimated growth for 2021 was significantly revised downwards from 8.1 percent to 2.5 percent because of the realization that the pandemic will continue impacting the activity in 2021. Many ongoing construction projects including schools and roads have slowed down due to the disrupted supply of raw materials following the COVID-19 induced lockdowns and travel restrictions in Malawi's trading partners. In 2022, the sector is expected to rebound and grow by 4.2 percent. This is on account of the expectation that the government will rechannel resources towards the sector as the COVID-19 crisis dissipates following the vaccination program.

2.2.6 Wholesale and Retail

The pandemic led to a contraction in the wholesale and retail sector recorded at negative 1.3 percent; a reduction from negative 1.2 percent. This reflects COVID-19 containment measures imposed by the Malawi government and trading partners which negatively affected imports of consumer goods. Moreover, customers reduced demand for services of the sector as they were complying with social distancing requirements apart from experiencing reduced pay and workhours because of the pandemic.

For 2021, the sector will no longer be contracting and is expected to grow by 2 percent. This growth is on account of increased consumer activity and the gradual relaxation of containment measures as the country rolls out COVID-19 vaccine. The opening of other economies will also help to improve import of essential commodities thereby spuring growth of the sector.

By 2022, the sector is expected to grow by 4.4 percent. This will be aided by increases in disposable income as the pandemic eases and the economy is restored to pre-covid levels of productivity.

2.2.7 Transportation and Storage Services

In 2020, the transportation and storage services sector contracted by 7.1 percent. This negative outcome was due to reductions in the supply of transportation services following the suspension and restriction of international and domestic travel due to COVID-19. Moreover, there was a reduction in the demand for the few travel services that were still available because consumers feared contracting and spreading the coronavirus. Additionally, there was reduced demand for transport services from other sectors of the economy as they also experienced contraction due to COVID-19. For 2021, growth is estimated to be 3.1 percent as the economy starts registering some recoveries from COVID-19. In 2022, growth is projected to reach 6.9 percent on account of containment of COVID-19 and good performance of other sectors. Transport is a derived demand sector such that good performance of other sector stimulate growth in this sector. In view of this, the anticipated good performance for the mining and manufacturing sectors, among others, will have a positive spillover effect on the transportation sector in the short to medium term.

2.2.8 Accommodation and Food Services

The 2020 growth in the accommodation and food services sector has been slightly revised upwards from negative 26.7 percent to negative 21.4 percent. This means that while the sector is still contracting, it is not as severely as previously anticipated. For 2021, the sector's growth has been slightly adjusted upward from 1 percent to 1.3 percent. Upwards revisions notwithstanding, the sector has been heavily impacted by the COVID-19 pandemic due to the cancellation of conferences and the popularization of virtual meetings, the reduction of the inflow of foreign nationals reducing demand in the sector and social distancing measures which reduced the patronage of services offered by the sector. Despite this, a rebound is expected in 2022 where it is projected that the sector will grow by 5.8 percent. This projection is based on the assumption that business will pick up once the pandemic is contained and consumers begin to visit restaurants and hotels once again.

2.2.9 Information and Communication

The growth estimate for 2020 for the information and communication sector has been slightly revised upwards from 5.1 percent to 6.1 percent. Growth for 2021 was revised upwards from 4.5 percent to 5.4 percent. The political situation in 2020 increased the demand for information and communication services hence the sector experienced high growth. In addition, as the COVID-19 pandemic unfolded, demand for internet data and airtime increased as businesses shifted to virtual and telephone communications, a trend that is expected to continue in 2021. In 2022, the sector is projected to grow at 6.0 percent.

2.2.10 Financial and Insurance Services

The growth estimate for financial and insurance services for 2020 has been revised upwards from 3.8 to 4.6 percent. Growth in the sector has been influenced by stability of Malawi Kwacha against currencies of major trading partners which has contributed to the stability of the sector. In addition, the reduction of the reference rate by Reserve Bank of Malawi has enabled financial institutions to expand credit and minimize non-performing loans. This has further been 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 was revised upwards from 4.6 percent to 4.8 percent as financial institutions are able to refine their innovations in the light of the Coronavirus pandemic and anticipation of rolling out of COVID-19 vaccine will give consumers confidence to invest in financial services. For 2022, it is projected that the sector will grow by 6.1 percent as the economy bounces back to the pre-COVID-19 levels.

2.2.11 Real Estate

Growth for 2020 for the real estate sector was estimated at 3.0 percent. This level of growth reflects the impact of COVID-19 pandemic. Players in this sector suffered the economic effects of the pandemic as rental rates were adjusted downwards in order to boost room and house occupations. These trends are expected to continue into 2021 and growth for the sector has been estimated at 3.8 percent. The positive growth is on an account that the coronavirus pandemic will be contained and the economy will slowly open up. This has been fueled by the presence of the covid vaccine in Malawi and the act of Malawi's trading partners slowly reopening their borders. For 2022, growth for the sector is projected at 2.7 percent.

2.2.12 Professional, Scientific, Technical, Administrative and Support Services

The growth for the sector in 2020 was revised downwards from 3.3 precent to negative 3.5 percent on account of continued effect of COVID-19. This sector was severely hit by the Coronavirus pandemic. Travel restrictions reduced activities of travel agencies including hiring of vehicles.

Prospects for 2021 are far more positive and growth is projected at 3.2 percent. This positivity is attributed to the expectation of a gradual reduction in the impact of the pandemic as the consumer base adjusts to the presence of the Coronavirus and the business sector slowly recovers. Moreover, the rolling out of COVID-19 vaccines will stimulate this economic activity as customers gain confidence in the business environment. By 2022, it is anticipated that growth for the sector will reach 4.7 percent.

2.2.13 Public Administration and Defense

The 2020 growth rate in the Public Administration sector was 4.1 percent. The 2021 growth is estimated at 3.9 percent. The growth rate for 2022 is projected at 5.4 percent.

2.2.14 Education

Growth for 2020 for the education sector was negative 4.5 percent. This slow down was on account of closure of schools due to COVID-19 pandemic. Notably, the 2021 growth figures have also been revised downwards from 5.8 percent to 2.2 percent. This downward revision takes into consideration the expectation that the COVID-19 pandemic will extend well into 2021 contrary to previous expectations. As a result, schools are expected to continue operating at less than full capacity thereby slowing down the sector in 2021. For 2022, sectoral GDP is projected to grow by 7.1 percent as the pandemic subsides and school operations get back to normal levels.

2.2.15 Human Health and Social Work

Human health and social services contracted by negative 3 percent in 2020, a downward revision from the initial estimate 2.9 percent. For 2021, growth has also been revised downwards from 6.4 percent to 2.5 percent. The downward revisions reflect the fact that the effects of the COVID-19 pandemic on the sector are more negative than previously anticipated. The unwillingness by patients to go to hospitals for fear of contracting or being tested for COVID-19 has caused a significant reduction in demand for medical services despite a surge in COVID-19 hospitalisations. Furthermore, the cost of providing Personal Protective Equipment (PPE) to medical personnel as well as the establishment of coronavirus centers has burdened the health sector. Sectoral growth for 2022 is projected at 3.4 percent in 2022 with the expectation that by then the pandemic will have been contained through vaccination or other means which will allow hospitals to return to their normal duties.

2.3 Price Developments

In terms of price developments, Malawi has been experiencing a decline in inflation due to, among other things, availability of food and the stability of the Malawi Kwacha against currencies of major trading partners such as the US dollar. As Table 2.4 shows, the annual average headline inflation rate for 2020 was recorded at 8.61 percent with food inflation at 13.0 percent and non-food inflation at 1.6 percent. In 2021, it is projected that the annual average headline inflation will continue to slowdown, reaching 7.5 percent. This will be a result of food inflation dropping to 10.8 percent although non-food inflation is expected to rise to 4.3 percent as global oil prices pick up. For 2022, headline inflation is expected to continue to slowdown and is expected to average 7.35 percent with food inflation averaging 11.4 percent while non-food inflation mildly dropping to 3.2 percent.

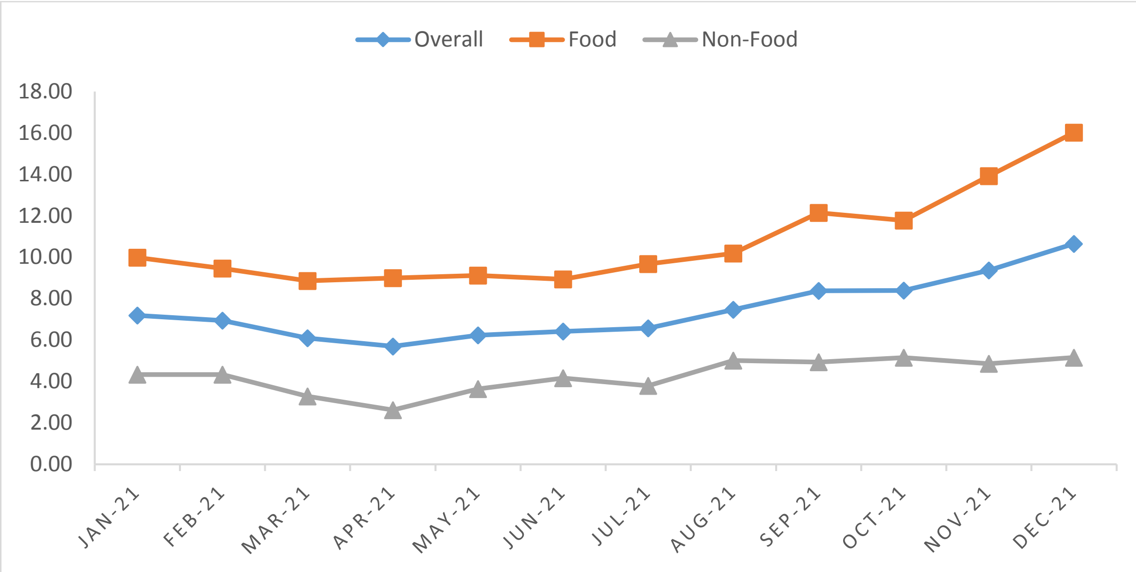
In terms of the period-on-period inflation in 2021, it is expected that the month of April 2021 will have the lowest inflation which will stand at 5.7 percent compared to the 9.4 percent recorded in April 2020. This will be largely due to a projected big decline in food inflation as food harvests conclude and food supply increases on the market with the success of the AIP being a major factor. Non-food inflation is also expected to follow a similar trend as it enjoys spill overs from the low food inflation. Consequently, it will go down to 2.62 percent in April 2021 compared to the 5 percent that was recorded in 2020. However, as the world economy recovers and aggregate demand increases, inflation is expected to take an upward trajectory in the second half of 2021 to end at 10.65 percent in the month of December. This trend will be led by food inflation which is expected to end at 16.02 percent in December 2021.

TABLE 2.4: AVERAGE INFLATION RATES IN 2020, ESTIMATIONS FOR 2021 AND PROJECTIONS FOR 2022

	2020	2021	2022
Headline inflation	8.6	7.5	7.3
Food inflation	13.0	10.8	11.4
Non-food inflation	1.6	4.3	3.2

Source: Ministry of Economic Planning & Development and Public Sector Reforms

FIGURE 2.1: INFLATION FORECAST FOR THE YEAR 2021



Source: Ministry of Economic Planning & Development and Public Sector Reforms

2.4 Balance of Payments

2.4.1 Current Account Balance 2020 and 2021

The country continued to record a deficit Current Account Balance (CAB). In 2020, the country current account deficit was USD 1,412.4 million representing 12.7 percent of the GDP. The CAB deficit is projected to worsen by 4.0 percent to USD1,468.0 million in 2021, representing 12.9 percent of GDP.

In 2020 the CAB deficit was mainly due to worsening of goods account by 3.1 percent to USD 1,784.6 million, driven by decrease in exports by 16.0 percent to USD 911.7 million. In 2021, goods account is projected to worsen by 1.5 percent to USD 1,812.2 million due to increase in imports by 1.8 percent.

Services account deficit improved by 29.9 percent to USD 149.6 million in 2020. Almost all service items deficits improved in 2020. However, in 2021, service account deficit is anticipated to worsen by 5.8 percent to USD 155.0 million. This is explained by Coronavirus related restrictions imposed by various economies since Malawi is a predominantly net services importer, and the outturn in 2021 is due to easing of travel restrictions amid the Coronavirus disease.

The current account deficit was moderated by the current transfers account performance in 2020, specifically due to increase in transfers to the general government as well as transfers to NGOs.

2.4.2 Goods Balance in 2019, 2020 and 2021

2.4.2.1 Capital and Financial Account Balance 2020 and 2021

The capital and financial account improved by 9.2 percent to USD 852.2 million in 2020. The account is projected to record a slow-down in 2021 by 34.6 percent to USD1,211.6 million.

In 2020, the capital account registered USD 817.8 million, representing a slow-down by 12.1 percent. The account is anticipated to continue slowing down to USD 685.0 million in 2021.

The financial resources available to finance the current account deficit were USD 1,034.4 million in 2020, representing an increase of 35.1 percent. The outturn was mainly driven by general government portfolio liabilities as well as an increase in general government and IMF loans.

In 2021, financial account is projected to register an increase of 49.1 percent from a 2020 performance. Overall, the country drew down its reserves by USD 255.7 million in 2020, and it is anticipated that the economy will further draw down its reserves to USD 199.0 million 2021.

2.5 Fiscal Performance

The 2019/20 and 2020/21 budgets were implemented amidst the COVID-19 pandemic hence fiscal performance was negatively affected on two fronts; subdued economic activity and growth leading to below par revenue performance and the heightened need for resources to respond to the pandemic. Since March 2020, the Malawi Government has been responding to the COVID-19 pandemic with the view to prevent further spread of the virus and to assist the most vulnerable households with cash transfers to help them cope with the loss of income caused by the pandemic.

Malawi Government fiscal policy continues to focus on Economic growth, job creation, and economic empowerment to improve the country's productivity and the well-being of the people. However due to the high and rising public debt stock, Government is focusing on all these policy objectives concurrently with the aimed aim of ensuring macroeconomic and debt sustability.

Revenue underperformed in 2019/20 specifically due to containment measures Government adopted to prevent the spread of COVID-19. This resulted to subdued economic activities, especially in contact intensive industries. Furthermore, the closure of international borders affected performance of both imports and exports towards the end of the fiscal year. The performance was also affected by the post-election political demonstrations and violence following the June 2019 tri-partite elections. Revenue outturn for 2019/20 was 14.8 percent of GDP.

The national budget continues to be mainly financed by own resources with Tax revenue amounting to 12.6 percent of GDP in 2019/20 while Grants amounted to 1.5 percent of GDP during the same period. Other revenue amounted to 0.8 percent of GDP in 2019/20.

In 2020, the Malawi Government rebased its GDP from 2010 base year to 2017 base year. The rebasing increased the country's GDP numbers by about 37.0 percent. This has had the effect of reducing the country's revenue as percentage of GDP hence the need for improvement in revenue collection to reach the pre-rebasing period levels of about 20 percent of GDP.

Expenditure during 2019/20 was 21.4 percent of GDP of which expense was 17.1 percent while development was 4.3 percent of GDP. Fiscal deficit was 6.6 percent of GDP. The deficit is likely to remain high in the 2020/21 and 2021/22 fiscal years.

2.6 Monetary Policy Developments

The Reserve Bank of Malawi (RBM) continues to be guided by a forward-looking analysis of the domestic and external macroeconomic developments derived from its monetary policy. The policy objective is to maintain price stability to support sustained economic growth. Specifically, monetary policy in 2020 aimed at preserving low inflation by stabilizing it at 5.0 percent with a ± 2 percent point tolerance margin in the medium term.

In 2020, inflationary pressure was relatively low compared to 2019 with headline inflation declining to an average of 8.6 percent in 2020 compared to an average of 9.4 percent recorded in the previous year. This fall is largely attributed to food inflation which dropped to an average of 12.4 percent from 14.3 percent in 2019. Lower food inflation was mainly due to broadly stable maize prices in 2020 reflecting the exceptional harvest of the 2019/2020 growing season coupled with subdued demand amidst the COVID-19 pandemic. Non-food inflation also played its part when it declined to an average percent of 4.8 from 5.4 in 2019.

Despite the adverse effects of the pandemic on macroeconomic outturn, particularly domestic economic activity and international trade, the inflation outcome in 2020 remained favourable. This condition, consequently, created space for monetary easing. This measure contributed heavily to economic activity. In this regard, the Reserve Bank of Malawi (RBM) adjusted downwards the Liquidity Reserve Requirement (LRR) on domestic currency deposits by 125 basis points to 3.75 percent and the Lombard Rate by 50 percent to 0.2 percent points above the policy rate in April 2020. This was done to mitigate potential liquidity challenges in the banking system in the wake of the pandemic. The authorities further reduced the Policy Rate by 150 basis points to 12.0 percent in November 2020. This decision was aimed at supporting economic activity and job creation amidst the pandemic.

There were three other measures taken by RBM during the year under review to respond to the Coronavirus pandemic. The first was the activation of the Emergency Liquidity Assistance (ELA) facility on a case-by-case basis. The second was the approval of the recapitalization plan under the Prompt Corrective Action (PCA) Directive beyond 90 days in the unlikely event of a bank breaching the Prudential Capital Requirement Directive as a result of COVID-19. Last was the granting of relief to banks on the provisioning of restructured loans and loans on moratorium impacted by COVID-19. Going forward, RBM is committed to implementing cautious monetary policy to sustain the disinflation process as well as economic recovery.

2.7 COVID-19 Response by Other Players in the Financial System

Recognizing the potential adverse effects of COVID-19 pandemic, other financial sector players, in consultation with the RBM, had put in place a number of mitigating measures as presented below:

2.7.1 Actions Taken by Financial Institutions

i. Provided an initial three-month moratorium on interest and principal repayments for loans by borrowers including pay-roll borrowers on a case by case basis. This was subsequently extended to six months to June 2021.

ii. Deferred all payments of dividends until the risk of COVID-19 is under control.

iii. Suspended all capital expenditures.

iv. Restructured and refinanced or renegotiated loans for all borrowers affected by COVID-19 on a case by case basis.

v. Innovated and encouraged customers to utilize digital platforms.

vi. Reduced by 40 percent fees and charges related to internet banking, mobile payments and any other related services, except for POS and visa and master card related payments.

2.7.2 Actions Taken by Mobile Network Providers

i. Completely removed user fees and charges on person to person transfers on the same network.

ii. Reduced user fees and charges on person to person transfers across respective networks from a minimum of MK120.00 to MK20.00 that will accrue to National Switch Centre.

iii. Revised upwards daily transaction and account balance limits on nonbank mobile money services.

2.8 Transactions with the International Monetary Fund

The Extended Credit Facility (ECF) of the International Monetary Fund (IMF) which was contracted in April 2018 was cancelled in September 2020 with an aim of realigning policies and macroeconomic framework of the new administration with the ECF. It is hoped that a successor program will be in place in the 2021/22 fiscal year. Meanwhile, a sudden balance of payments problem stemming from the pandemic necessitated that Malawi should access the IMF's Rapid Credit Facility RCF[3]. Subsequently, in May 2020, Malawi received first disbursement tranche of the RCF amounting SDR66.4 million (equivalent to USD91.0 million) representing 47.9 percent of Malawi's quota. The second disbursement tranche amounting to SDR72.3 million (USD 102.0 million) was received in October 2020, bringing the total IMF COVID-19 emergency support to Malawi to SDR138.8 million (USD 193.0 million), which is 100.0 percent of Malawi's quota.

In addition, Malawi qualified for grant assistance for debt service relief under the IMF's Catastrophe Containment and Relief Trust (CCRT) in 2020. Accordingly, the country benefited from the first and second tranche of the grant for debt service relief amounting SDR 7.2 million (USD 5 million) each in April and October 2020 on current obligations with the IMF. The debt service relief was expected to continue until April 2021.

[3] The RCF provides low-access, rapid, and concessional financial assistance to Low Income Countries facing an urgent balance of payments need without *ex- post* conditionality

Chapter 3

AGRICULTURE, FISHING AND FORESTRY

3.1 Overview

This chapter reviews performance of the Agriculture and Natural Resources Sector for the 2020/21 fiscal year. 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 was 319.3 mm which was lower when compared to the 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 mm. 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 2020/21 first round of Agriculture Production Estimates Survey (APES) projected increased production for maize, rice, groundnuts, pulses, pigeon peas and cowpeas. Maize production for instance, was projected to increase from 3,785,712 metric tons in 2019/20 growing season to 4,447,494 metric tons in 2020/21 growing season representing a 17.5 percentage increment (Table 3.1). Maize production as well as other crops such as groundnuts, pigeon peas and cow peas production was attributed to the rise in yield levels due to increased inputs uptake by farmers sponsored by the AIP for maize coupled with favorable weather conditions. Rice production was estimated to increase by 3.2 percent due to availability of improved seed and water in wetlands. The results also indicate that production of beans, soya beans, millet, sorghum, wheat, sesame, sunflower and cotton decreased due to seed unavailability and price disincentives hence farmers shifting to other crops. A summary of crop production is presented in the Table 3.1 below.

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

Crop	2019/20 Third Round	2020/21 First Round	Percentage Change
Maize	3,785,712	4,447,494	*17.5*
Rice	142,591	147,114	*3.2*
Wheat	665	336	*(49.5)*
Millet	45,848	40,014	*(12.7)*
Sorghum	128,731	119,481	*(7.2)*
Groundnuts	425,885	452,601	*6.3*
Cotton	53,349	20,103	*(62.3)*
Sesame	7,585	5,836	*(23.1)*
Sunflower	21,004	20,467	*(2.9)*
Pulses	956,143	989,477	*3.5*
Beans	219, 305	217,556	*(0.8)*
Pigeon Peas	403,928	417,926	*3.5*
Soya Beans	264,372	263,458	*(0.3)*
Cow Peas	52,488	52,808	*0.7*

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. Mzuzu ADD projected the highest increase in maize production at 24.6 percent, while Shire Valley projected a decline of 18 percent. Table 3.2 below summarizes maize production by ADD.

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

ADD	2019/20 Third Round	2020/21 First Round	Percentage Change
Karonga ADD	196,057	217,911	*11.1*
Mzuzu ADD	330,638	428,682	*29.7*
Kasungu ADD	973,914	1,158,234	*18.9*
Lilongwe ADD	811,486	945,926	*16.6*
Salima ADD	161,097	191,846	*19.1*
Machinga ADD	408,087	476,669	*16.8*
Blantyre ADD	763,037	906,445	*18.8*
Shire Valley ADD	141,396	121,781	*(13.9)*
National	**3,785,712**	**4,447,494**	***17.5***

Source: Ministry of Agriculture

3.2.2.2 Tobacco Production

The 2020/21 production estimates show that all the tobacco varieties registered an increase in production as compared to the 2020 actual sales. Production of Flue Cured Virginia (FCV), Dark Fire Cured (DFC) and Burley increased by 12.83, 11.39 and 6.31 percent, respectively. The results of the 2020/21 first round tobacco estimate indicates that production was at 122,413,000 kilograms (122,413MTs), representing 7.38 percent increase as compared to the 2019/20 final round estimate of 114,004,491 kilograms (Table 3.3). The increase in tobacco production is attributed to the rise in number of growers in contract with tobacco buying companies particularly in the central region. The 2020/21 first round tobacco projection was lower when compared to 2020/21 trade demand despite the increase in tobacco production. Tobacco buyers' demand was 132,280MTs against the first round projection of 122,413MTs, representing a deficit of 7.5 percent (Table 3.4). The deficit was attributed to grower dropouts, particularly in auction tobacco, due to the market challenges such as low prices and high rejection rates experienced in the previous tobacco marketing season. Regional tobacco production results indicated that the central region had the highest production of Burley and FCV while the northern region recorded the highest production of DFC (Table 3.5).

TABLE 3.3: NATIONAL TOBACCO PRODUCTION ESTIMATES IN KILOGRAMS

Type	2019/20 Third Round	2020/21 First Round	Percentage Change
Burley	95,049,024	101,061,000	*6.31*
FCV	16,424,024	18,532,000	*12.83*
DFC	2,531,543	2,820,000	*11.39*
Total	**114,004,491**	**122,413,000**	***7.38***

Source: Ministry of Agriculture

TABLE 3.4: 2020/21 FIRST ROUND TOBACCO PRODUCTION VERSUS 2021 TRADE DEMAND IN KILOGRAMS

Tobacco Type	Trade Demand	2021 (Projections)	Percentage Change
Burley	107,150,000	101,061,000	*(5.68)*
FCV	21,800,000	18,532,000	*(14.99)*
DFC	3,330,000	2,820,000	*(15.32)*
Total	**132,280,000**	**122,413,000**	***(7.46)***

Source: Ministry of Agriculture

TABLE 3.5: 2020/21 TOBACCO PRODUCTION ESTIMATES BY REGION IN KILOGRAMS

Type	North	Centre	South	Total/National
Burley	22,434,000	72,949,000	5,678,000	101,061,000
FCV	3,024,000	11,665,000	3,843,000	18,532,000
DFC	1,323,000	907,000	600,000	2,820,000
Total/ National	**26,771,000**	**85,521,000**	**10,121,000**	**122,413,000**

Source: Ministry of Agriculture

3.2.2.3 National Horticultural Crops Production

Horticultural crops estimates indicated that production of sweet potatoes, potatoes and cassava increased by 11.1, 72.9 and 2.6 percent respectively due to availability of planting materials and favourable weather. Furthermore, production of bananas, mangoes, pineapples, tangerines and lemons registered an increase of 7.5 percent on average as compared to the final round of 2019/20 due to increased number of bearing plants complemented by favourable weather. However, production of onions and tomatoes decreased by 11.1 and 6.1 percent respectively due to price disincentives (Table 3.6).

TABLE 3.6: 2020/21 NATIONAL HORTICULTURAL CROPS PRODUCTION ESTIMATES IN METRIC TONNES

Crop	2019/20 Third Round	2020/21 First Round	Percentage Change
Cassava	5,946,312	6,100,819	*2.6*
S/Potato	5,982,699	6,649,086	*11.1*
Potato	881,136	1,523,582	*72.9*
Pineapples	391,181	427,617	*9.3*
Mangoes	1,156,371	1,365,625	*18.1*
Oranges	84,714	85,521	*1.0*
Avocado Pears	113,982	112,429	*(1.4)*
Tomatoes	736,624	691,397	*(6.1)*
Banana	740,344	810,829	*9.5*
Cabbage	229,814	229,620	*(0.1)*
Onions	274,814	244,312	*(11.1)*
Tangerines	213,810	227,849	*6.6*
Lemons	17,231	18,525	*7.5*

Source: Ministry of Agriculture

3.2.3 Livestock Production

According to the APES first round data for all livestock species in the country, population of cattle increased from 1,893,971 to 1,945,116 representing 2.7 percent increase as compared to the final round of 2019/20 season. The population of pigs, goats, sheep, rabbits and chickens also increased by 6.1, 7.0, 4.2, 6.7 and 11.4 percent, respectively. However, the production of quails dropped by 46.1 percent (Table 3.7). The rise in livestock production was attributed to an increase in births as a result of improved management practices which included good housing, feeding and breeding, and disease control. Furthermore, there was an increase in the number of households keeping livestock due to government and stakeholder injections and pass-on programmes. On the other hand, the decrease in quails was due to the fact that the production figure was a half-year throughout.

TABLE 3.7: LIVESTOCK CENSUS

Species	2019/20 Third Round (Actual)	2020/21 First Round	Percentage Change
Cattle	1,893,971	1,945,116	*2.7*
Goats	10,028,678	10,727,448	*7.0*
Sheep	351,458	366,184	*4.2*
Pigs	8,383,086	8,893,834	*6.1*
Chickens	176,810,939	196,981,949	*11.4*
Guinea Fowls	2,500,377	2,619,916	*4.8*
Turkeys	348,054	361,096	*3.7*
Doves/Pigeons	10,010,315	10,416,022	*4.1*
Ducks	3,327,056	3,549,572	*6.7*
Quails	160,100	91,014	*(46.1)*
Rabbits	3,096,033	3,304,466	*6.7*
Guinea Pigs	652,688	707,634	*8.4*

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 ADDs in the last half of December, 2020. However, the general observation was that the food situation improved across the country during the 2020/2021 production season compared to the last season. Although with a slight improvement, five of the eight ADDs still reported a worse position in terms of food situation. Karonga, Mzuzu and Kasungu ADDs reported a single digit percentage of families without food which were 4.1, 5.2 and 9.2 percent respectively. Overall, 18 percent of households reported to have no food from own production as of December, 2020 compared to 22 percent in December, 2019. In a bid 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 were readily available on the local markets. Table 3.8 provides more details on the food situation. Average prices for commodities were as shown in Table 3.9 below. Prices of most food commodities were slightly higher compared to the same time last season.

TABLE 3.8: 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**	***18***

Source: Ministry of Agriculture

TABLE 3.9: AVERAGE COMMODITY PRICES

Commodities	**Average Price (MK)**
Maize	185
Rice	750
S/Potatoes	325
Beans	800
Eggs	100
Goat Meat	2,000
Beef	2,300
Pork	1,300
Live Goat	19,500
Pig	18,000
Live Cattle	160,000

Source: Ministry of Agriculture

3.2.5 National Agriculture Investment Plan (NAIP)

In the period under review, National Agriculture Investment Plan remained the main implementation vehicle for the National Agriculture Policy (NAP). The sector continued programming its activities guided by the NAIP which is a prioritized and harmonized investment framework for the sector, aligned to the MGDS III as well as both regional and global development policies. In view of this, NAIP remained the main reference sectoral policy document for harmonized investment.

The agriculture sector continued to implement its programs and projects within the NAIP framework which included 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. For instance, the Ministerial Strategic Plan and the Malawi Cotton Development Strategy were launched in November, 2019. In addition, the Fertilizer policy was launched in April, 2021 while the Horticulture Policy and

Livestock development Policy were finalized; awaiting cabinet approval. Furthermore, the sector reviewed the Agriculture General Purpose Act and Special Crops Act.

3.2.6 Affordable Inputs Programme (AIP)

The Affordable Inputs Programme (AIP) was launched on 17th October, 2020 as a successor of Farm Inputs Subsidy Programme (FISP). Unlike FISP, AIP targeted all smallholder farming households in all the districts across the country.

Initially, AIP targeted 4,279,100 farming households. This list of farmers was subject to the Nation Registration Bureau (NRB) for validation. Consequently, the figure dropped to 3,788,105 due to the reasons that some were duplicated, some could not be traced and some had died. Out of the 3,788,105 validated beneficiaries 3,455,437 redeemed their inputs representing 91 percent achievement of the programme.

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 345,543.65 metric tonnes of fertilizer (which is 172,753 MT of NPK and 172,790.65 MT of Urea) against the target of 378,810 MT which is a 91 percent. Seed uptake however was lower than fertilizer where 13,497.51MT against 19,145 MT was sold out representing 68 percent.

AIP was a success due to, among others, the following measures;

i. Use of the electronic system as a platform of inputs provision to programme beneficiaries;
ii. Suppliers allocated specific Extension Planning Areas (EPA) to retail their inputs;
iii. Multi-sector approach of implementation;
iv. Empowerment of local development structures; and
v. Reduced contribution to the programme by each farmer from MK9,000 to MK4,495.
vi.

There were, however, some challenges encountered during the 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 Identity cards (IDs); and
v. Mismatching of IDs in the system and the IDs that beneficiaries brought.

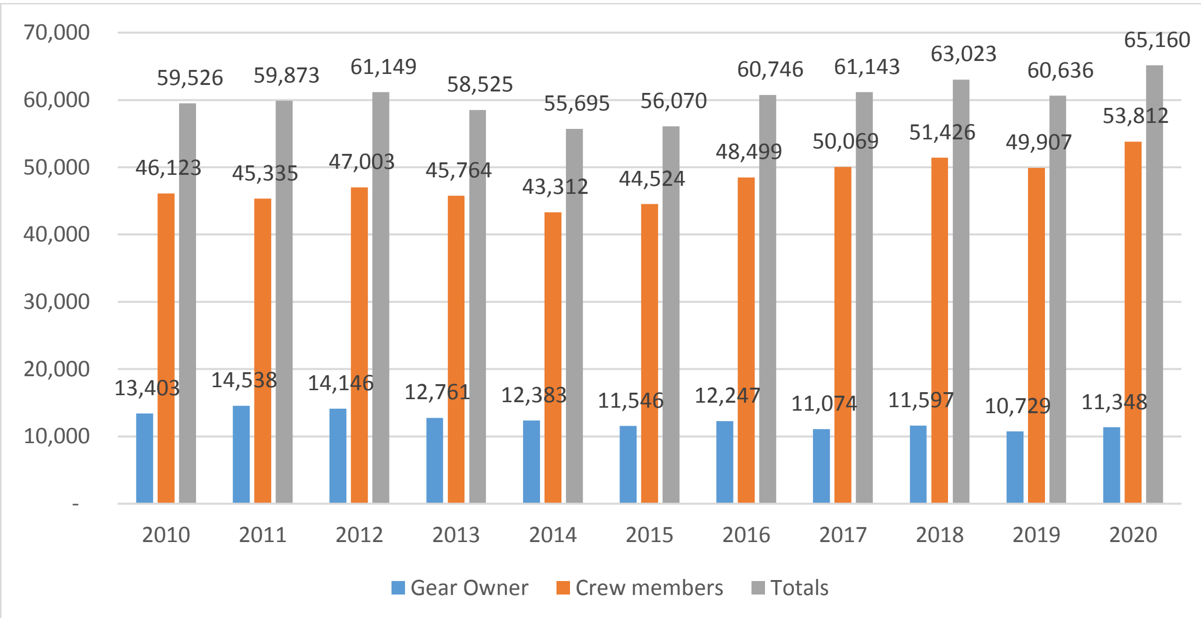
3.3 The Fisheries Sector

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 continued to be a major source of employment. Figure 3.1 shows that in 2020 there was an increase of 7 percent in the number of fishers employed from 60,636 in 2019 to 65,160 in 2020.

FIGURE 3.1: NUMBER OF FISHERS EMPLOYED IN THE FISHING INDUSTRY FROM 2010 TO 2020



Source: Department of Fisheries

Additionally, the sector continued to indirectly employ over half a million people who were engaged in ancillary activities, such as fish processing, fish marketing, boat building and engine repair. 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 170,844 metric tonnes, fish continued to be the main source of animal protein in the country. It contributed over 70 percent of the dietary animal protein intake of Malawians and 40 percent of the total protein supply. In 2020, Usipa was the major source of fish protein in the Malawian diet. However, there has been an increase in total fish landing by 10 percent when compared with 2019 fish landing of 154,923 metric tonnes.

3.3.1.3 Source of income

In 2020, fish landings had a beach or landed value of MK183.840 billion (USD229.78 million), with a volume of 170,844 metric tonnes. This was an increase of fish landing volume by 10 percent compared to 2019. In 2019, fish landings were worth MK169.56 billion (USD227.59 million), representing a volume of 154,923 metric tonnes.

The national average beach price was MK1,076.07 per kilogram of fish, an increase from MK1,054.46 per kilogram in 2019. In general, fish prices in 2020 slightly increased, especially for Chambo, Mbaba, Mcheni and Sanjika. The rise in beach prices was caused by the increased demand for fish locally and the rising costs of operation. At MK2,334/kg, chambo continued to fetch the highest average beach price.

3.3.1.3.1 Average Beach Prices by District

There was a general upward trend of average beach prices in 2020 compared with 2019. Average beach prices for all fish species were reported to be the highest in Nkhata-Bay (MK1,736/kg), whilst the lowest average beach prices were registered in Zomba (MK642/kg).

3.3.1.3.2 Fish Landings by District

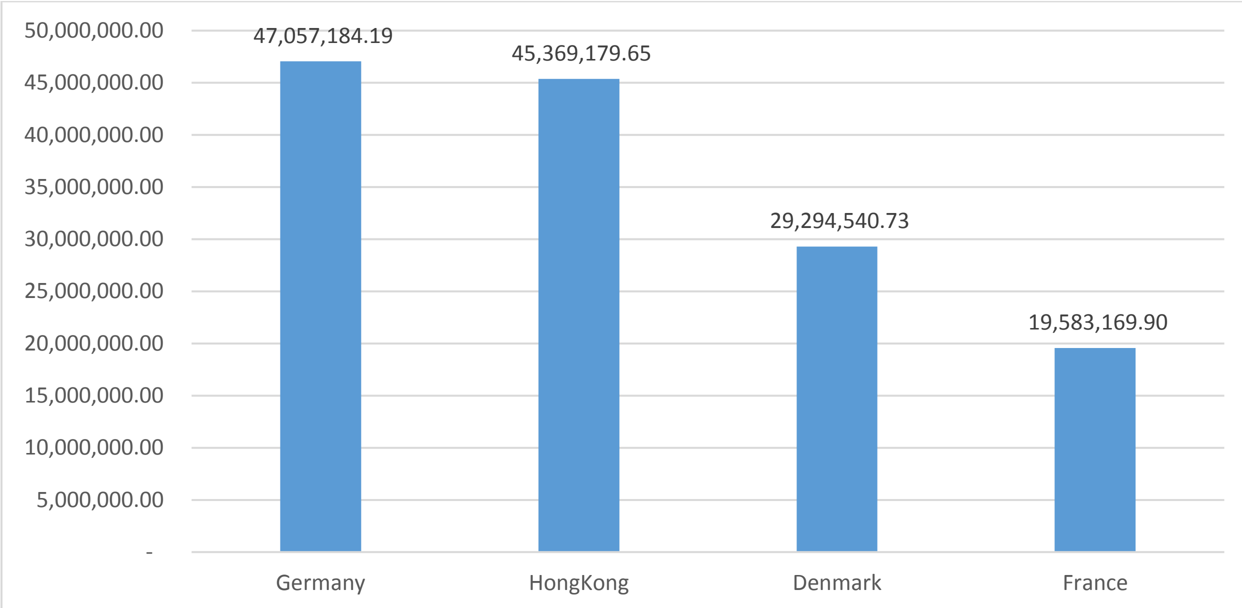
Statistics show that NkhataBay District contributed the highest catch of 47,323 metric tonnes in 2020, representing 28 percent of the total followed by Mangochi 40,385 metric tonnes representing 24 percent, Nkhotakota 30,458 metric tonnes representing 18 percent, Likoma 23,101 metric tonnes at 13 percent, Karonga 15,186 metric tonnes at 9 percent and Salima 5,374 metric tonnes at 3 percent. However, it should be noted that there had been significant increase in total fish landing in 2020 for Mangochi district alone from 28,395 metric tonnes to 40,385 metric tonnes. This had affected the overall fish landing for the year 2020 that stood at 170,844 metric tonnes from 154,923 metric tonnes. There was also steady rebuilding of the Lake Chilwa fish stocks as evidenced by increased cumulative fish landing from 4,265 metric tonnes in 2019 to 6,204 metric tonnes in 2020.

3.3.1.3.3 Foreign Exchange Earnings from Ornamental Fish Exports

Lake Malawi has over 800 endemic fish species, which are of both local and international scholarly importance and also act as a source of tourism attraction. Some fish species, such as Mbuna, are exported and this brings in foreign exchange**.** Cumulatively, from January to December 2020, a total of 23,985 live fish was exported, generating MK141.304 million. This was a huge drop when compared to the 2019 figure of 66,461 live fish, which generated a total income of MK302.93 million. This was attributed to COVID-19 that restricted exports.

As shown in Figure 3.2 below, Germany was the major importer of Malawi’s ornamental fish (MK47,057,184) followed by Hong Kong (MK47,369,179), Denmark (MK29,294,540) and France (MK19,583,170).

FIGURE 3.2: EXPORT VALUE OF LIVE ORNAMENTAL FISH IN 2020



Source: Department of Fisheries

In terms of monthly export trends, it was observed that more exports were made during the months of February, September and December. There were literally no exports made during April, May, June and July as the COVID-19 pandemic had escalated.

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 154,923 metric tonnes in 2019 to 170,843 metric tonnes in 2020 representing a 10 percent increase. Table 3.10 provide information on fish catch by water body in more details. In 2019, Lake Malawi alone registered a total landing of 156,366 metric tonnes, when artisanal and commercial production figures were added (154,212 and 2,154 metric tonnes respectively).

The cumulative catch by December 2020 showed that over 93.88 percent of the total catch originated from Lake Malawi when artisanal and commercial production figures were added. The other water bodies such as Lake Malombe, Lake Chilwa, Lake Chiuta and Shire River system contributed minimal figures of 2.28, 1.82, 0.93 and 1.09 percent respectively. This means that Lake Malawi continued to be the major source of fish for the country.

TABLE 3.10: FISH CATCH BY WATER BODY FROM 2010 TO 2020

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	99,194	20,830,740	210
2011	56,923	1,296	4,109	16,960	2,627	451	82,366	18,944,180	230
2012	106,769	2,367	1,608	7,993	1,322	269	120,328	35,903,469	298.38
2013	102,079	1,867	1,847	2,982	290	823	109,888	52,422,070	477.05
2014	105,284	2,455	4,170	2,889	293	1,037	116,128	74,332,372	640.09
2015	127,438	2,672	5,904	5,660	1,150	1,491	144,315	108,703,831	753.24
2016	143,556	4,416	4,053	2,834	1,298	1,111	157,268	129,738,237	824.95
2017	185,096	3,249	4,663	3,270	1,498	1,679	199,455	173,037,185	867.55
2018	205,814	2,818	6,985	1,835	1,703	2,694	221,849	206,088,847	928.96
2019	143,325	2,110	3,532	2,818	1,447	1,691	154,923	169,557,027	1094.46
2020	154,212	2,154	6,197	5,353	851	2,076	170,843	183,839,027	1076.07

Source: Department of Fisheries

In terms of catch composition, Usipa was the dominant fish specie that contributed the largest share at 62 percent of the total catch. This was followed by Utaka, Kambuzi, Mcheni and Mlamba which accounted for 10, 6, 3 and 3 percent respectively.

3.3.2.2 Annual Fish Production and Landed Value

The total annual fish production has been fluctuating with an increasing trend over the year. For example, total fish production 2010 stand at as low as 95,724 metric tonnes compared to the current 170,844 metric tonnes representing 178.48 percent increase. It is however, anticipated that fish production will increase from the current 170,844 metric tonnes to 175,969 metric tonnes and 179,488 metric tonnes in year 2021 and 2022 respectively as illustrated in Table 3.11. This would translate to increased projected accrued monetary value of MK190.05 billion and MK195.64 billion respectively.

TABLE 3.11: FISH CATCH AND VALUE FROM 2020 TO 2022 FOR MAJOR SPECIES

Fish Species		2020 Provisional		2021 Estimate		2022 Projection	
Local Name	Scientific Name	Quantity (tonnes)	Value (K'million)	Quantity (tonnes)	Value (K'million)	Quantity (tonnes)	Value (K'million)
Chambo	Oreochromis spp.	2,048	2,203,989,895	2,110	2,278,400,438	2,152	2,345,486,673
Kambuzi	Lethrinops spp. & Allied genera	9,569	10,296,851,418	9,856	10,644,491,081	10,053	10,957,912,207
Kasawala	Juvenile Oreochromis spp.	989	1,064,028,777	1,018	1,099,952,244	1,039	1,132,339,727
Chisawasawa	Lethrinops spp. & Allied genera	2,897	3,117,215,155	2,984	3,222,457,775	3,043	3,317,341,254
Kampango	Bagrus meridionalis	2,448	2,634,643,116	2,522	2,723,593,263	2,572	2,803,787,954
Mbaba	Buccochromis spp. & Allied genera	2,058	2,214,812,039	2,120	2,289,587,956	2,162	2,357,003,601
Mcheni	Rhamphochromis spp.	4,293	4,619,811,702	4,422	4,775,784,602	4,510	4,916,404,927
Mlamba	Bathyclarias & Clarias spp.	5,756	6,193,375,442	5,928	6,402,474,599	6,047	6,590,991,906
Mpasa	Opsaridium microlepis	159	171,202,737	164	176,982,840	167	182,194,001
Nchila	Labeo mesops	32	34,154,462	33	35,307,576	33	36,347,188
Sanjika	Labeo cylindricus	216	232,355,795	222	240,200,532	227	247,273,103
Usipa	Engraulicypris sardella	105,201	113,203,866,045	108,357	117,025,826,004	110,524	120,471,586,436
Utaka	Copadichromis virginalis & relatives	16,375	17,621,052,897	16,867	18,215,970,376	17,204	18,752,329,504
Ndunduma	Diplotaxodon spp	3,401	3,659,941,336	3,503	3,783,507,339	3,573	3,894,910,611
Makumba	Oreochromis shiranus & relatives.	2,716	2,922,681,445	2,798	3,021,356,268	2,854	3,110,318,425
Matemba	Barbus paludinosus & relatives	586	630,469,413	603	651,755,160	616	670,945,729
Other Tilapia	Tilapia rendalli & others	2,701	2,906,116,423	2,782	3,004,231,982	2,837	3,092,689,924
Others	Various spp	9,398	10,113,018,417	9,680	10,454,451,557	9,874	10,762,277,075
TOTAL		**170,843**	**183,839,586,514**	**175,969**	**190,046,331,592**	**179,487**	**195,642,140,245**

Source: Department of Fisheries

3.3.3 Fish Supply Per Capita

There has been a continued increase in the per capita fish consumption, reaching 12.63kg/person/year in 2018, from 5.36kg/person/year in 2009, as shown in Table 3.12 below. However, with the decline in fish production for 2019, there was a drop to 8.72kg/person/year. It is further noted that the per capita fish consumption in year 2020 had increased from 8.72kg/person/year to 9.52kg/person/year which is still below the recommended 13.15 kg/person/year of the World Health Organisation (WHO).

TABLE 3.12: PER CAPITA FISH SUPPLY (2009 TO 2020) WITH ESTIMATED POPULATION GROWTH

Year	Population	Total catch (kg)	Fish supply/kg/person/yr
2010	13500000	95724000	7.09
2011	13700000	81070000	5.92
2012	13900000	120328000	8.66
2013	14100000	109889000	7.79
2014	14300000	117094878	8.19
2015	14500000	144315275	9.95
2016	14700000	157267660	10.70
2017	16000000	199453838	12.47
2018	17563749	221849082	12.63
2019	17763749	154922716	8.72
2020	17963749	170843520	9.51

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 30 large scale commercial fishing units were licensed to tap the offshore deep water fish resources generating MK25,136,200. In addition, 406 small scale fishing licenses and 49 sanitary certificates were issued generating MK19,861,750.
Hence the total revenue generated from the licensing exercise of both commercial and small scale fishers totaled MK44,997,950 representing 86.53 percent of the annual revenue target of MK52, 000,000 set by the Treasury. Overall there had been reduced collections during the months of January and February 2021 due to COVID-19 pandemic escalation. However, business had picked-up towards the end of March 2021 as illustrated by the rising figures in revenue collections.

As can be seen in Table 3.13 below, there had been continued increase in the collection of revenue from 2011/12 fiscal year to the fiscal year 2020/21. The increase was partly explained 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 3.13: TRENDS IN REVENUE COLLECTION FROM LICENSING OF FISHING ECONOMIC UNITS (MALAWI KWACHA)

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	2,386,000	15,286,000
2014/15	12,751,400	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	31,523,700
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 (ongoing)	19,861,750	25,136,200	44,997,950

Source: Department of Fisheries

In terms of performance of all the districts involved in revenue collection, it was noted that apart from the Headquarters that collected commercial fishers licensing fees, NkhataBay District had the highest collections of MK10.5 million followed by Nkhotakota (MK3.2 million) and Salima (MK3.1 million). Although Mangochi registered the second highest fish landings of 40,385 metric tonnes, these do not tally with the low licensing fees that had been collected amounting to only MK1.285 million.

3.3.5 Performance of Aquaculture Sector

The aquaculture sub-sector shows that the total number of fish farmers was approximately 15,465 with 61.51 percent of them being males and 38.49 percent females and a total recorded number of ponds at 10,000 countrywide translating to a total pond area of 251.59 hectares.

In terms of fingerling production, a total of 10,919,670 fingerlings were produced during the year as shown in Table 3.14. The production came from four hatcheries namely: National Aquaculture Centre (NAC), Mzuzu Fish Farming Station, Kasinthula and MALDECO Aquaculture Limited. When compared with the production of 2019, there was a decrease in fingerling production by 25 percent. That could be explained by the reduced level of activity during the year as a result of COVID-19.

TABLE 3.14: TRENDS IN FINGERLING PRODUCTION FROM PUBLIC AND PRIVATE HATCHERIES

Year	Number of Fingerlings Produced by Public Hatcheries (NAC, Mzuzu)	Number of Fingerlings Produced by Private 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	8,870,000	10,919,670

Source: Department of Fisheries

In terms of aquaculture fish production, a total of 9,399 metric tonnes of fish was harvested from ponds and cages in 2020 compared to 9,230 metric tonnes harvested in 2019 as illustrated in Table 3.15.

TABLE 3.15: ESTIMATED PRODUCTION LEVELS (TONNES) AND VALUE (US$) OF THE MAJOR CULTURED FISH SPECIES (2010 – 2020)

Species	Production (t)	2016	2017	2018	2019	2020
Oreochromis shiranus/mossambicus	Production(t)	7,080	8,624	6,460	6,553	6,600
	Value (US$)	18,893,010	23,498,202	17,602,977	17,856,771	21,130,419
Tilapia rendalli	Production (t)	142	2,593	1,878	1,871	2,261
	Value (US$)	377,860	6,919,542	5,010,785	4,994,036	7,164,863
Clarias gariepinus	Production (t)	212	900	676	782	440
	Value (US$)	566,790	2,452,316	1,842,172	2,131,499	1,394,170
Cyprinus carpio	Production (t)	118	44	-	11	11
	Value (US$)	314,884	119,891	-	30,180	35,134
Oncorhynchus mykiss	Production (t)	94	56	-	12	12
	Value (US$)	251,907	152,589	-	32,695	38,070
Total major species (t)		**7,646**	**12,217**	**9,014**	**9,230**	**9,399**
Total value (US$)		**20,404,451**	**33,142,539**	**24,455,934**	**25,045,181**	**29,762,656**

Source: Department of Fisheries

3.3.6 Challenges

i. High vacancy rate affecting data collection;

ii. COVID-19 pandemic has negatively affected enforcement activities;

iii. Outbreak of fish disease (*Epozootic Ulercerative Syndrome*- EUS); and

iv. Access to imported quality fish from Zambia due to the COVID-19 pandemic restrictions.

3.3.7 Proposed Mitigation Measures

i. There is need to recruit more staff in the sector as proposed in the functional review report.

ii. More resources needed for enforcement activities to ensure there is compliance with fishing regulations.

iii. Using two boats when patrolling fishing areas instead of one boat.

iv. Public awareness about the EUS outbreak and its containment measures is ongoing.

v. Development of Aquatic Animal Health Strategy and Biosecurity Plan is in the process.

vi. Investment in fish feed production being made by two potential investors.

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

viii. Limited participation of private sector investment in aquaculture. The institutionalization of Aquaculture round table meetings and annual forums is a platform of bringing awareness in terms of existing potential and the need to tap such potential.

3.4 The Forestry Sector

This section reviews the forestry sector's performance and contribution to the economy in the 2020/21 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 2021/22 financial year.

3.4.1 Forest Utilisation and Marketing

3.4.1.1 Exports

The sector issued 30 Forest Export Licences and 732 Forest Export Permits to various exporters such as Raiply Malawi Limited and Vizara Rubber Plantations, to export forestry products including Medium Density Fibre (MDF). Major destinations of exports for forestry products included 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 3.16 below.

TABLE 3.16: EXPORT OF FORESTRY PRODUCTS DURING THE 2020/21 FY

Forest Product	Quantity Exported
MDF laminated Boards	27,000
Rubber	1,108,800
Shutter ply	29,660
Ply wood	20,605
Blockboard	55,420
Rubber timber	613m^3
MDF Plain Boards	12,538,650kg
Moringa products	3,510kg
Wood carvings/curios	8,900

Source: Department of Forestry

3.4.1.2 Imports of Forest Products

During the 2020/21 Financial Year, the Sector issued 27 forest import licenses and 537 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 3.17 shows imported forestry related products in various quantities by different stakeholders.

TABLE 3.17: IMPORT FIGURES OF FOREST PRODUCTS FOR 2020/2021

Forest Product	Quantity Imported
MDF Boards	370
Melamine Boards	427m^3
Eucalyptus Poles	3171m^3
Timber	2238m^3
Flush Doors	600
Shutter Ply	200

source: Department of Forestry

3.4.2. 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 plantation, mainly Viphya Plantation as shown in Table 3.18 below.

TABLE 3.18: REVENUE COLLECTED BY END-MARCH 2021

Source of Revenue	Collection by End March, 2021(MK)
Sale of firewood	22,003,903.21
Log sales	449,119,910.98
Phytosanitary Certificate/receipts on Certificates	25,936,001.00
Rest House Fees	784,500.00
Licence Fees	6,235,100.00
Miscellaneous	2,500,000.00
Accommodation and Hall hire	57,000.00
Rent for Malawi Government Houses	257,500.00
Transfer certificates	15,753,000.00

Royalties on forestry produce	23,403,911.00
Charcoal sales	6,002,400.00
Sale of poles	1,608,370.00
Transfer fees	7,248,999.96
Import permit	270,000.00
Seed sale	2,651,041.98
Sale of planks	998,600.00
Penalty fees	8,501,000.00
Total	**573,331,242.13**

Source: Department of Forestry

Table 3.18 above shows a decrease in revenue collection during the fiscal year under review. The major causes included decrease of the forest resource base ready for harvesting for the next fiscal year, ban on disposal of confiscated forestry products, revised fees and loyalties not yet approved.

However the sector had the potential to increase its revenue collection if more investments were made in the development and management of timber, pole and fuelwood plantations.

3.4.3 Tree Planting and Plantation Rehabilitation.

3.4.3.1 Customary Estates and Government Plantations.

Tree planting target, for the fiscal year under review, both on customary estates and in Government plantations was 60 million trees. As of 15th April, 2021, 51,206,421 trees were planted on customary estates while 5,381,640 trees were planted in Government Plantations. This accumulates to 56,588,061 trees planted, representing 90.5 percent 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 3.19 below summarises tree planting by Zones and Forest plantations.

TABLE 3.19: TREE SEEDLING PRODUCTION AND PLANTING BY ZONES AND PLANTATIONS

No.	ZONE/PLANTATION	TARGET	PRODUCTION	PLANTED[4]
1	NORTH	9,000,000	9,996,500	9,484,980
2	CENTRE	22,200,000	20,519,600	21,539,845
3	SOUTH	13,500,000	16,037,530	14,783,240
4	EAST	10,296,922	8,805,561	5,398,356
5	PLANTATIONS	5,000,000	5,700,000	5,381,640
GRAND TOTAL		**60,000,000**	**61,059,265**	**56,588,061**

Source: Department of Forestry

[4] The additional figure beyond production is from leftovers because sometimes seedlings that remained unplanted in a particular year for various reasons are planted the following year.

It was expected that the Department would have met the target by close of the National Forestry Season on 15th April, 2021 since most parts of the country were still receiving heavy rains.

3.4.3.2 Fire Protection

Out of 90,000 ha of Government Plantations, 87,069.88ha were protected from bush fires through firebreak maintenance, weeding activities, early controlled burning and fire fighting activities.

3.4.4 Major Achievements for 2020/21

In the fiscal year under review, major activities implemented include

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 on customary estates including all issues to do with court cases;
v. Finalisation of concession agreements;
vi. Support to Forestry Research in four strategy areas; and
vii. Training of technical staff.

3.4.5 Other Major Achievements for the Sector

i. Trained 80 students (General Forestry Certificate Course Number 42) at the Malawi College of Forestry and Wildlife in Dedza District. This will help ease the challenge of vacancies at technical level.
ii. Drafted the National Forestry Strategy Plan (2022-2026).
iii. 6,537.73 hectares of natural regeneration sites were demarcated and managed on hilly, rocky and degraded sites.
iv. 4,214.64 hectares out of the annual target of 7,000 hectares had been weeded in all the plantations as of early March, 2021.
v. 104 km of boundaries were retraced.
vi. 1,592 camping and routine patrols were conducted by forest guards, National Parks and Wildlife rangers and Police mainly in priority forest reserves of Mua-Livulezi, Dzalanyama, Viphya, Zomba and Mulanje Mountain and also along hot spot sites and routes.

3.4.6 Challenges

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

i. Continued encroachment in protected forest areas and on customary estates, mainly through illegal commercial charcoal and firewood production, illegal cultivation and settlements.
ii. Vandalism of principal seed sources resulting into scarcity of tree seed and causing certified seed deficit.

iii. High rate of forest fires in Government plantations thereby retrogressively affecting growth of trees resulting into huge losses of revenue as well as young stands.
iv. High rate of vacancies for both technical and support staff in most stations. For example, the post of forest assistant has a vacancy rate of 60 percent. This affects implementation of the planned programmes and activities since most forest activities are labor intensive mainly in government plantations.
v. Increased number of dilapidated buildings (offices and staff houses). Moreover, some districts have no forestry offices e.g. Chitipa, Balaka, and Neno
vi. Inadequate and inconsistent funding (ORT mainly), often not well aligned with timing of field operations.
vii. Inadequate transport for front line staff, mainly motor bikes and push bikes, affecting implementation of forestry extension service delivery.

Chapter 4

IRRIGATION AND WATER DEVELOPMENT

4.1 Overview

This chapter provides a brief of the major achievements for the Irrigation and Water Development Sector during the 2020/21 financial year, as well as a summary of the prospects of the 2021/22 financial year. 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; increase agricultural productivity through irrigation development and develop the institutional capacity of the water and sanitation sector. 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 that help shape the overall progress.

4.2 Sector Performance

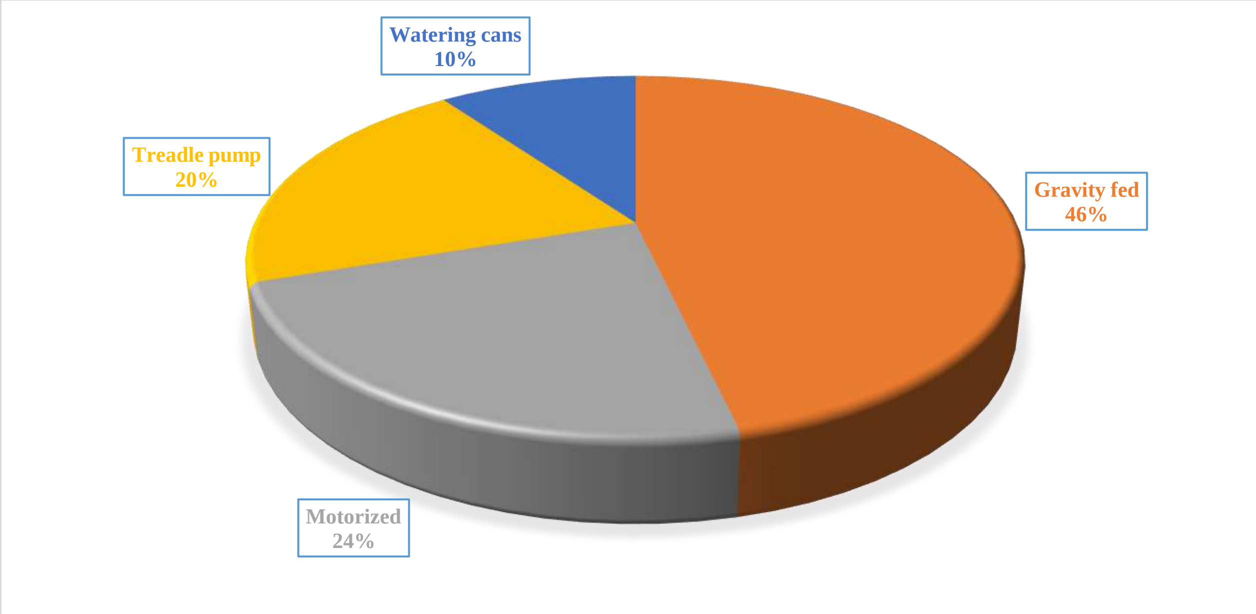
4.2.1 Irrigation

During the reporting period, total area developed for irrigation increased from 116,249 hectares (ha) to 118,843 ha against a potential irrigable land of 407,862 ha. This represents a 2.23 percent annual increase which is below the 6 percent targeted minimum annual growth rate stipulated in the Comprehensive African Agriculture Development Programme (CAADP) for the agricultural sector. About 90 percent of this increase (i.e. 2,332 ha of 2,594 ha developed during the year) was registered under the smallholder irrigation management while the rest was under private management. Out of the 118,843 ha, 56,856 ha were under estates and 61,987 ha cultivated by 370,618 smallholder beneficiary households with total utilization rate standing at 84.8 percent. The estimated production from the land that was being utilized is 184,000 metric tonnes (Mt) of food crops from smallholder farmers and about 274,000 Mt of export crops for the private sector.

Several development projects and programmes contributed to the achievements registered under smallholder irrigation. Government implemented the following projects and programmes; the Small Farms Project (SFIP), the Shire Valley Transformation Poject (SVTP), the Malawi Flood Recovery Project (MFERP), the Malawi, Drought Recovery and Resilience Project (MDRRP), and the Programme for Rural Irrigation Development (PRIDE) with assistance from development partners.

The newly developed area in various schemes, under the aforementioned projects and programmes comprised of the technologies that were being promoted, i.e gravity fed schemes, motorised and treadle pump based schemes. In terms of utilisation by technology, of the area developed for smallholder irrigation farming, 46 percent of the area was under gravity fed schemes, while watering cane was the least used technology at 10 percent. Figure 4.1 outlines the breakdown of the irrigation area by technology.

FIGURE 4.1 IRRIGATION UNDER SMALLHOLDER FARMERS BY SHARE OF TECHNOLOGY



Source: Department of Irrigation

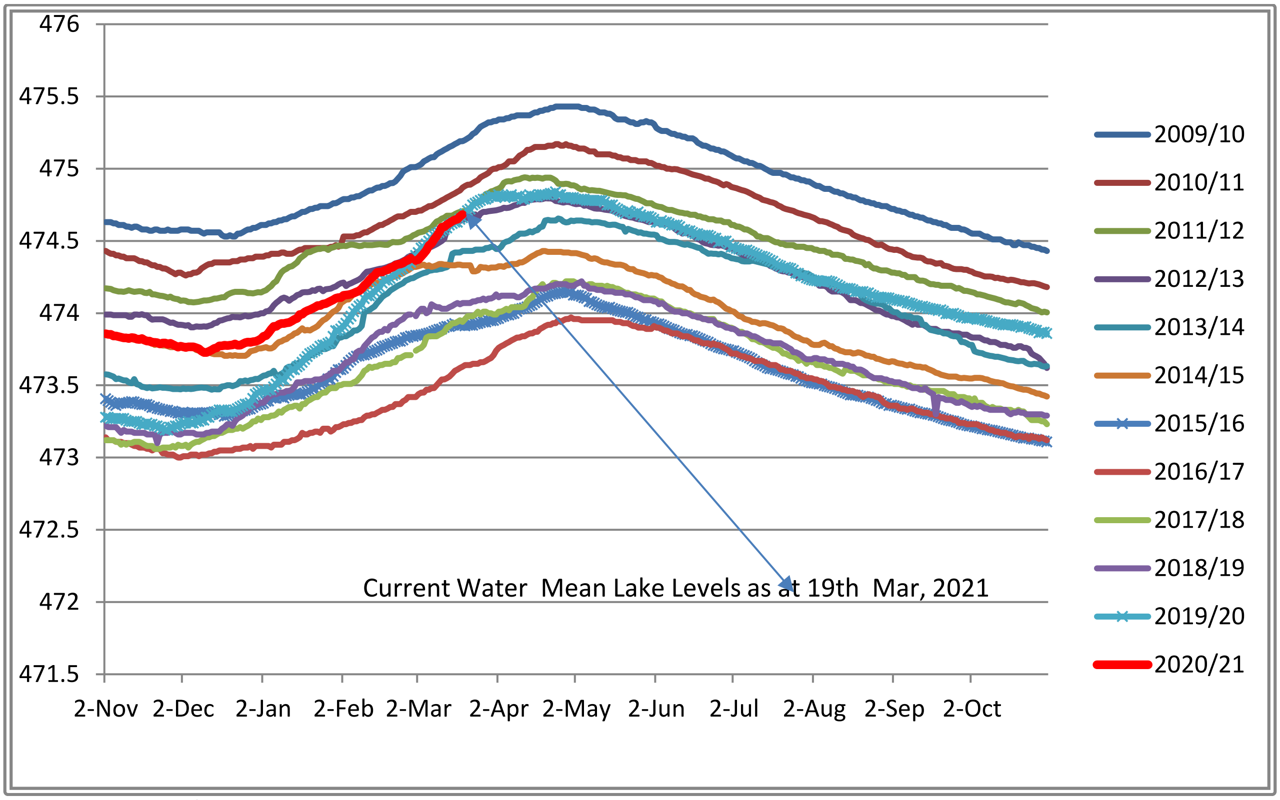
4.3 Water Resources Management and Development

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 669 drinking water samples,75 surface water samples, 80 waste water samples and 28 ground water samples.

Furthermore, during the reporting period, the estimated water availability still stood at 1102.5m^3/capita/year as compared to last 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 m^3/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 was raised in the reporting period, which will foster an increase in the water availability in the next two to three years.

As one way of increasing water availability for various productive uses, the sector continued to enhance the efficient operation of the Kamuzu Barrage at Liwonde using the Kamuzu Barrage Operational Model (KABOM). This enabled 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. In principle, this 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 seven years as indicated in Figure 4.2 below. The improved operation of the barrage abated occurrence of extreme low flows in the Shire River thereby sustaining hydropower generation. Additionally, the new 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 Development

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. The works were at 47 percent completion rate. Furthermore, 12 water harvesting structures were constructed across the country through the Malawi Flood Emergency Recovery Project, and identification of 16 potential sites for water harvesting structures was underway. The Department engaged a consultant who undertook review of the Diaphwe dam. In terms of the preparatory activities for the construction of the Lower Songwe Dam, procurement of various Consultancy services were underway including, those on flood early warning systems, Management Information System (MIS), Geographical Information System (GIS), Information Communications Technology (ICT) and Monitoring and Development (M&E) systems . These structures and activities were expected to enhance water harvesting to support irrigation, water supply, fisheries, domestic uses, livestock watering, groundwater recharge, recreation and also used for flood control.

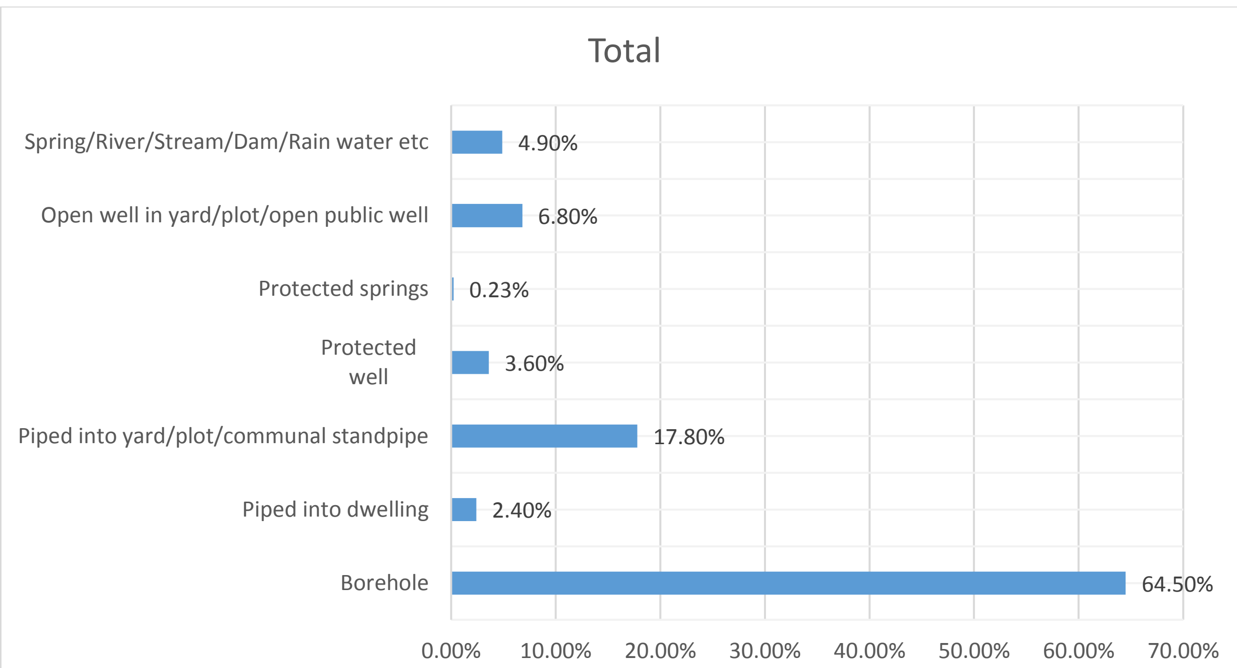
As the country continued to experience water scarcity problems, the need for reliable hydrological data became more urgent. This stimulated political commitment, public and private investments including facilitating informed decision making at all levels thereby triggering well placed investments targeted towards optimum health, environment and economic gains. For example, information on drinking water quality including wastewater discharge helped to support public health intervention and protection of water bodies. As such, 24 water monitoring stations were rehabilitated for monitoring the trends of the available surface water resources and five improved flood monitoring and forecasting systems were established. 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 37 ground water resources have been developed and recaptitalisation of the fund has been initiated.

4.4 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[5] (National Water Policy, 2005). According to the Malawi Integrated Household Survey (2020), 88.3 percent of population living in 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 areas). 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.

FIGURE 4.3: DISTRIBUTION OF ACCESS TO SAFE DRINKING WATER



Sources: IHS5, NSO (2020)

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

4.4.1 Rural Water Supply

The Integrated Household Survey (2020) estimated that 86.5 percent of the population had access to improved sources of drinking water in rural areas. According to the Sector's Performance Report (2020), functionality of rural water supply systems on average was estimated at 73 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 the Sustainable Rural Water Project, Malawi Drought and Resilience and Recovery Project, Contigency Emergency Recovery and Resilience Project (PCIERP) and Contigency Recovery Project. Through these projects[6] the sector rehabilitated and expanded a total of 11 gravity fed schemes. During the year under review a total of 151 water supply connections (tap points) were made and the number was expected to increase considerably once all rehabilitation works were completed. The sector also procured contractors for construction of a total of 200 boreholes which were to be constructed.

To enhance sustainability of the rehabilitated and newly constructed water facilities and improve their functionality rate, 8 Water User Associations were revamped and reorganised and borehole management committees were to be formed and trained for the boreholes that were to be constructed.

4.4.2 Urban Water Supply

The Integrated Household Survey (IHS5) estimated that access to potable water supply in the urban areas stands at 97.1 percent . As presented in Table 4.1 below, during the reporting period the population covered with safe drinking water in the urban and town centers serviced by the water boards increased by 185,243 representing a 5.7 percent increment. At an individual water board level, Northern Region Water Board (NRWB) registered the highest increment of about 23 percent while Blantyre Water Board (BWB) registered the lowest percentage increment of 2.1 percent . The substantial increase in the population served by Northern Region Water Board was partly attributed to the number of connections made in Mzimba and sorrounding areas after the completion of the Mzimba Intergrated Water Supply project as well as new connections in Chitipa in the wake of the Rehabilitation and upgrading of the Chitipa Water Supply System.

TABLE 4.1: POPULATION SERVED BY WATER BOARDS

Water Board	Population Served 2018/19	2019/20	Increase in Population	Percentage increase
LWB	876,378	900,088	23,710	*2.7*
BWB	1,245,727	1,283,099	27,372	*2.1*
CRWB	313,020	312,243	11,200	*4*
NRWB	391,634	482,420	90,786	*23*
SRWB	370,292	404,444	34,152	*9.2*
TOTAL	3,197,051	3,382,294	185,243	*5.7*

Source: Water Boards Reports, 2020/21

[6] Sustainable Rural Water Supply and Sanitation for Improved Health and Livelihood Project, Malawi Floods Emergency Resilience Project, Malawi Disaster Risk Reduction Project, & Ground Water Extraction Project

On average the population that access water within 30 minutes from a water source (within Water Boards service areas) increased to 92.7 percent from 87 percent the previous financial year as presented in Table 4.2 below. The table indicates that NRWB 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 walking distance. As compared to the previous year, Blantyre Water Board registered a remarkable increase of 6 percent of population within 30 minutes of access to improved water sources. The tremendous improvement by BWB was attributed to the maximum operation of Likhubula Water Supply System and improvement of water production at Mudi. All areas in Blantyre City had adequate water supply including all kiosks are functional hence the increase in the percent.

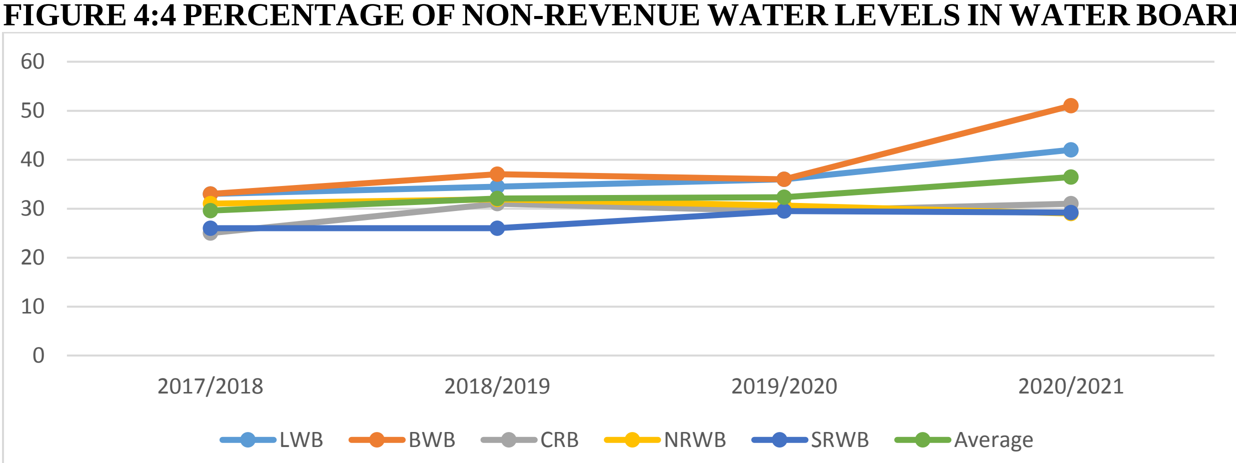
TABLE 4.2: POPULATION WITHIN 30 MINUTES WALKING DISTANCE (%)

Water Board	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
LWB	*75*	*75*	*87.3*	*87.4*	*88.1*
BWB	*79*	*77*	*78*	*78*	*84*
CRWB	*98*	*98*	*98*	*96*	*98*
NRWB	*76*	*77*	*79*	*83*	*100*
SRWB	*87*	*88*	*89*	*89*	*90.9*
Average	***83***	***83***	***86***	***87***	***92.2***

Source: Water Boards Reports, 2020

All the Water Boards continue to experience Non-Revenue Water (NRW) at different levels. The NRW was 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 recommended maximum level of NWR is 25 percent. In the period under review, the average percentage of NRW was 36.4 representing an increase from the previous year average of 30.63 percent. Individually, none of the water boards met the recommended international standard. Although all the water boards registered an increase in non revenue water compared to what was reported during the previous year, among them all, BWB registered the highest percentage of 51 percent. BWB has been having challenges in implementing strategies to reduce non revenue water due to inadequate financial resources. Figure 4.4 illustrates levels of 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



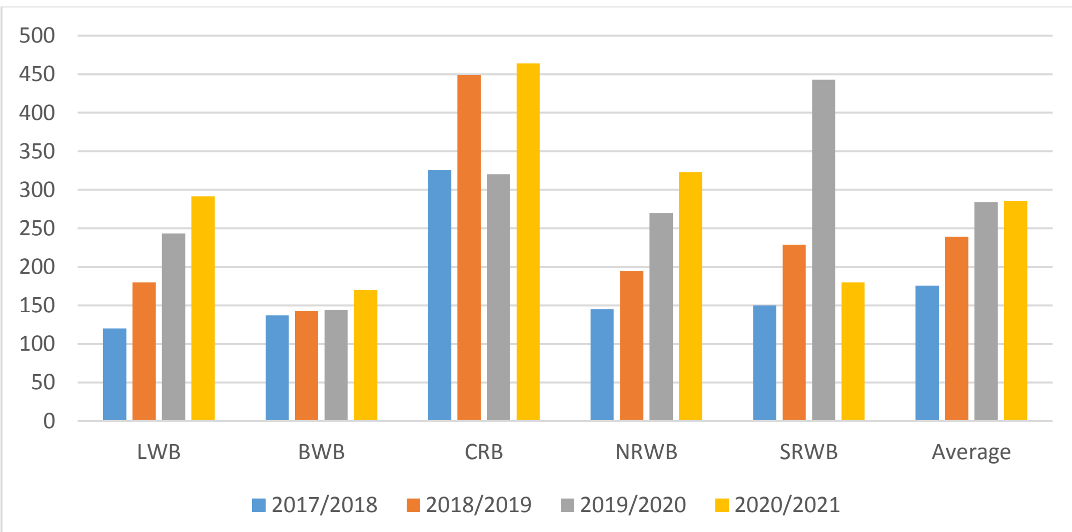
Source: Water Boards Report 2020

The average number of debtor days for all the Water Boards increased slightly from 284 in the previous year to 285.1 in the reporting period. CRWB was the worst performer with its debtor days increasing from 320 to 464 days while BWB registered the lowest (170) number of debtor days indicated in Figure 4.5. 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.Therefore this means that none of the water boards met the standard. This was 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 cashflow 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 infratsructure.

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

4.5 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 hyginically separates human extreta 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. During the reporting period, the sector commenced rehabilitation and expansion works of the Kauma Sewer System among others. The sector also commenced the review process for the Sanitation Policy.

4.6 Prospects For 2021/22 Financial Year

In 2021/22 financial year, the sector will continue to work towards the attainment of its goal of water and sanitation for all, always and prosperity through irrigation.The sector will also continue its initiatives towards catchment protection for dams, irrigation and water supply schemes, construction of water harvesting structures in the form of excavated tanks and dams to harness water for productive uses such as water supply, irrigation and fish keeping. Through various projects, in the upcoming year, the sector is planning to develop about 13 small dams, rehabilitate 22 water resources monitoring stations, identify 10 catchment areas and undertaking preparation studies (feasibility studies, engineering designs etc) for development of 6 multipurpose dams across the country.

Guided by the Irrigation Master Plan and Investment Framework, the sector will also continue following a pragmatic approach to irrigation development, shifting from subsistence to commercialized irrigated agriculture through development of medium to large scale irrigation infrastructure. Promotion of fully functional and financially autonomous Irrigators Organisations (WUAs & Cooperatives) continue to ensure efficiency and sustainability in utilization of the schemes. Furthermore, the sector plans to develop about 2,000 ha (new area) and rehabilitate 2,000 ha of old schemes.

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 2021/22 financial year.

For instance the Southern Region Water Board will continue with the rehabilitation and extension of Mangochi Water Supply Scheme and upgrading of the Liwonde Balaka Water Supply Scheme, while Lilongwe Water Board will continue with the Lilogwe Water supply and Sanitation project as well as complete the raising of Kamuzu Dam 1. These efforts will increase water supply and coverage within the Lilongwe City. The LWB will also takeover operation and management of the Sewerage System in Lilongwe which will address issues of water borne sanitation within the city. Incase of Blantyre Water Board, it will commence the construction of a new water source to augument the existing water sources for Blantyre city. The Board will also start construction of a solar power plant, once completed the plant will relieve the Water Board of high electricity costs which it has been expriencing overtime.

On the other hand, Central Region Water Board will be constructing 14 high yielding boreholes to augument water sources for Dedza, Mchinji, Kasungu and Bunda water supply schemes among others.The Board will also extend its distribution network by 42.3 km as well as replace 12 km of aged pipeline and construct two new Tanks in Ntcheu. Additionally the Board will be introducing on spot billing. All these efforts will assist the Board in increasing service coverage as well as improve efficiency in its operations. Northern Region Water Board will continue with the rehabilitation and extension of Nkhatabay Water Supply System as well as the Karonga and Chitipa Water Supply Systems.

4.7 Challenges Experienced in the Sector

Although the sector has recorded achievements as highlighted above, it has also faced a number of challenges ranging from vandalism of water infrastructure, ageing infrastructure, dwindling sources of water. The delays in the completion of rehabilitation of gravity fed scheme in Ntcheu and Phalombe due to contractual issues has also been a challenge as communities have been denied their right to access potable water. The sector has also been hit hard by exorbitant electricity tariffs for irrigation schemes using ESCOM power to pump water for irrigation purposes as they are charged at Industrial Rates and maximum voltage use. To some extent the COVID-19 pandemic has also affected implementation progress of various activies. Additionally there have been land wrangles with communities on where some of the water infrstructures were supposed to be constructed especially at Sakhulani in Nthyolo. Furthermore, low and delayed disbursement of funds, low funding levels to district offices is affecting operations, maintenance and sustainability of water supply and sanitation systems. Lastly, non-adherence to projected cash flows by Treasury affects implementation of work plans. This is further aggravated by delays in processing of payments by the Accountant General.

Chapter 5

TRANSPORT AND PUBLIC INFRASTRUCTURE

5.1 Overview

This chapter evaluates the achievements of the Transport and Public Works sector, highlighting the major activities carried out during the 2020/21 fiscal year while projecting the 2021/22 fiscal year activities. This sector embarked on developing the Comprehensive Medium Term Implementation Framework (CMTIF), a tool aimed at spearheading the methodical implementation of development projects as informed by the National Transport Master Plan (NTMP); hence, achieving its operational objectives. The sector continued implementing key sub-sector programmes as detailed in the sections below. In the 2021/2022 fiscal year, the sector is expected to commence implementation of the Southern Africa Trade and Connectivity Project (SATCP). The focal objective of this project in Malawi is to support increasing regional trade coordination, reducing trade costs and time, developing regional value chains, and improving access to infrastructure. During the year under review, the impact of the COVID-19 pandemic resulted in reduced revenue collection as economic activity decelerated domestically and internationally.

5.2 Road Programmes

The Roads Authority, in consultation with the Ministry of Local Government, formulated an Annual National Roads Programme (ANRP) outlining all road projects to be implemented within the financial year. This followed objectives highlighted in the National Transport Policy, National Transport Master Plan and the third Malawi Growth and Development Strategy (MGDS III). The ANRP is financed from the Roads Fund comprising of Road User Charges, and appropriations from the Government of Malawi and Development Partners. It is divided into recurrent and development programmes based on the nature of the required road works and interventions.The total budget for the 2020/21 financial year ANRP was MK96.72 billion of which MK77.42 billion was allocated towards the development programmes and MK23.15 billion was allocated towards maintenance.

5.2.1 Performance in 2020

5.2.1.1 Recurrent Programmes

The Authority executes recurrent programs to ensure that roads remain passable at all times. Planned recurrent programmes for the 2020/21 financial year are as detailed below.

In order to preserve the roads of Malawi, routine maintenance is carried out annually depending on the condition of the road. Periodic maintenance aims to preserve the road after it is constructed or has undergone a major rehabilitation. Such activities include edge break repairs, line remarking, cleaning of drainage structures, grading and reshaping, crack sealing and the replacement of road furniture. In the year under review, routine maintenance works had not commenced due to delays in the procurement process as a result of new procedures introduced by Government. Due to the age and condition of most of the road infrastructure in the country, a relatively higher percentage of the roads require periodic maintenance.

5.2.1.2 Development Programmes

Implementation of the development programs in the 2020/21 financial year was supported by both the Government of Malawi and the development partners. The following development partners supported road infrastructure programmes during the year: the World Bank, the African Development Bank, the European Union, the Kuwait Fund for Arab Economic Development (KFAED), the Saudi Fund, the Arab Bank for Economic Development in Africa (BADEA), the OPEC Fund for International Development (OFID) and the Peoples' Republic of China.

5.2.1.3 Road Upgrading and Construction

The upgrading and construction programme is aimed at upgrading 180 km of the road network from unpaved to paved standards. By 31st December, 2020, a total of 33 had been upgraded and constructed. The most notable performance included the completion of the Chikwawa-Chapananga road project; and significant progress was made on projects of Nsanje-Marka road and the Mzimba-Mzarangwe and Jenda-Edingeni road.

5.2.1.4 Periodic Maintenance and Rehabilitation

The target for maintenance and rehabilitation for the 2020/21 financial year was 5 km of road network. However, only 1 km was rehabilitated by 31st December 2020 due to funding limitations. This is elaborated on in Table 5.1 below.

TABLE 5.1 DEVELOPMENT PROGRAMMES PERFORMANCE

Programmes	2018/19	2019/20	Targets 2020/21	Mid-Year 2020/21
Rehabilitation of paved roads (km)	90	2	5	1
Upgrading/construction of roads (km)	78	44	180	33

Source: Ministry of Transport

The main objective of investing in road construction, rehabilitation, periodic and routine maintenance works is to improve accessibility to and mobility of goods, services and people. One of the major indicators for this improvement is the condition of the road network. Table 5.2 exhibits the effect of road programmes that were implemented in the previous years.

TABLE 5.2: 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%)	4,313 (100%)	4,312 (100%)	5,126 (100%)	

Source: Roads Authority – Road Condition Surveys
*Desired estimate after implementation of the RA 5-Year Strategic and Business Plan (2017 – 22).

The road condition surveys of 2011, 2014 and 2017 showed the deterioating condition of the road network in Malawi.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, 27 percent as fair and 19 percent poor by the year 2022. This is based on the assumption of sustainable and adequate funding of all programmes; clearing of backlog construction payments; and carrying out the necessary reforms in the Roads Authority and the Transport sector.

5.2.2 Outlook for 2022

During the 2020/21 financial year, several projects were not initiated due to challenges arising from COVID-19 restrictions. Nonetheless, all preparatory works had been completed for the rehabilitation of the M1 road from KIA turn-off to Mzimba turn-off and from Kacheche to Chiweta, funded by the European Investment Bank (EIB), the European Union (EU) and the Malawi Government; the expansion of the M1 section from Crossroads Hotel to Kanengo, financed by the Chinese Government; and the expansion of the M1 section from Lilongwe CCAP Church to Lilongwe Hotel, financed by JICA. In addition, preparatory works for the rehabilitation of the Nsipe-Liwonde road section, funded by the African Development Bank, were at an advanced stage.

5.3 Road Traffic and Safety Services

The Road Traffic Act of 1997 and the Road Traffic Regulations (2000) continue to provide the legal framework allowing the Directorate of Road Traffic and Safety Services (DRTSS) to continually provide Traffic and Safety Management Services in Malawi. DRTSS holds the primary responsibility for road traffic regulations.

5.3.1 Achievements in 2020/21

5.3.1.1 Revenue Performance (July 2020 to February 2021)

As of February 2021, the Directorate of Road Traffic and Safety Services collected a total of MK9.58 billion against the projected revenue target of 12.92 billion; a 74.18 percent performance ratio. From the MK9.58 billion collected, MK5.74 billion was from DRTSS services, MK699 million from Roads Fund Administration and MK3.14 billion from MERA and fuel levies. The COVID-19 pandemic had proved a challenge for revenue collection and the Directorate was looking for robust measures to enhance revenue figures even amidst the pandemic.

5.3.1.2 Protection of Road Infrastructure

The DTRSS has statutory powers to enforce regulations dealing with the control of vehicle loading including vehicle and axle load control. The purpose of vehicle load control is to protect the road network from damages by overloaded vehicles. Accordingly, the Department formulated a Vehicle Load Control Strategy that came into force in 2016 and was reviewed in the 2020/21 financial year to assess its implementation progress. The Strategy identified and recommended the expansion of the network of weighbridge stations across the country to complement those found at the border posts.

During the 2020/21 financial year, DTRSS resumed construction of Nkhotakota Weighbridge Station. Staff houses were finalised and construction on the scale, ablution facilities and parking yard was ongoing. Progress on the site had, however, not been as desired due to changes in the design of the station. The station will be very crucial for the M5 road which continues to deteriorate due to over-loading of vehicles. Dedza Weighing Station works at Kalinyeke will commence in the final quarter of the financial year as it is being constructed together with the Toll Plaza.

Within the 2020/21 budget, the Directorate was also expected to procure two additional portable scales. These were in addition to those procured under the World Bank funded Southern Africa Trade and Transport Facilitation Programme. Table 5.3 demonstrates that the vehicle load control measures are impactful as the proportion of overloaded vehicles falls even as the number of vehicles weighed increases.

TABLE 5.3: VEHICLE LOAD CONTROL

	2017/18	2018/19	2019/20	2020/21*
Vehicles Weighed	95,046	116,386	186,508	85,303
Vehicles Overloaded (%)	2.8	2.7	2.2	2.0

* Figures cover the period up to December, 2020

Source: Department of Road Traffic and Safety Services

5.3.1.3 Construction of the Vehicle Inspection Stations

Within the 2020/21 financial year, DRTSS, in conjunction with the Plant and Vehicle Hire and Engineering Services (PVHES), embarked on construction of Vehicle Testing Stations in Karonga, Mangochi and Ngabu (Chikhwawa). September 2020 marked the completion of Phase I of the project, which included construction of the canopy and installation of testing equipment. Phase II of the project, which will include construction of the office blocks, parking yard and drainage system, will commence during the final quarter of the financial year.

This project was 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 expected to add more services (such as issuance and renewal of driving licenses and permits, and vehicle registrations) at these stations when operations start.

5.3.2 Road Safety Predicament

The year 2020, registered a total of 10,799 road traffic accidents as compared to 10,194 in 2019, representing a 5.9 percent increase. In the same year, 1,110 accidents were fatal and 687 were serious, representing an increase of 5 percent and of 0.6 percent respectively.

In these accidents, 1,221 deaths, 953 severe injuries, 6,241 minor injuries and 4,759 damages were recorded. This constitutes a 2 percent decrease in fatalities, a 1 percent increase in severely injured people and a 5 percent increase in minor injuries sustained compared to those from the year 2019. Table 5.4 shows the worsening trend on accidents and fatalities in the country.

TABLE 5.4: ACCIDENT DATA

Type of Accidents	2018	2019	2020
Total Accidents	35,326	10,193	10,799
Fatal	1,095	1,061	1,110
Serious	657	683	687
Fatalities*	1,275	1,241	1,221

Source: Department of Road Traffic and Safety Services
*Number of people who have died due to a road accident

5.3.3 Challenges

There are three main challenges hindering the efforts of the DRTSS. First, the COVID-19 pandemic has had an adverse effect on services for DRTSS in terms of the overall revenue collection and the supply of raw materials for service delivery. Secondly, high vacancy rates, especially in technical sections, have been a concern which affect some of the key technical services such as enforcement, surveillance, awareness and civic education. Lastly, inadequate office space continues to affect service delivery for the growing motoring public in all DRTSS centers.

5.3.4 2021/22 Outlook

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

5.3.4.1 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 in the coming financial year.

5.3.4.2 Dedza - Kalinyeke Weighbridge Station

The expectation for the 2021financial year is the completion of Dedza Weighbridge Station at Kalinyeke with financing from the Roads Fund Administration. Currently the station is operational using a mobile scale; however, work was delayed due to the construction of the Toll Fee Plaza at the site. The station will also be important to control overloading from the increasing level of traffic through Dedza Border to Lilongwe City originating from the south of Malawi.

5.3.4.3 Construction of the Mwanza Weighbridge Station

DRTSS will relocate the Mwanza Border Weighbridge Station to a new inland station between Mwanza and Blantyre after a government directive to limit the number of institutions operating at the border and land has been identified. Once this is completed, the project will be designed and finalized. The new site will be upgraded to a multi-deck scale to facilitate a once-off weighing of the vehicles.

5.3.4.4 Vehicle Testing Stations in Mangochi, Karonga and Ngabu

At the beginning ot the 2021/22 financial year, DRTSS in partnership with PVHES intends to finalise Phase II works at the Mangochi, Karonga, and Ngabu at the Chikwawa Vehicle Inspection Stations (VIS). The program of works and drawing for the Phase II is awaiting approval for financing and once this is received the expectation is that this will be concluded within three months.

5.3.4.5 Expansion of the E-Enforcement Programme

DRTSS is also expected to continue expanding implementation of E-Enforcement by procuring more PDAs and other equipment such as speed cameras in the 2021/22 financial year. Together with Malawi Police Service, DRTSS is therefore expected to stop the spot fines as well as manual payments. The programme is expected to significantly improve efficiency in revenue collection.

5.3.4.6 Construction of DRTSS Head Office and Lilongwe Regional Offices

In 2019, land was identified along the Lumbadzi-Lilongwe road for the construction of the DRTSS Headquarters and Regional Office. The expectation for 2021 is the completion of payments for the land and designs for the office buildings.

5.3.4.7 Updating the Accident Database

In the next financial year, the Directorate intends to update the existing accident database. The database is outdated and it faces a number of challenges ranging from quality of the crash data to timely reporting of accidents. The updated database will make use of the PDAs used to record the accidents at the scene in real time. This initiative will be partially funded by the World Bank.

5.4 Railway Services

The recently launched Malawi 2063 identifies development of rail infrastructure as key to reducing transport costs. Interventions in the sub-sector will, therefore, continue to focus on connecting the main production centres to the sea ports of Beira and Nacala in Mozambique and Dar-es-Salaam by rail. Currently, Government and the two concessionaires in rail transport have focused their investments on activities that will enhance efficiency in rail operations.

5.4.1 Performance in 2020

5.4.1.1 Budget Performance

Operations of the Department of Railway Services are financed by resources collected as concession fees from the Central East Africa Railways (CEAR) and Vale Logistics Limited (VLL). These fees are paid annually and are dependent on the amount of cargo carried on the railway line. The revenue performance in 2020 was lower than what was attained in 2019 largely due to the COVID-19 pandemic that caused a reduction in coal and general cargo transported through the railway line. Both ORT and Development expenditure were also affected by the pandemic with construction works stalling as contractors complied with the measures put in place by Government to limit the spread of the virus.

5.4.1.2 Railway Infrastructure Improvements

As mentioned above, infrastructure improvements in the rail transport sub-sector are focused on connecting the main production centres to the sea ports that are currently only connected by road. Table 5.5 shows the performance of the railway subsector. In the year under review, CEAR continued works on rehabilitating the railway line south of Limbe and north of Nkaya as follows:

i. Rehabilitation of the 399 km Nkaya-Mchinji Railway section which commenced in March, 2018 and includes the upgrading of the Nkaya-Salima section from 15 tonne axle load to 18 tonne axle load capacity and rehabilitation of the Salima-Mchinji section. Progress was slow in the period under review as the COVID-19 pandemic led to the closure of some project sites. Currently, overall physical progress of the project is at around 60 percent, a small increase from what was recorded in 2019. The delayed progress now means that the project is expected to be completed by December 2022. The rehabilitation of Nkaya – Mchinji railway section should lead to increased traffic from Zambia carrying cargo between Chipata in Zambia and Nacala Port in Mozambique.

ii. Resuscitation of the 201 km Limbe-Marka railway section is in a phased approach. The works are expected to include the upgrading of the railway line to 20.5-tonne axle load to conform to the standard of the line on the Mozambique side. Procurement of a contractor and supervising engineer for the first phase covering the 72 km section between Marka and Bangula is almost complete.

    Meanwhile the rehabilitation of the 72 km Limbe-Sandama railway section is being carried out by CEAR, progress now stands at around 49 percent and it is expected to be completed by July 2022. Financed by CEAR, the Government has embarked on the construction of a combined railroad bridge at Ruo Breakaway at Osiyana near Makhanga in Nsanje.

iii. Construction of a new railway bridge across the Shire River at Shire-North in Balaka has been completed and trains have begun using it. The new bridge will lead to safer and improved operations along the railway line.

iv. Construction of hygiene and sanitary structures on passenger shelters along the Limbe-Balaka-Nayuchi Railway section continues. Works are expected to be completed in December 2021.

TABLE 5.5: RAILWAY SUB-SECTOR PERFORMANCE

	2018	2019	2020	2021*
Rehabilitation of railway line (km)	85	85	146	80
Number of Speed Restrictions	10	6	6	10
Railway infrastructure in good and fair condition (%)	*68.8*	*55*	*68*	*65*
Total Freight by Rail (Tonnes)	401,087	466,399	398,978	900,00
Total Passengers by Rail (Passengers)	216,000	303,300	253,800	121,094

* Targets in Transport Sector Performance Indicator Framework which was developed in 2015
Source: Ministry of Transport and Public Works

5.4.2 Challenges and Lessons Learnt

The commercialization and maintenance of the railway subsector is continually undermined by vandalism, theft and encroachment. In order to address these concerns, the Department of Railway Services is in the process of recovering stolen railway materials and assessing whether they can be re-used or not. Labour is being sourced from communities along railway lines to propagate technical knowledge concerning railway maintenance, sensitize them on the importance of preserving the infrastructure and to show them its potential as a source of income.

In addition, the Department of Railway Services will continue to hire and train graduate engineers in order to address capacity constrains in monitoring performance of the projects. This will be done in collaboration with CEAR.

5.4.3 2021/22 Outlook

In spite of cargo traffic slowing down in 2020, the outlook for 2021 is a recovery since CEAR strengthened its marketing. This will be aided by Government decision to use rail when importing fuel and agricultural inputs, particularly fertilizer. Cargo growth is also expected to lead to increased economic activity as Malawi and the world recover from the COVID-19 pandemic.
With respect to rail infrastructure projects, Government intends to identify private sector financing for the rehabilitation of the Limbe-Marka railway line. Construction works are expected to commence during 2021 and will run until 2023 should all the funds be available. Completion of the works are expected to result in increased traffic on the railway line which will significantly reduce the cost of transporting Malawi's imports and exports.

5.5 Air Transport Sub-sector

There were a number of accomplishments reported in the air transport sub-sector last year such as the rehabilitation of Chileka runway which saw the resumption of air services after flights were suspended for over 9 months due to the works. Such infrastructure developments have brought improved safety levels in accordance with international standards and recommended practices, expected to be met by the country, at all times.

5.5.1 Performance in 2020

The year under review was a difficult one to register significant industry performance achievements. The industry equally experienced the effects of the pandemic making any prospects of recording positive milestones slim.

5.5.1.1 Key Performance Indicators

Key performance indicators show cargo tonnage by air of 2020 (6000 tonnes) equalled that of 2019. The bulk of this cargo (60-65 percent) were COVID-19 relief items such PPEs (Personal Protective Equipment) and other medical equipment. Commercial passenger traffic from scheduled air services through the two primary international airports was recorded at 177,574. This passenger traffic figure represents a 51 percent drop when compared to 2019 passenger traffic data.

5.5.1.2 Challenges and Lessons Learnt

The poor performance of the industry can be attributed to restrictions on international commercial air services into the country effective from 1st April 2020 to1st September and 9th November 2020, for flights into KIA and Chileka airport, respectively. The restrictions came as a precautionary measure towards reducing the risk of spreading the coronavirus through air transport, at a time when cases were rising globally.

In the wake of the pandemic, many programmes planned for implementation in the sub-sector had been negatively affected. Programmes that involved construction work by non resident contractors had to be halted as contractors returned to their respective home countries, whilst for local contractors, they also had been subjected to waiting for the risks associated with the pandemic to reduce. Furthermore, service providers, airlines and services that support their operations, experienced financial challenges where the rate of cash burn has been unprecedented. This resulted in debt accumulation as there was not enough air transport activities to result in generation of adequate revenues.

5.5.3 Prospects for 2021

Despite the gloom, there is a glimpse of positivity on the horizon. Infrastructure developments are expected to be carried forward into the 2021/22 financial year. The project on the Improvement of Safety and Security for Kamuzu and Chileka airports, funded through a loan from the European Investment Bank (EIB), is expected to record accomplishments in this aforementioned period.

The project is expected to deliver the following: air traffic control, communications and meteorological equipment, supply of airport ground services equipment, airport security equipment, and airport ambulances and airfield ground lighting equipment. The levels of passenger traffic and air travel demand are expected to reach pre-Covid levels (2019) in 2023 with the commencement of the global vaccination scheme. However, COVID testing prior to travel is expected to make air travel costlier.

5.5.4 Plans for 2021/22

Government intends to restructure the industry with clear separation of regulatory and operational functions in accordance with international standards. The restructuring will create an opportunity for private sector participation, which has long been absent, and will relieve Government from soley financing the air transport sub-sector on all aviation related activities.

Government has thus instituted a Board of Directors for the Civil Aviation Authority (CAA) and efforts are under way to finalize the initial steps towards establishing the Authority to act as the sole regulatory entity on aviation matters. Subsequently, this is expected to lead to the potential establishment of commercial entities to operate airports and other services. The restructuring aims at making the industry and all the service providers financially self-sustainable and efficient.

5.6 Water Transport

The National Transport Master Plan (NTMP) recognises that strengthening the water transport sub-sector, through infrastructure and equipment investments, can play a key role in reducing transport costs. The sub-sector used to play a significant role in the transporting of both passengers and cargo but failure to keep it competitive has led to its near collapse. Operations of the sector were privatised in order to realise efficiency but a lot needs be put in place for the sector to attract meaningful investment.

5.6.1 Performance in 2020/21

The sub-sector, just like others, has been greatly affected by the COVID-19 pandemic in terms of activity implementation and the facilitation of infrastructure construction. The sub-sector has therefore failed to achieve most of its targets set for the 2020/21 fiscal year.

5.6.1.1 Budget Performance

Operations of the Marine Department, financed by Government, are divided into two projects which are the ORT and Development Part II for the Construction of Likoma Jetty project. The sub-sector also collects limited revenue from some of its law enforcement activities such as boat inspection and tuition fees from the Marine Training College. Revenue collection is dependent on the implementation of planned activities hence a challenge amidst the COVID-19 pandemic.

5.6.1.2 Achievements

The sub-sector made the following achievements:

i. The Department carried out numerous law enforcement activities covering all zones in the first two quarters of the 2020/21 financial year. Law enforcement activities were intensified during festive season in order to ensure safety. As such, the water sub-sector continued to register minimal accidents.

ii. As an achievement, the sector continued to construct a jetty at Likoma. The pre-casting works at Zalewa pre-cast factory is ongoing and has registered over 80 percent progress. The precast materials are expected to be transported to Likoma later within the year.

iii. The Department has seen an improvement in the mobility of its officers through the procurement of vehicles used for enforcement. This has made it possible to timely execute most of its planned law enforcement activities; evading the second wave of the COVID-19. Under normal circumstances, implementation of such activities would have continued up to the fourth quarter of the financial year.

iv. The sector has collected more revenue (MK10.7 million against the target of MK11 million). This target is set it be surpassed by the end of the fiscal year.

5.6.2 Challenges and Lessons Learnt

The Marine Department continued to underperform despite the sub-sector's potential to contribute to the national economy. The Department experienced various challenges including the following:

i. Continued lack of significant investment in the sub-sector leading to lack of growth and dilapidation of the available infrastructure. Most of the ships, port infrastructure, equipment and machinery are in very poor state thereby making shipping services unattractive to potential investors.

ii. Lack of adequate and appropriate personnel which greatly affects the performance of the Department.

iii. Low funding levels for the Likoma Jetty project. The project was initially scheduled to be completed within 18 months after its launch in March 2019. Almost two years later, the project has only accessed about 30 percent of its total funding. This affects the contractor's performance and has significant cost implications.

iv. Climate change continues to affect water transport as Chipoka port remains closed. There is need to acquire a new heavy duty dredger that would serve the ports and other sectors like Egenco and Water boards.

v. The Department owes the IMO and PMAESA subscription arrears in excess of MK100 million. This is due to lack of funding for the payment of subscriptions. The Department resumed paying annual IMO subscription in the 2019/20 fiscal year but a huge backlog still remains.

5.6.3 Outlook for 2021/22

The department will strive to maintain its performance as it adapts to operating in the COVID-19 environment. ORT funding had been reduced by almost 40 percent, a development that was foreseen to affect the Department's performance. The increased Likoma Jetty project funding from MK1.1 billion to MK2.4 billion is a welcome development that is expected to significantly improve implementation of the project.

5.7 Buildings

The purpose of the Department of Buildings is to enable the development of a sustainable building environment that meets universal standards. This is to be done through the regular enforcement of policies in an efficient and accountable manner.

5.7.1 Performance in 2020/21

During the year under review, the Ministry engaged key stakeholders to validate their inputs made during the bilateral engagement process of formulating the National Buildings Policy, which would guide operations in the buildings sector.

The Department also supervised a number of projects including the Luanar Teaching Complex, Phalombe District Hospital, Ntcheu Stadium, Thyolo Stadium, Blantyre Police, Domasi Community Hospital and the Mbelwa District Council Buildings. All these projects are at different stages of completion.

5.7.2 Challenges and Lessons Learnt

5.7.2.1 Funding and Payments for Building Projects.

The Department of Buildings does not control the funding of projects because this is done through the clients' budget lines. The decision by clients to direct funding to the Department of Buildings depends on their prioritization at the given time. This affects the planning and management of programmes.

5.7.2.2 Human Resource Capital and Development

The Department of Buildings is characterized by high staff turnover in all its five technical divisions.

5.7.2.3 Project Planning and Management

It has been observed that many of the clients and stakeholders do not provide enough information for project briefs and detailed designs. This results in inflated construction costs and poorly predicted completion periods.

5.7.3 Outlook for 2021/22

The Department will work alongside local councils and construction practitioners to make sure that the frameworks are implemented and are being used even at local level. In addition to this, buildings will be constructed, rehabilitated and maintained in line with the proper regulatory frameworks. Among others, the Department will supervise the construction of the following buildings: 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) and Community Stadiums (Mzimba, Thyolo and Ntcheu). The Department of Buildings will focus on the review of the Architects and Quantity Surveyors Board's Act, Finalisation of the Buildings Bill and devolution of some of its powers to the Local Councils.

5.8 PVHES

In line with the Government policy of divesiture of public enterprises, the Department of Plant &Vehicle Hire and Engineering Services (PVHES) was established under the Public Finance Management (Plant and Vehicle Hire and Engineering Services Fund) Order in 2013. This was aimed at providing plant and vehicle hire and allied engineering services to both the public and private sectors on a commercial basis. This is in line with Malawi Government's policy of divestiture of public enterprises that is underpinned by various objectives which include; the fostering of economic efficiency, increasing competition, promoting investment, increasing participation of the Malawi public in enterprise ownership and raising revenue for the Government.

5.8.1 Performance in 2020/21

Revenue collection has been low in the year under review. At the time of reporting, PVHES revenues totalled MK320 million against an end of year estimate of MK740 million, representing a performance of 43 percent. The revenue performance is due to a decline in business during the year in review which was affected by the outbreak of COVID-19. Consequently, PVHES may fail to attain its revenue and other performance targets.

The revenue collected thus far has been used in part to finance the rehabilitation of district workshops at Ngabu, Mangochi and Karonga Vehicle Inspection Stations (VIS). The Department has now acquired certification and licensing for number plate embossing business.

5.8.2 Challenges and Lessons Learnt

PVHES has a very high vacancy rate which, coupled with limited resources, affects its ability to effectively deliver services to its clients. The lack of resources has also resulted in the plant and equipment dilapidating over time such that they have become too expensive to run or obsolete in some cases. PVHES also faces stiff competition from the private sector operators who are better equipped in terms of equipment, human and financial resources.

5.8.3 Outlook for 2021/22

PVHES in collaboration with DRTSS will finalise the establishment of Vehicle Inspection Stations (VIS) in Mangochi, Ngabu and Karonga. Furthermore, PVHES will rehabilite some of its critical plant and workshop infrastructure. These activities should enable the Department to improve its revenue collection capacity in the near future.

PVHES intends to finalize the formulation of a Strategic Plan that will, among others, guide the implementation of reforms covering the restructuring of the Department and support capacity development. One of the key activities in the restructuring of the Department will be the recapitalization in order to improve service delivery and enable the Department to compete with private players. To this end, the Department is engaging with private sector financiers to provide resources for recapitalization.

Chapter 6

MINING

1.1 Overview

Mining 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 and achieve infrastructure developments. For a very long time, Malawi has been considered as an agricultural based economy. Statistics indicates that 80 percent of Malawians take part in Agriculture as their main economic activity and their secondary income generating activity. Nonetheless, any economic gains from agricultural-based economy remains vulnerable due to a number of factors including its over-dependence on rain-fed subsistence farming, donor support and traditional exports of tobacco, tea, and sugar, and high-cost imports of fuel and essential goods.

It was for this reason, the Government of Malawi (GoM) had, in the Malawi Growth and Development Strategy (2006-10) (MGDS I), created a broad strategy for Mining to contribute to the country's economic diversification and development. Following this development, in 2010 the Energy and Mining Sector working group was created to provide high-level stakeholder consultation and input into key policy reform programs taking place in the mining sector. Since then, a number of reforms have taken place. These include the new Mines and Minerals Act (Act No.8 of 2019) which has created a technical Mineral Resource Committee, the establishment of a computerised-based and Public access of the mineral tenement data hosted under Cadastre System by Landfolio and the completion of refurbishment for geo-data library at the Zomba based Geological Survey Department Headquarters. These reforms have helped to increase and promote transparency, accountability, and efficient management and administration of mineral rights in the country as well as access to geo-data.

Nevertheless, there is still more that has 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 of Mining Offices and Mineral Processing Laboratory, online access of geo-data at the Geological Survey Library, the formalization of Artisanal and Small Scale Miners (ASM) 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 finalizationof the ground geo-data; (follow up project from the airborne geo-physical survey); continue capacity building of key personnel in the sector; and civic educating the country's population on the mine life cycle for a better understanding of the sector and 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.

Although Government recognizes the role that this sector can play to boost the economy, the recent funding trends in the sector has not been encouraging to meet this expectation. Despite low funding levels to the sector, coupled with poor electricity generation and supply, a spate of illegal mining activities and lack of District Mining Officers across the country the mining sector continued to experience some growth. Mineral exploration and production also increased as a result of continued demand by the consuming industries during the early months of the period under review before eventually experiencing some decline at the height of the Covid-19 pandemic, including the export market. Thus, this report 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.

6.2 Mineral Production

In the period under review, the country produced a number of minerals including coal, cement limestone and Kaolinitic Clays. Table 6.1 summarizes the mineral production levels and monetary value of the minerals for 2020, 2021 and 2022.

TABLE 6.1: MINERAL PRODUCTIONS AND MONETARY VALUES (2020-2022)

Production	2020 (Actual)		2021 (Estimates)		2022 (Projection)	
Type	Quantity (tonnes)	Value (K'million)	Quantity (tonnes)	Value (K'million)	Quantity (tonnes)	Value (K'million)
Coal	54,875.842	2,063.292	51,132.0	1,960.127	48,697	1,866.78
Cement limestone	575,397.02	382.503	748, 016	497.254	972,420.9	646.43
Kaolinitic Clays	26,599.62	239.165	34,579.50	310.914	41,495.4	373.09
Iron Ore	5,018.16	118.325	6,523.608	153.822	7,827.696	184.58
Hydrated & Agricultural Limestone	24,725.59	414.872	27,198.149	456.359	29917.96	501.99
Other						
Rock aggregate	749,902.56	4,359.08	974,873.32	5,666.80	1,072,360.6	6,233.48
Precious & Semi-Precious Stones	20.4	211.470	21.3	20.40	22.365	21.42
Dimension/ Ornamental Stones	926.525	227.520	1,010.65	222.04	1,111.71	244.24

Source: Department of Mines

6.2.1 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 2020 was projected to slightly increase as compared to the production of the same during 2019 due to increased demand in manufacturing industries for use in boilers. Due to the COVID-19 pandemic, production remained at the level (54, 875.84 tonnes) as the previous year.There was no new coal mine opened to help increase and boost production.

Coal production levels are expected to fall significantly in 2021/22 FY owing to frustrations by coal producers due to influence of a cartel of intermediary buyers deliberatery lowering prices of coal so as to maintain direct supply to consumers . Most of these intermediary buyers are dictating coal prices from the miners leading to increased losses in view of high production costs. In addition, the sector will also be negatively impacted by the closure of some important industries in the manufacturing sector like Nampack the Unilever and some tobacco processing companies.

The CPL-Mchenga Coal Mine, Kaziwiziwi Coal Mines, Kasikizi Coal Mine, Rukuru or Dantansie Coal Mines remain the major producers of the commodity; sharing annual production capacity of slightly over 15,000 tonnes each and contributing about 90 percent of total annual coal production.

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. Besides mining, some of these companies have embarked on expansion projects by among other activities continuing with exploration outside their current mining areas so as to increase their respective production capacities to meet future demand for coal.

6.2.2 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 financial year 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 USD40/lb. Therefore, no uranium production is presented during 2020/21 financial year. 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 USD70 - USD75 per pound. There are, however, some good prospects that the price for uranium may pick up in the near future with a reported number of nuclear reactors being under construction in China, India, Russia, Middle East and the United Arab Emirates (UAE).

6.2.3 Cement 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 with a daily production rate pegged at 1,500 and 1,200 metric tonnes of cement per day, respectively. During the period under review, the two companies had a combined consumption of limestone of up to 575, 397.02 metric tonnes from their respective mines and used 5,018.16 metric tonnes of iron ore sourced from artisanal miners at Nthare Hills in Chiradzulu district to manufacture cement.

Lafarge Cement (Malawi) also manufactures cement using locally mined kaolinitic clays sourced from Senzani in Ntcheu District. This clay is part of the raw materials used in the manufacturing of cement due to its binding element and properties. During the 2020 review year, the company used a total of 26,599.62 metric tonnes of kaolinitic clays valued at MK239.165 million. Cement manufacturing is expected to slightly increase due to continued demand for the commodity resulting into an increase in production of about 20 percent of the raw materials like limestone, iron ore and kaolinitic clays also known as podzolana.

6.2.4 Agricultural, Calcitic and Hydrated Lime Production

Zalewa Agriculture Lime Company (Zalco), Lime-Co and Kemi Investment (formerly Flouride 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 with a combined production capacity of up to 24,725.59 metric tonnes of lime products in 2020. However, Zalco and Lime-Co remain the major players that have dominated the export market for the commodity. In 2020 the two companies exported to Mozambique a combined production of limestone product amounting to 2,790 metric tonnes valued at MK110.2 million. These were exported as agricultural lime, calcitic lime and lime powder. All the major companies increased their respective production capacity in 2020 as compared to the previous year due to demand of the commodity over increasing poultry markets. Demand for agriculture lime from the tobacco estates, poultry and paint industries also remained robust from within the country. Production of hydrated lime usually used for construction was mostly dominated by medium to small-scale operators like the Lirangwe Lime Makers Association, Balaka Lime Makers Association despite facing other challenges like financial support.

6.2.5 Rock Aggregate Production

The production of rock aggregates declined in 2020 due to the slowdown of economic activities in the country which included construction and rehabilitation of roads and a number of infrastructure projects due to Covid-19 pandemic and non-completion of most major road projects. 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, the Ministry is planning to introduce payment of royalties by all quarry operators 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 revenues.

During the period under review, commercial and project quarries produced a combined production of up to 649,902.56 metric tonnes and 100,050 metric tonnes respectively. This resulted into total production of 749,902.56 metric tonnes of rock aggregate in 2020 representing more than 17 percent decline in production compared to 2019 production of more than 900,000 metric tonnes. However, production of rock aggregate is expected to reach 974,873 metric tonnes and 1,072,360 metric tonnes in 2021 and 2022 respectively with the easing of Covid-19 pandemic and renewed construction activities.

6.2.6 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.

Previous Drilling results indicated reserves amounting to 2 million tonnes and averaging 17 percent P_20_5 have been outlined to a depth of 100 metres. There is potential for increasing the ore reserves by investigating the adjacent areas capped by agglomerate. Part of the Tundulu area is being developed by Optichem for Phosphate mining to be used in the production of fertilizer. However, there is no production of phosphate recorded for both 2020 and 2021 as the company has embarked on some re-testing of the phosphate rock by carrying out further beneficiation tests of the phosphate in the rock in order to find ways of increasing the economic recovery rate to at least 30 percent of the phosphate. Previously the company has been getting recovery rate of around 8-9 percent which was not an economically viable rate. Production is expected to resume once the beneficiation tests are proved to be successful.

6.2.7 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 2020/2021 financial year, the Ministry's recorded data indicates considerable increase in precious and semi-precious stone production to about 20.4 tonnes. This may have been caused by the steadily increasing demand for gemstones both locally and internationally. 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 lots of smugglers camouflaging as innocent buyers and yet clandestine as middlemen in the gemstone sub-sector who do not declare at all what they get from the small-scale miners. The situation is even made worst by the locals who support and shelter them in communities where illegal mining is taking place. Similarly, some small-scale miners do not bother to declare their production figures for fear of being investigated by Government regulators or enforcing agents on the source of these illegal gemstone buyers. However, most locals have continued to exploit gemstones across the country for their livelihood although some of these activities remain illegal and difficult to regulate. The illegal mining activity has continued to robe government of the revenues. Hence, the true gemstone produced in 2020 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.

6.2.8 Dimension/ Ornamental Stones

Production of dimension stones also refered to as ornamental stones increased slightly to over 926.5 tonnes in 2020 due to increasing demand for the commodity in the export market. Production is expected to reach 1,010.6 tonnes in 2021. Most of these dimension stones, which are usually sold in tonnages, have been exported to China, Thailand and other Asian Market. As finished products, these stones are usually used for decorations.

6.3 Employment Opportunities in the Mining Sector

Employment levels in the sector declined significantly in 2020 as may be noted in Table 6.2 below compared to previous year of 2019. The decline was as a result of reduced production of quarry aggregate, coal and cement manufacturing which employs a large number of people. This was mainly due to Covid-19 pandemic that saw other mines temporarily suspending operations and others introducing skeleton staff to work in mines. Other factors included the continued suspension of Kayelekera Uranium Mine and suspension of public work projects during the year under review. It is also worth noting that the sector has also recently attracted about 13,500 artisanal and small-scale miners scattered across the country. Most of these are due to illegal mining activities emanating from sudden discovery of alluvial gold along Dwangwa River in Kasungu and Nkhotakota, Nathenje River in Lilongwe, Unga River at Makanjira in Mangochi and along some rivers at Nsanama in Machinga and other places across the country.

Out of the total workforce in the formal sector, women account for only 5-10 percent. However, the number of women self-employed in the informal mining sector especially small-scale operators is slightly over 40 percent of the total miners. It is generally difficult to get the actual number of artisanal and small-scale miners since most of these operate in remote areas and are unregulated. This also means that the actual production statistics as indicated earlier above remains partial and to a great extent, unaccounted for.

Employment figures for exploration activities during the year under review was drastically reduced as compared to 2019 as more exploration companies had suspended their activities due to COVID-19 pandemic that resulted into strict travel conditions for their foreign based staff and owners.

TABLE 6.2: FORMAL EMPLOYMENT IN THE MINING SECTOR

Workforce	2020 (Actual)	2021 (Estimates)	2022 (Projection)
Coal	1,402	1,472	1,545
Uranium Mine	21	21	17
Agricultural, Calcitic and Hydrated Lime	265	278	292
Quarry Aggregate production	9,030	9,933	10,926
Cement manufacturing	1,605	1,685	1,769
Gemstones/Mineral Specimens	2,130	2,343	2,577
Ornamental Stones	122	134	147
Terrazzo	168	184	204
Other Industrial Minerals	1,201	1,321	1,453
Exploration activities	286	314	345
Total	**15,932**	**17,371**	**18,930**

Source: Department of Mines

6.4 Export Sales of Minerals

Export of minerals in the 2020/21 financial year by different operators continued to be dominated by ornamental/dimension stones, gemstones, lime products as well as rock chip samples and soil samples as shown in Table 6.3. Also take note that with lack of accredited laboratory facilities, the country has continued to rely on foreign based accredited laboratories with state of the art equipments 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. For instance, in 2020, most of the exporters of rock-chip and soil samples were exploration companies on advanced Bankable Feasibility Studies (BFS) stage like Sovereign Metals at Malingunde graphite and Kasiya rutile projects, Mkango Resources at Songwe Rare Earth Project, Trinity Ventures for black granite in Mchinji and Akatswiri Minerals Resources who have embarked on drilling on Mpemba Hills for base metals. The Geological Survey Department also sent a number of samples during the year under review for analysis as they embark on compilation of ground geo-mapping work results through Geological Mapping and Mineral Assessment Project (GEMMAP) to determine mineralogical compositions of various samples collected across the country. Some of the rock and soil samples were exported by universities and agricultural research institutions like Farmers

World, Chitedze Agriculture Research Station and academic personnel from various Universities across the country.

On exportation, 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 BFS, has to be duly authorized based on purpose and advancement of the project.

During 2020/2021 financial year, a total of 174 export permits were issued for 13.0 tonnes of gemstones valued at MK92.1 million. A total of 5 export permit were also issued for 2,700 carats (540g) of cut and polished stones worth MK3.7 million, while 15 Export Permits were issued for 926.525 tonnes of dimension or ornamentals stones worth MK227.5 million. In addition, 14 export permits were issued for 2,790 tonnes of lime products worth MK110.2 million. A total of 31 export permits were issued for 6.6 tonnes of rock chip samples valued at MK2.7 million while a total of 32 export permits were issued for 3.2 tonnes of soil samples valued at MK0.7 million.

The exported gemstones were destined for China, Thailand, South Africa, France, United States of America (USA), Canada and other European and Asian markets. China remains the biggest export market for dimension or ornamental stones. Unfortunately most of the gemstones were exported raw resulting into significant loss of value or earnings and only 2,700 carats (540g) of value added gemstones was exported. However, 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 past.

Revenue generated by the Government through the Department of Mines only amounted to MK506 million in 2020 in terms of royalties, licence processing and ground fees. The Department is expected to generate about MK600 million in 2021[7].

---

[7] Limestone products were exported by Zalco and Lime-Co to Mozambique.
Gemstones continue to be exported to various parts of the world including India, Indonesia, Malaysia, South Africa, China, USA, Italy, and the United Kingdom (UK).

TABLE 6.3: RAW MINERAL EXPORTS

Exports	**2020 (Actual)**		**2021 (Estimates)**		**2022 (Projections)**	
Type	**Quantity (tonnes)**	**Value (MK' million)**	**Quantity (tonnes)**	**Value (MK' million)**	**Quantity (tonnes)**	**Value (MK' million)**
Coal	0	0	0	0	0	0
Uranium cake	0	0	0	0	0	0
Other						
Dimension/Ornamental Stones	926.525	227.520	1,019.17	250.272	36,795	275.2992
Gemstones	13.014	92.091	14.44	102.22	16.028	113.464
Lime products	2,790.1	110.218	3,069	121.23	3,375.9	133.353
Rock Chip samples	6.64	2.726	6.97	2.862	7.31	3.00
Soil samples	7.288	3.292	7.65	3.456	8.03	3.62

Source: Department of Mines

TABLE 6.4: VALUE ADDED STONES

Exports	**2020 (Actual)**		**2021 (Estimates)**		**2022 (Projections)**	
Type	**Quantity (carats*)**	**Value (MK' million)**	**Quantity (carats)**	**Value (MK' million)**	**Quantity (carats)**	**Value (MK' million)**
Cut & Polished Stones	2,700	3.778	2,835	3.966	2,976	4.16

Source: Department of Mines
**1 Carat =0.2g,*
2,700 carat =540g

The average price of the minerals varies 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 by looking at current World price trends by those who issue export certification after initial value declaration by exporters.

6.5 New Mining Operations and Licences

During the year under review, Government granted various licenses to prospecting mining companies and individuals as presented in Table 6.5.

TABLE 6.5: NEW MINING AND PROSPECTING LICENCES ISSUED IN 2020/21

Type of Licence	Number issued	Mineral (s)
	Small Scale Operators	
Non-Exclusive Prospecting Licences	276	Gemstones, Ornamental stones
Small-Scale Mining Licences	93	Gemstone, Ornamental stones
Reserved Minerals Licence	177	Gemstones, Ornamental stones
	Large-Medium Scale Operators	
Exploration Licence	87	Uranium, Heavy mineral sands, Base metals and Platinum Group Metals, Limestone, Gypsum, Iron ore, Glass sands, rare earths etc.
Medium Scale-Mining Licences	30	Quarry aggregate, heavy mineral sands, limestone and Rare earth minerals
Large Scale Mining Licences	0	
Retention Licences	0	
Reconnaissance Licence	0	

Source: Department of Mines

6.6 Mining Investment Opportunities

Malawi produces cement, coal, crushed stone for aggregates, dolomite, limestone, and some artisanal salt mainly for domestic consumption. Currently it is only gemstones and some limestone products that are serving the international markets and the rest of industrial mineral production services local market. However, there is potential for heavy mineral sands, bauxite, phosphate, uranium and rare earth element deposits. Both local and international companies are actively engaged in the exploration activities which target these minerals as well as gold, platinum group of minerals (PGMs), base metals nickel and copper, dimension stone, graphite and coal. Artisanal and small-scale mining activities have also grown considerably over the years and they are source of livelihood for many families in rural areas. Additionally, Government procured Sanders Geophysics Limited (SGL) around 2014 which undertook a countrywide airborne geophysical survey followed by the current geo-mapping project by Geological Survey Department as a ground follow up survey. It is expected that the survey will generate invaluable data that will provide baseline data to potential investors and other interested parties.

TABLE 6.6: KNOWN MINERAL DEPOSITS, RESERVES AND GRADE

DEPOSIT	LOCATION	DELIANATION RESERVES (Million tones/ grade)
Bauxite	Mulanje	28.8/43.9% Al_2O_3
Uranium	Kayelekera	12,5/0.15% Ur_3O_8
Monazite/ Strontianite	Kangankhunde	11/ 8% Strontianite and 60% REO
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	Not Conclusive
	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,Chitipa	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 Pipeline Projects

During the financial year under review, some companies both local and foreign vigorously continued to pursue intensive exploration for different minerals in various parts of the country despite the Covid-19 pandemic. These individual license holders are at different levels of exploration or mining ranging from preliminary exploration, conducting bankable feasibility studies and actual mining. Much as significant progress has been made especially on feasibility studies of various potential mining projects, energy challenge continues to hamper developments of these mining projects. Mining requires significant power supply to run production machinery and high power consuming processing plants.

Activities of a few selected companies are highlighted below to give a distinct picture of initial energy requirements:-

i. Paladin (Africa) Limited is currently on Care & Maintenance at the Kayelekera Uranium mine in Karonga District. The plant requires 15 Megawatts.
ii. Globe Metals and Mining completed a Technical & bankable feasibility study over Kanyika Niobium deposit in Mzimba District. The Company has submitted a draft Mining Development Agreement for discussion with Government which is underway and at an advanced stage. The mine plant requires 18 Megawatts of electricity.
iii. Mkango Resources Limited is conducting bankable feasibility studies over Rare Earth Minerals at Songwe Hill in Phalombe District. It will require 25 Megawatts.
iv. Bwanje Cement Products located at Malowa Hill, Golomoti in Dedza district concluded bankable feasibility studies and is currently re-evaluating the resource as well as environmental and social impacts assessment. The company will require 15 Megawatts to run the cement plant.
v. Cements Products Limited located in Njeleza, Mangochi district which is currently operational and undertaking expansion works that requires an additional 5 Megawatts from the current 5 Megawatts being utilised.
vi. Shayona Cement Corporation located at Chamama in Kasungu district is currently operational and undertaking expansion works that requires an additional 5.5 Megawatts on top of the current 7.5 Megawatts being utilised.
vii. Mawei Heavy Minerals Sands project located at Makanjira in Mangochi district completed feasibility studies and environmental studies. The company requires an initial 5-10 Megawatts to kick start the project then increase to 50 Megawatts once a smelter plant has been installed.
viii. Tengani Heavy Minerals Sands project located at Tengani in Nsanje district requires an initial 5-10 Megawatt to kick start the project then increase to 30 Megawatts once all processing plants are installed.
ix. Completion of conducting detailed exploration and Technical Feasibility Studies for rare earth minerals and bauxite at Chambe Basin on top of Mulanje Mountain will commence shortly. Future mine will require 30 Megawatts.
x. Rift Valley Mineral Resource Developments is re-evaluating the Kangankunde Rare Earth Prospect in Balaka district. The proposed mine requires 30 Megawatts.
xi. Sovereign Metals has completed the technical feasibility studies over huge deposits of graphite and rutile will require 10 Megawatts to power the mine plant.

In addition, 15 various upcoming rock aggregate quarry plants for production of rock aggregate for various construction projects will require a total 3 Megawatts (each quarry needs around 200 KW of power to operate). These upcoming quarries are more or less still undertaking Environmental and Social Impact Assessment (ESIA) prior to commencement of operations. Table 6.7 below presents a summary of potential mining projects.

TABLE 6.7: POTENTIAL MINING PROJECTS

Company	Minerals to be Mined	Site	Country of Origin	Status
Globe Metals & Mining	Niobium, Uranium, Zircon and Tantalite	Kanyika, Mzimba	Australia	Mining Agreement Negotiation
The Bwanje Cement Project (Deco)	Limestone	Ntcheu/ Dedza	Malawi	Bankable Feasibility Study
Lynas Corporation	Rare earth elements	Kangankunde, Balaka	Australia	Bankable Feasibility Study
Tengani Titanium Minerals Ltd	Heavy mineral sands	Tengani, Nsanje	Malawi	Bankable Feasibility Study
Cement Products Ltd	Limestone for cement manufacturing	Njeleza, Mangochi	Malawi	Started Production
Mkango Resources limited	Rare Earth Metals	Songwe, Phalombe	Canada	Feasibility Study
Sovereign Metals	Graphite, Rutile	Malingunde, Kasiya	Australia	Feasibility Study, Advanced exploration
Shayona Cement	Limestone for cement manufacturing	Chamama, Kasungu	Malawi	Started Production
Mawei Mining	Heavy mineral sands	Makanjira, Mangochi	China	Bankable Feasibility Study
Rift Valley Mineral Resource Developments	Rare Earth Metals	Kangankunde, Balaka	Malawi	Feasibility Study

Source: Department of Mines

Chapter 7
ENERGY

7.1 Overview

This chapter reviews the performance of the Energy Sector in the 2020/21 Fiscal Year. In particular it presents an overview of developments in the electricity, petroleum, and other alternative energy subsectors. The chapter concludes by presenting progress on some of the main energy projects that are currently underway.

7.2 Electricity

In the period under review, ESCOM sold 1,576 GWh of electricity compared to 1,477 GWh recorded in the same period previous year representing a 6.3 percent increase in electricity consumption. The total customers base also increased by 6.13 percentage points from 413,816 to 439,187. (See Table 7.1)

TABLE 7.1: ELECTRICITY GENERATION AND CONSUMPTION (2010-2019)

YEAR	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Installed Hydro Capacity (MW)	285.85	285.85	285.85	285.85	351	351	351	351	351	351
Maximum (Peak) Demand (MW)	273.01	277.75	277.88	279.73	323.91	335.26	328.26	322.56	317	299.6
Energy generation (GWh)	1,809.17	1,871.88	1,911.51	1,828.2	1,906.51	1,975.02	1,976.99	1,808.64	1,792	1,887
Number of Consumers	194,459	205,045	218,164	238,211	269,469	312,857	344,953	395,923	413,816	439,187
Consumption Domestic (GWh)	571.56	593.85	596.10	577.65	614.20	699.03	766.3	693.33	642.6	568.2
General (GWh)	253.70	250.43	244.47	214.96	183.26	150.30	117.4	62.2	156.6	292.5
Power Demand (GWh)	580.76	612.23	604.88	613.82	639.27	620	620	552.84	620	620
Export (GWh)	20.66	19.08	21.1	23.82	23.62	21.85	24.43	20.43	19.3	19.9
Total Consumption GWh)	1,426.68	1,475.59	1,466.52	1,429.68	1,460.35	1491.18	1,854.82	1,328.8	1,477	1,576

Source: ESCOM Limited

In the year under consideration, the country experienced a declining trend in the total energy generation in all power stations mainly as a result of low water levels in Lake Malawi and reduced flow in the Shire River despite the high availability of generation plants, high maintenance levels and increased number of registered customers. From a grand system total of 160,285,126.97 kWh generated in July 2019, the generation capacity has been steadily declining in all power stations across the country reaching 139,337,495.52 kWh in March 2020. The Figure below shows electricity generated by all power stations from January 2019 to March 2020.

TABLE 7.2: TOTAL ELECTRICITY GENERATION IN KWH (MAR-2020- MARCH 2021) PER STATION

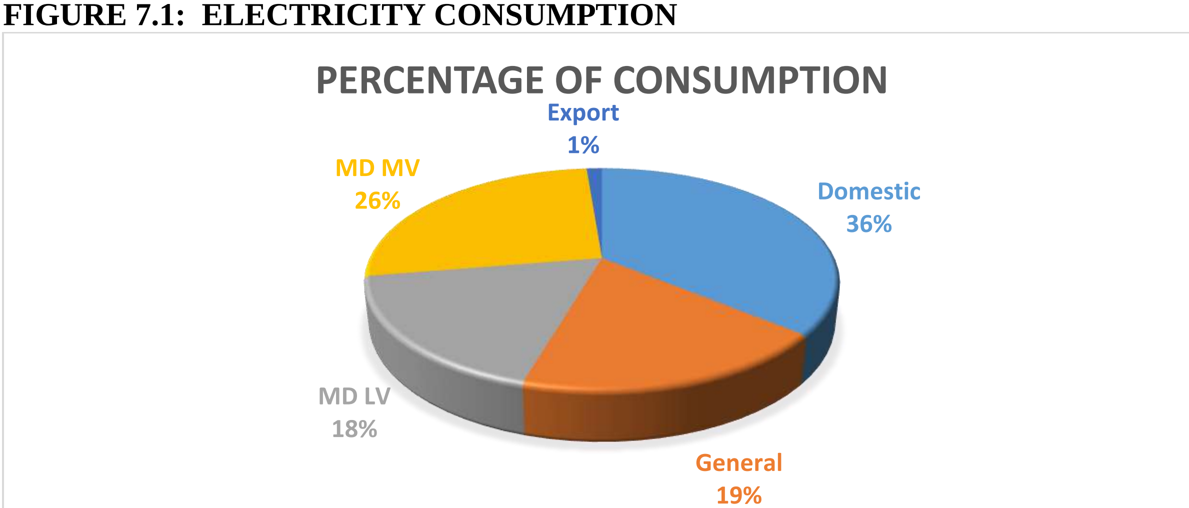
MONTH :	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
NKULA A	10,605,400	10,083,700	8,360,100	8,751,900	5,655,000	4,025,600	8,013,000	13,116,600	12,339,100	10,210,900	8,638,300	9,349,900	10,938,300
NKULA B	41,103,980	41,784,870	43,881,570	45,572,300	50,439,840	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: EGENCO

7.2.1 Electricity Sales by Customer Category

In terms of sales of electricity by customer category, 36 percent was sold to domestic customers while the general category accounted for 19 percent of the sales. While industries in the Low Voltage (LV) and Medium Voltage (MV) customers' categories accounted for 18 percent and 26 percent respectively. A total of 1.2 percent was exported to the neighbouring countries in the year under review as is shown in Figure 7.1 below.

FIGURE 7.1: ELECTRICITY CONSUMPTION



Source: ESCOM Limited

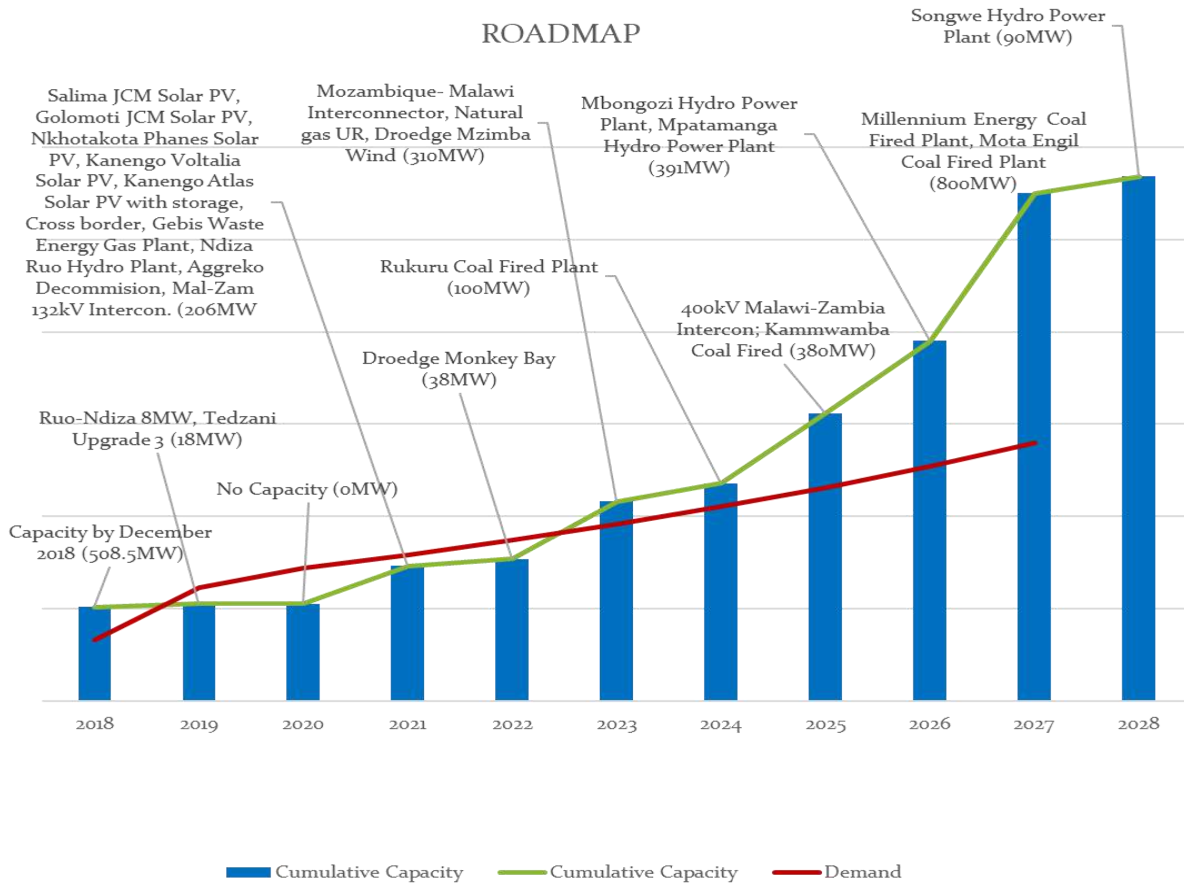
7.2.2 Demand Analysis and Planned Projects

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 terms of trends in electricity demand, the country recorded an increase from 230MW achieved in 2005 to 330MW by 2018, representing an average annual growth rate of 4 percent. The IRP estimates that maximum demand will reach 612 MW by 2020, 1,158 MW by 2025 and 1,873 MW by 2030.

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: Ministry of Energy

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 328MW: -

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 132kV 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 under review 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 5.72 percent ATAF outcome of that month, the exchange rate was at MK787.85/USD 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/USD 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 0.33 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 MK 50 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 MK88.02/KWh – translating to MK2.09/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.

7.3 Malawi Rural Electrification Programme (MAREP)

The Ministry of Energy is implementing Malawi Rural Electrification Programme (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 Programme 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 Programme. Faced with the obligation to provide social services to the rural communities, Government took over the responsibility of implementing Rural Electrification and named the programme MAREP. The Department of Energy Affairs was then mandated to plan and implement MAREP. Funding for the programme as of now, is through energy sales levy under well-established fund called the Rural Electrification Fund.

The Programme is implemented in Phases. The Department started implementation of MAREP in its fourth phase. In Phase 3, the program installed a 4.5MW Wovwe power plant in Karonga district, in Phase 4, a total of 98 sites were electrified, in Phase 5, a total of 27 sites were electrified, in Phase 6 a total of 89 sites were electrified while in Phase 7 a total of 136 sites were electrified. The Ministry 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.

7.3.1 Extended MAREP Phase 8

Extended MAREP Phase 8 is one of the MAREP phases and started on 24th December 2019. Currently, Extended MAREP Phase 8 is at the final stages to completion. The project had a total of 394 sites across the country. So far, 321 sites have been completed and commissioned, 16 sites have been completed and awaiting commissioning while 50 sites are in progress, whose completion date is estimated to be by the end of 30th April, 2021. Table 7.3 presents Extended MAREP Phase 8 sites across the country.

TABLE 7.3 EXTENDED MAREP PHASE 8 ELECTRIFIED SITES

District	Site	District	Site
Chitipa	Chipwela TC	Rumphi	Thazima
	Chipwera Primary School		Nyika NP H/O and Junior staff
	Kalenge TC		Lumphawa
	Naching'anda		Phwamphwa
	Chambo HC		Kaduku
	Ilanga		Thunda
	Mwandaje		Lwatizi
	Chimwemwe		Thumbi
	Kalopa		Charo TC & HC
	Zambwe		Old Salawe & CDSS
	Mughese Mission (Including Katowo Village and Katowo CCAP)		Zunga Village & PS
District	**Site**		Dowoka School
Karonga	Katili HC		Mtowo
	Katili Primary School		Zolokera
	Pulumbwe		Vwaza CDSS
	Tendi School	**District**	**Site**
	Jeremani	Mzimba	Engalaweni
	Chiwondo		Malivenji
	Gumi		Ehehleni
	Mulindafwa 1		Chipata PS
	Mulindafwa 2		David Sibande TC
	Thunduti Primary & CDSS		Enyezini
			Mtende
			Luvwele
			Chigoga
			Emcizini
			Mabiri
			Mharaunda
			Mkamama PS

District	Site
Nkhatabay	Mwambazi
	Bukala
	Thoto Msinji
	Mtawa HC
	Mtawa
	Theya
	Sanga
	Buwa
	Mzenga
	Chitheka
	New Salawe
	Kapingama
	Mvwalamani
	Chifila
	Uhoho
	Mthabithabi

District	Site
Dowa	Kanyangala TC
	Kabulungo TC
	Mauni
	Mndolera TC
	Soko TC
	Mtambalika
	Dzoole TC
	Kantchentche TC
	Kalonga

District	Site
Ntchisi	Msambakunsi
	Mtuwanjovu
	Nyalavu
	Mndinda
	Chasolo TC
	Chakulanjala School
	Mawiri 2
	Kasakula EPA

District	Site
Ntcheu	Kasale
	Fuko
	Tchauya
	Kachimanga
	Bawi post Office
	Chawanje

District	Site
Salima	Makiyoni Primary Sch
	Kaniche TC
	Makiyoni TC
	Chinkhuli School
	Kachulu
	Mtondo TC
	Mtondo 1
	M'manga
	Chiphole
	Kamphedza
	Sanimaganga
	Mnema

District	Site
Kasungu	Kayesa TC
	Kakhome CDSS
	Changaluwa
	Mdoni
	Chiseka
	Mkanakhoti
	Nthunduwala
	Mpasadzi
	Kasungu National Park & Lodge
	Offices & Research
	Chankhozi
	Kadwala
	Linyangwa HC (Block 5)

District	Site
Dedza	Tambala
	Kanyenda
	Chitowo and Chitowo HC
	Kaphuka Village
	Ndebvu
	Mikonde Drop Down
	Mua TC
	Chitowo HC Drop down of Chitowo
	Tukuliza

District	Site
Mchinji	Mphanga
	Kapanga HC
	Nkaladzi
	Chisumbu/Chitsulo
	Nsapato

	Sande Market/TC		Chimbowatu
	Chawanje school		Mavwere
	Waiyatsa		Kangwere
	Kalumbu		Mtsapila
	Mapila TC		
	Livulezi		

District	**Site**	**District**	**Site**
Nkhotakota	Chiganga	Balaka	Namikombe
	Senjere		Majiga
	Malengasanga		Mtelera (Chasuchila)
	Ali Kanyenda		Mitengwe School
	Matumbi		Maganga
	Chayanika		Namalomba
	Chiluwa		Msunuzi
	Suluwi		Chatama
	Maluwa		Tsamba
	Chizuma		Mkasi
	Chigumulile	**District**	**Site**
	Lunga	Blantyre	Njilika
District	**Site**		Ngongomwa
Lilongwe	Nambuma HC/CDSS/PS/TC		Makunje 2
	Chikowa HC		Maliya
	Lubwe		Nkumba HC/Namikoko
	Mseche CDSS, HC & TC		Mthawira School
	Chikuse Village		Mpachika
	Mpemba TC		STA Kapeni
	Maluwa		Mchere TC
	Kalumba		Mulombwa CDSS
	Chamadenga		Mang'omba Parish & Clinic
	Kamphoni		Namende
	Maluwa TC		
	Chadabwa		
	Mkanga Tc		

District	**Site**	**District**	**Site**
Mangochi	Kadango TC	Chiradzulu	Kamala TC
	Kaloka		ST Micheals PS
	Lukoloma		Zalengelera Village
	Nakapa		Lisawo PS
	Nkhumba TC		Namaka School
	Kaipa		Kuyu
	Mkalapa		Chabwera
	Chisopi		Maoni
	Mvunguti		Chipamba
	Dzambo Village		Chingoma

	Kafucheche
	Phirilongwe
	Wani
	Mtimabi
	Mkumba
	Mnani

	Kuchombe
	Mulinde PS/Juma
	Kholomana
	Siliya TC
	Lirangwe PS (Including New Ulaya Market)
	Makiliyele TC

District	Site
Chikwawa	Gola
	Chagambatuka
	Maperera Admarc
	Matandala TC
	TA Makhuwira village
	Mandrade
	Taombe
	Nyasa TC
	Medrum
	Masanduko

District	Site
Mulanje	Mphaya TC
	Kamwendo
	Masiku
	Dulankhani
	Naphimba
	Songwe ADMARC
	Mbowela
	Gowelo
	Makokola TC
	Khajavo
	Dzenje
	Muluvala
	Thembe
	Naluso

District	Site
Machinga	Wadi
	Namphiwa
	Mkwakwata
	Nkhanene
	Mwitiya
	Pelasha
	Chikuluma
	Fakili
	Kiphalele
	Naphutu
	Mtalata TC
	Majiga TC (Including Mthubwi Sch)
	Majiga 2
	Chinyama Train Station
	Chipamba
	Chimkwezule CDSS & TC
	Misikizi
	Chilonga
	Mwacheya
	Chisuwi TC

District	Site
Mwanza	Kayera TC
	Mkwete Village
	Lisungwi CDSS
	Kaponyatola PS
	Kanyani Village
	Chiwembu
	Epesi TC
	Lipenga
	Mpandadzi

District	Site
Nsanje	Chikhawo
	Mthumba
	Nyanthumbi
	Chilobwe
	Nansenjere- East Bank
	Nantibule- East Bank
	Nyathando
	Nkhatchano
	Garafa- Mbenje

	Thambani Mission

District	**Site**
Neno	Chidakwani
	Kalioni TC
	Mulemeka LEA Sch
	Mchokadala
	Chawe
	Ndoma
	Chigona PS
	Kholombidzo
	Nkhwewa
	Nkhwewa 2 Village

	Nsamba
	Mankhokwe PS
	Nyamithuthu
	Muona Health C

District	**Site**
Phalombe	Monjo
	Njaya
	Kalama
	Mumbo
	Chimbiri (Kokolo)
	Namalowe
	Chingazi
	Dzanjo
	Mbeza
	Ntepa

District	**Site**
Thyolo	Chingata HC
	Mankhamba
	Mpenda CDSS
	Manjolo village
	Puteni
	Mikate
	Mwata
	Maonga
	Mbendera School
	Jeremiya(including Clinic)
	Nasawa
	Makwera
	Namileme
	Chiguma
	Nansasala
	Chikondibwera
	Malosa
	Namaona PS
	Chamasowa PS
	Muhehe TC
	Nyambaro PS
	Nthare CDSS
	Nkolokosa
	Chaoneka

District	**Site**
Zomba	St Bridget
	Mambo
	Chauda TC/Chanda
	Buleya TC including CDSS
	Mchenga
	Mpalume Junction
	Chipini
	Chisawa TC
	Lisanjala
	Muchotse
	Masale
	Likangala Health Center
	Mbalame Village
	Kapichi
	Katamba CDSS

Sites Constructed by ESCOM

District	**Site**
Chitipa	Kapelekezi Gate
Karonga	Chikutu

Rumphi	Usowoya
Mzimba	Kalowa
Nkhatabay	Litende TC
Nkhotakota	Mapala
Salima	Chimoga
Kasungu	Chilowamatambe Tc
Ntchisi	Cholwe
Dowa	Mdika
Lilongwe	Nthondo TC
Mchinji	Misale
Dedza	Kanyezi
Ntcheu	Chibonga
Balaka	Chikande
Machinga	Wataka Ofesi
Mangochi	Magomero TC
Zomba	Mwambo Hqtrs
Blantyre	Nchenga
Chiradzulu	Midule School
Thyolo	Chikolombe
Mulanje	Mangani
Phalombe	Nankuyu
Chikwawa	Chikombe Border Post
Nsanje	Mbang'ombe- Chididi
Neno	Ntala Village
Mwanza	Mpandadzi

Source: Ministry of Energy

7.3.2 MAREP Phase 9 Project

MAREP Phase 9 is one of a series of phases implemented under the Malawi Rural Electrification Programme (MAREP). The Ministry started planning and preparing for implementation of the phase by carrying out powerline detailed designs and coming up with drawings for both medium voltage (33kV and 11kV) and low voltage (400V) powerlines on 11th December 2019. In addition, Bill of Quantities for construction of powerlines were estimated. Currennntly, the Ministry is carrying out procurement processes to identify contractors to supply and deliver materials for the construction of powerlines. The Ministry will commence the procurement process for contractors to construct powerlines and other service providers soon.

MAREP Phase 9 has a total of 575 sites (345 sites in Sub-Phase 1 and 230 sites in Sub-Phase 2) to be electrified across the country. Construction of powerlines is expected to commence in the final quarter of the year 2021. Table 7.4 presents MAREP Phase 9 sites.

TABLE 7.4: MAREP PHASE 9 SITES

DISTRICT	SN	SITE NAME	DISTRICT	SN	SITE NAME
CHITIPA	1	Bupighu PS	**RUMPHI**	1	Bululuji
	2	Chanya		2	Phondero
	3	Chikanga School		3	Lusani
	4	Chinongo		4	Lusani 2
	5	Chisankhwa TC		5	Lupalamizi
	6	Chisansu PS		6	Mbiriwizi
	7	Chizimu School		7	Luhono
	8	Chuba		8	Barwe
	9	Kafola Village		9	Lundu CDSS
	10	Kamiramphande		10	Lundu primary School
	11	Kasowa PS		10	Bombo
	12	Kavomolo		11	Kasele
	13	Makeye		12	Mzale
	14	Msongolera PS		13	Khanga
	15	Mwenje		14	Chisimuka
	16	Nahayombo		15	Nkhombwa
	17	Namuyemba		16	Kayola
	18	Ngoya		17	Chozoli School
	19	Nkhamanga PS			
			DISTRICT	**SN**	**SITE NAME**
DISTRICT	**SN**	**SITE NAME**	**NKHATABAY**	1	Chigwere/Muzgola
KARONGA	1	Busisha		2	Kachenga
	2	Chauteka		3	Chitungulu
	3	Chewere		4	Yadinga
	4	Chipula		5	Malemba Village
	5	Fwira PS		6	Kazando
	6	Gumi 2		7	Kangoyi
	7	Kachere		8	Mayaya
	8	Uliwa Limestone		9	Goneka
	9	Kadibwa		10	Chikumba
	10	Kakolya		11	Thanula
	11	Kalasi		12	Msamala
	12	Kaporo PS		13	Mathamando
	13	Kaundi		14	Bungano
	14	Kisindire		15	Chipiriza
	15	Mwakamogho		16	Mkuluzi
	16	Mwakisulu		17	Biya
	17	Mwanyesha		18	Nsani PS
	18	Ndembwera		19	Kawanga
	19	Muwula			

DISTRICT	SN	SITE NAME	DISTRICT	SN	SITE NAME
MZIMBA	1	Visoyo	KASUNGU	1	Chimaliro
	2	Madosi		2	Kamdidi (Beneficiary)
	3	Kandezu		3	Chisazima TC
	5	Lisutuzu		4	Mt Carmel Turnoff
	6	Kamchomcho		5	Milenje
	7	Zombwe		6	Chinyama
	8	Mkomaumoza		7	Chaima TC
	9	Thunduwike		8	Kalanga
	10	Emvuyeni		9	Thupa
	11	Mjingi		10	Kapyanga
	12	Bwabwa		11	Chidaola
	13	Mayula		12	Kachembwe
	14	Emchakachakeni/Mzikubola		13	Nkhakama
	15	Lukwelukwe		14	Lupafya
	16	Edahleni		15	Chivwamira PS
	17	Kafula		16	Mziza Village
	18	Kapopo		17	Mathandani CDSS
	19	Luviri		18	Mkanda Primary Sch
	20	Kamteteka		19	Kawiya
	21	Kasuma		20	Kamwala School
	22	Njuyu		21	Lusito
	23	Baula		22	Mitula
	24	Luvwere PS, CDSS & TC		23	Chikoko PS
	25	Kabuwa PS, CDSS & HC			
	26	Kabuwa Village			
	27	Chindindindi			

DISTRICT	SN	SITE NAME	DISTRICT	SN	SITE NAME
NKHOTAKOTA	1	Mwalawatongole	NTCHISI	1	Mwinama
	2	Mapala		2	Mankhaka
	3	Mlala		3	Msanduliza
	4	Likuchi		4	Swaswa
	5	Liudzi		5	Chankhala
	6	Mtaya		6	Chimwala
	7	Mphangano		7	Masokole
	8	Chombo		8	Thilansembe
	9	Katete TC		9	Kaulatsitsi
	10	Chamalire		10	Nkhala

	11	Nkumbaleza		11	Nkhalamo
	12	Khuyu		12	Msinda CDSS
	13	Chimbuto		13	Gamba
	14	Chunga		14	Mtambalala
	15	Masewe		15	Kalira EPA
	16	Chambwande		16	Vusojere
	17	Chamulando		17	Masekera
	18	Chamulando 2		18	Tchale
	19	Kapando		19	Chifubwa
	20	Mndale		20	Kawiya/Fumbata
	21	Chinkhuti		21	Champhoyo PS
				22	Mphedza PS
DISTRICT	**SN**	**SITE NAME**	**DISTRICT**	**SN**	**SITE NAME**
SALIMA	1	Msindikiza	**LILONGWE**	1	Msanama
	2			2	Mabwera
	3	Chana/Chapita School		3	Kafinya/Chimbayo
	4	Kaphirintiwa		4	Kalonga/Ukwe/Chidula
	5	Msaza		5	Kapuzama
	6	Chifuchambewa		6	Tonde
	7	Chomonjo		7	Chinkhoko
	8	Kalembo		8	M'bang'ombe 1/Kanyoza
	9	Mpanje/Namilaza		9	Mang'a
	10	Matenje/Kasonda		10	Nsendwe
	11	Matumba		11	Masumbankhunda
	12	Sompho		12	Chimgonera
	13	Changoma		13	Ming'ongo Tc
	14	Mgwere/Nyanda		14	Nthondo
	15	Chizuwi		15	Mbang'ombe 2
	16	Chiunda		16	Chalimba
	17	Kantchentche/Ndembo		18	Kuchipala PS
	18	Jalufu		19	Mkaka PS
	19	Yambe		20	Badwa PS
	20	Naluva		21	Mwangu
	21	Lungumadzi		22	Liwera
DISTRICT	**SN**	**SITE NAME**		23	Chitukula Tc
DOWA	1	Gawamadzi		24	Matapila Village
	2	Nkhono- China		25	Nsendwe
	3	Katengeza Pri Sch		26	Mapembe School
	4	Mpalankhwali		27	Mwachilara
	5	Tendekuti		28	Thuma

	6	Chizolowondo		29	Mchema
	7	Kaputa-lumbwe		30	Milungu
	8	Kafumphe		31	Chiponde
	9	Manondo Ps		32	Mnkhupa
	10	Mkwinda		33	Suzi
	11	Mkhobola Ps			
	12	Kathako			
	13	Njatizani			
	14	Mlengwe			
	15	Kaufa			
	16	Chinziri Ps			
	17	Kachuru Pri Sch			
	18	Chuzu Tc			
	19	Chuzu Primary			
	20	Kanyemba			
	21	Lipili			
	22	Mondwe			
	23	Nalunga			

DISTRICT	SN	SITE NAME	DISTRICT	SN	SITE NAME
MCHINJI	1	Matuwamba	**NTCHEU**	1	Phanga
	2	Msawala		2	kakhobwe
	3	Kafulama		3	kampanje
	4	Kapezi		4	chigodi
	5	Lipunga		5	Namitengo
	6	Gumulira		6	Zintambira
	7	Thendo		7	Mpalale
	8	Mwase		8	Ziwoya
	9	Sinumbe		9	Khuzi
	10	Sigileta		10	M'memo
	11	Kammera		11	Namale
	12	Chimwankhuku		12	Kasamba
	13	Pitala		13	Kapalamula
	14	Mgulukira		14	Kanjati
	15	Kapatuka		15	Sitolo
	16	Poko		16	Chimato Jobe
	17	Nambera		17	Magombo
	18	Njenje		18	Phambala/Ntonda Court
	19	Njoka		19	Likudzi CDSS
				20	Tsikulamowa

DISTRICT	**SN**	**SITE NAME**			
DEDZA	1	Buwa PS		21	Madzanje
	2	Bwanali Village		22	Mzunduliza
	3	Chauma	**DISTRICT**	**NO**	**SITE NAME**
	4	Chilasamongo	**BALAKA**	1	Njerenje
	5	Chimamba PS		2	Makande Pr
	6	Chimbizi		3	Mzimundirinde Sec
	7	Gwengwe		4	Chidalala
	8	Hinda PS		5	Mseche
	9	Kabango		6	Namichere
	10	Kaboola		7	Chikoko
	11	Kadzabwino PS		8	Kaphirikwete
	12	Kakolo PS		9	Sato TC
	13	Katawa PS		10	Chikumba
	14	Katewe CDSS		11	Sato Tc
	15	Khomani Village		12	Samuel
	16	Kaname TC		13	Maganga Tc
	17	Mkomera PS		14	Makuta
	18	Mkukumbe		15	Magombo Tc
	19	Mwenje		16	Kabiyo Tc
	20	Nsanjelekani		17	Dailesi
	21	Tsoyo		18	Mwalelo
	22	Tchauya Village		19	Kanyimbo
	23	Kapesi		20	Mchima

DISTRICT	**SN**	**SITE NAME**	**DISTRICT**	**SN**	**SITE NAME**
MANGOCHI	1	Bonongwe	**ZOMBA**	1	Chichiri cdss
	2	Budu		2	Chilumpha
	3	Chiumba/Mpasuka		3	Chilunga/Chinunga
	4	Chiunda		4	Kambende(Fikira)
	5	Chiwaula		5	Kasonga
	6	Dono		6	Kathebwe
	7	Fowo		7	Koloti
	8	Likulungwe		8	Likhomo
	9	Luchichi		9	Machinjiri HC
	10	Maleta		10	Majiga(Milale)
	11	Malowa		11	Mangwere
	12	Masakasa		12	Megalera
	13	Masuku		13	Mombo
	14	Mmenyanga		14	Mponda
	15	Mtuluko		15	Muwa
	16	Nthunya		16	Nakhombe

DISTRICT	SN	SITE NAME
	17	Mtonda
	18	Chiwalo
	19	Namalope
	20	Masi
	21	Mwachakwani
	22	Mwanjati 1
	23	Mwanjati 2
	24	Naipwi
	25	Nkope
	26	Nsanga/Simbiri

DISTRICT	SN	SITE NAME
MACHINGA	1	Chikoijo
	2	Chindamba
	3	Chinyasa
	4	Jahito
	5	Joho
	6	Katundu PS
	7	Kaugule
	8	Lazaro
	9	Lumala
	10	Makumba
	11	Mataka
	12	Matanda
	13	Mmenyeni
	14	Mwalasi
	15	Nambilanje
	16	Naminga Ps
	17	Nankuyu
	18	Magoga
	19	Matanga
	20	Malumba
	21	Napolo Tc
	22	Tandauko
	23	Zumulu

DISTRICT	SN	SITE NAME
	17	Namikango
	18	Umodzi CDSS
	19	Malonje
	20	Muchose
	21	Lisanjala Parish
	22	Khanda
	23	Magwalagwe

DISTRICT	SN	SITE NAME
CHIRADZ ULU	1	Chadimbo
	2	Chanza PS
	3	Chelewani
	4	Chisombezi Court
	5	Chitembere
	6	Fikira
	7	Khukhumula/Namache
	8	Maiwa PS
	9	Majiga
	10	Majikuta
	11	Makuwa CDSS
	12	Mbulumbuzi PS
	13	Mbunda Village
	14	Namaluwo
	15	Ndata PS
	16	Samikwa PS
	17	Mbulumbuzi PS
	18	Chikangulu
	19	Namwithi

DISTRICT	SN	SITE NAME
PHALOMBE	1	Chisungulu CDSS
	2	Gogodela
	3	Gwetsani TC
	4	Lihaka
	5	Maholiya
	6	Makumbi TC

DISTRICT	SN	SITE NAME
NENO	1	Chikungulu
	2	Dzomodya
	3	Kamoto
	4	Kasupe
	5	Mangadzi
	6	Manondo

	7	Mambala/Mlambala
	8	Mangani
	9	Mwala
	10	Mangoza Village
	11	Manyamba Village
	12	Milonga Pri
	13	Miseu 4
	14	Mureka Village
	15	Mwadzule
	16	Mwanakhu
	17	Mwangala
	18	Nyambalo
	19	Likhula
	20	Uthwa

DISTRICT	**SN**	**SITE NAME**
MULANJE	1	Basale
	2	Chanje
	3	Dyanyama
	4	Ekhamuno
	5	Gumulila
	6	Khoviwa
	7	Liwawala
	8	Lumala
	9	Majiga Miseu 4
	10	Maliyela
	11	Mangondo
	12	Misiyoni
	13	Mpachika
	14	Mpale
	15	Mwinyere Sukayakwe
	16	Namindola
	17	Nanjiwa
	18	Nantchidwa
	19	Ndanga 1
	20	Sekeni
	21	Sazola
	22	Pasani
	23	Njoloma/Chiponde

	7	Mchenga PS/Chimbalanga
	8	Mkavu
	9	Mulinde PS
	10	Mwetang'ombe
	11	Nazanga
	12	Nsenjere
	13	Thindi
	14	Thumba
	15	Tsanjalamwimba

DISTRICT	**SN**	**SITE NAME**
MWANZA	1	Kanduku 2
	2	chatha
	3	Dickson
	4	Chipondeni
	5	Ilemba
	6	Dzilima village
	7	Kagonamwake
	8	Malowa PS
	9	Lusineya Village
	10	Kawiriza village

DISTRICT	**SN**	**SITE NAME**
CHIKWAWA	1	Mpeza 1 EPA
	2	Mpeza 2 Village
	3	Nchacha
	4	Msomo
	5	Tsapa
	6	M'bande
	7	Mpama
	8	Nkudzi
	9	Phanda ps
	10	Pende PS
	11	kanzimbi
	12	Chizenga
	13	Kutulo
	14	Chapomoka PS
	15	Therere
	16	Dulansanje
	17	Khokhwa
	18	Padzuwa
	19	Nkhongono
	20	Saopa Main Site
	21	Saopa extension site

DISTRICT	SN	SITE NAME	DISTRICT	SN	SITE NAME
NSANJE	1	Alufazema	**BLANTYRE**	1	Mwayi PS
	2	Bwangu/Kamanga		2	Nsambamwali
	3	Chabulumunda		3	Namalondwe PS
	4	Kagunje		4	Bondo Primary
	5	Kusala		5	Kandiwo
	6	Lundu		6	Manesi Kapeni
	7	Mateunzu		7	Nansonjo
	8	Tengani New Market		8	Makumano
	9	Million		9	Mpumbe PS
	10	Mkango		10	Mtambo Village
	11	Mpembamoyo		11	Nthanthwe PS
	12	Mtema		12	Chigojo Village
	13	Mwabvi		13	Chilingani 2
	14	Mwendomthengo		14	Chipwepwete PS
	15	Nandilimbe		15	Mbendela
	16	Nguluwe		16	Mbvundula Village
	17	Njiza		17	Chilingani 1 PS
	18	Nkutche		18	Kadzuwa
	19	Osiyana		19	Mpate
DISTRICT	**SN**	**SITE NAME**		20	Chemtembo
THYOLO	1	Kwanjana			
	2	Lipulo			
	3	Nyodola			
	4	Mambo			
	5	Mwanya			
	6	Mlambala			
	7	Welemu			
	8	Chingazi			
	9	Ndalama			
	10	Chimbalanga			
	11	Kumpira/Nampira			
	12	Nkhwali PS			
	13	Kasaila			
	14	Dombole HC			
	15	Welekesi			
	16	Wilson			
	17	William Village			
	18	Chelewani			
	19	Mbalangozi			
	20	Mlolo			

21	Kaipsa GVH
22	Mikulungu
23	Waluma

Source: Ministry of Energy

7.3.1 Service connections of households under Ndawala Initiative

The Government of Malawi through the Ministry of Energy intends to increase grid electricity access from the current 11 percent to 30 percent by 2030. The Ministry discovered that one of the main barriers to electrification access in Malawi is high investment costs for network connection and household installation wiring.

Capital investment was set aside towards wiring of low-income households in the rural areas under an initiative called Ndawala. Fundamentally, the main objective of Ndawala is to accelerate connections for the low-income households in rural and peri-urban areas within the shortest period of time where electricity network has reached.

The Initiative was necessitated by observation that despite electrifying sites, a huge number of households could still not connect, rendering newly constructed powerlines a white elephant to the vast majority of the rural population. For example, before Ndawala, less than 3000 customers under MAREP Phase 8 were connected country wide.

Ndawala Initiative provides incentives such as wiring of customer houses and service connection. Selected beneficiaries enter into a soft loan agreement with no interest charged. Repayment of the loan is through purchase of electricity units where 40 percent of the purchase is deducted. Furthermore, as beneficiaries pay back the loan, the funds will go back to the MAREP Fund and then be used to wire and connect more houses. Connection of electricity to households under Ndawala is for free.

7.3.1.1 MAREP Phase 8 Ndawala Initiative

The implementation of Ndawala under MAREP Phase 8 started in May 2019 across the country as a pilot project called "*MAREP Phase 8 Ndawala Initiative*". On record, 11, 325 houses benefited from the Initiative. Needless to say, Ndawala initiative will substantially transform rural livelihood in every spectrum of social economic life. Currently, MAREP Phase 8 Ndawala Initiative is in progress and is expected to be completed soon.

In light of the positive impact noted in the pilot phase, the Ministry intends to extend the Ndawala Initiative to Extended MAREP Phase 8 and all future phases including MAREP phase 9.

7.3.1.2 Extended MAREP Phase 8 Ndawala

The Ministry of energy intends to carry out Extended MAREP Phase 8 Ndawala Initiative in the 2021/22 financial year after realising incalculable benefits and the level of rural transformation rendered by the Ndawala pilot project. Furthermore, wiring and connecting marginalised and low-income households under a soft loan not only allow rural communities get access to modern and affordable energy, but also enormously maximises the Malawi Rural Electrification Programme's benefits.

Extended MAREP Phase 8 Ndawala Initiative shall be carried out at all Extended MAREP Phase 8 sites but targeting low-income households using fair established methods. The project is expected to wire and connect electricity to 19,700 houses including public facilities across the country in order to support government's effort to improve public service delivery. Table 7.5 presents different types of public faculties that will be wired and connected to electricity.

TABLE 7.5 PUBLIC FACILITIES TO BE WIRED AND ELECTRIFIED UNDER EXTENDED MAREP PHASE 9 NDAWALA INITIATIVE

Region	Health Centre	Secondary School	Primary School	Police	Court	ADMARC	Clinic	Post Office
North	10	14	83	1	0	3	13	2
Centre	19	19	150	6	2	11	10	1
South	20	12	176	2	1	9	11	0
National Total	**49**	**45**	**409**	**9**	**3**	**23**	**34**	**3**

Source: Ministry of Energy

7.4 Petroleum

7.4.1 Fuel Importation

During the year under review, overall imports of petroleum products increased by 18.44 percent above that of last year. This continued rise in demand was largely driven by growth of economy even in the face of the COVID-19 crisis and also the surge in the number of motor vehicles being imported into the country. Furthermore, the importation of individual petroleum products such as petrol, diesel, paraffin, and Avgas increased by 18.4 percent, 20.2 percent, 88.4 percent and 22 percent respectively, while for Jet A-1, the imported volumes decreased by 66.5 percent as compared to last year's imports (Table 7.6). Additionally, the 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.

TABLE 7.6: FUEL IMPORTS (LITRES) 2010 – 2020

Year	Petrol	Diesel	Jet A-1	Paraffin	Avgas	Total
2010	101,173,574	186,539,556	11,710,626	10,639,538	318,087.5	310,381,382
2011	104,825,891	189,983,124	12,838,968	10,254,955	126,422	318,029,360
2012	99,593,583	205,213,866	7,525,000	6,565,312	261,700	319,159,461
2013	108,885,428	212,460,625	9,896,951	1,749,159	223,686	333,215,849
2014	108,885,190.	159,798,758	7,785,520	1,533,155	133,067	278,135,690
2015	133,103,655	166,402,223	8,766,307	506,304	176,058	308,954,547
2016	166,190,150	190,395,240	8,841,768	851,795	176,206	366,455,159
2017	184,831,438	226,596,033	9,653,413	632,559	176,714	421,890,157
2018	209,053,949.15	273,288,620.89		472,207.00		
2019	247,234,190.38	256,553,902.55	5,570,403	365,037.00	175,644	509,899,176.93
2020	292,741,865.69	308,453,219.00	1,865,837	687,949.00	214,357	603,963,227.69

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 2019, volumes of petroleum imports hauled through each of the 3 routes increased in 2020. For instance, product imported through Beira increased by 22.96 percent while for Nacala increased by 224 percent and for Dar-es-Salaam it increased by 13.79 percent. On the same, the combined total volume imported through the 3 routes increased by approximately 18.45 percent in the period under consideration. This clearly demonstrates the continued rise in petroleum product demand in the country as the economy continues to grow and amount of vehicles in the country continues to surge. However, the continued Islamist insurgency continues to pose a serious threat to petroleum haulage through the Nacala route. Table 7.7 illustrates the rising trend in Malawi's fuel importation through the various routes from 2010 to 2020

TABLE 7.7: MALAWI FUEL IMPORTS PER ROUTE 2010 – 2020

Year	ROUTES						Total
	Beira	Nacala	Dar-es-Salaam	Mbeya	Gweru	Msasa	
2010	211,143,990	21,708,391	42,803,344	22,296,943	-		298,352,668
2011	167,765,872	17,240,701	50,845,869	13,343,270	0		249,195,712
2012	258,442,871	7,552,721	35,918,180	-	9,458,989		311,372,761
2013	268,560,053	10,715,210	43,819,950	-	-		323,095,212
2014	225,767,402	11,367,566	41,000,722				278,135,690
2015	233,479,738	6,250,367	69,224,442				308,954,547
2016	213,462,494	15,172,473	104,462,494			32,967,457	366,455.159
2017	232,769,004	12,343,079	158,285,510			17,788,779	421,890,157
2018	241,070,521.55	5,260,913.49	236,826,687.00				483,158,122.04
2019	246,610,787.70	1,978,980.00	258,636,865.45			2,672,543.78	509,899,176.93
2020	303,240,277.69	6,413,392	294,309,558.00				603,963,227.69

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 July 2020 to April 2021.

TABLE 7.8: PUMP PRICE REVISIONS FROM JULY 2020 – APRIL 2021 (MK/LITRE)

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

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 2020, both companies produced a total of 14.3 million litres of fuel ethanol, breaking into 13.0 million litres for Press Cane and 1.2 million litres for Ethanol Company. A total of 14.2 million litres were distributed to Oil Marketing Companies during the year under review. Table 7.8 below depicts fuel ethanol production and sales in the last ten years.

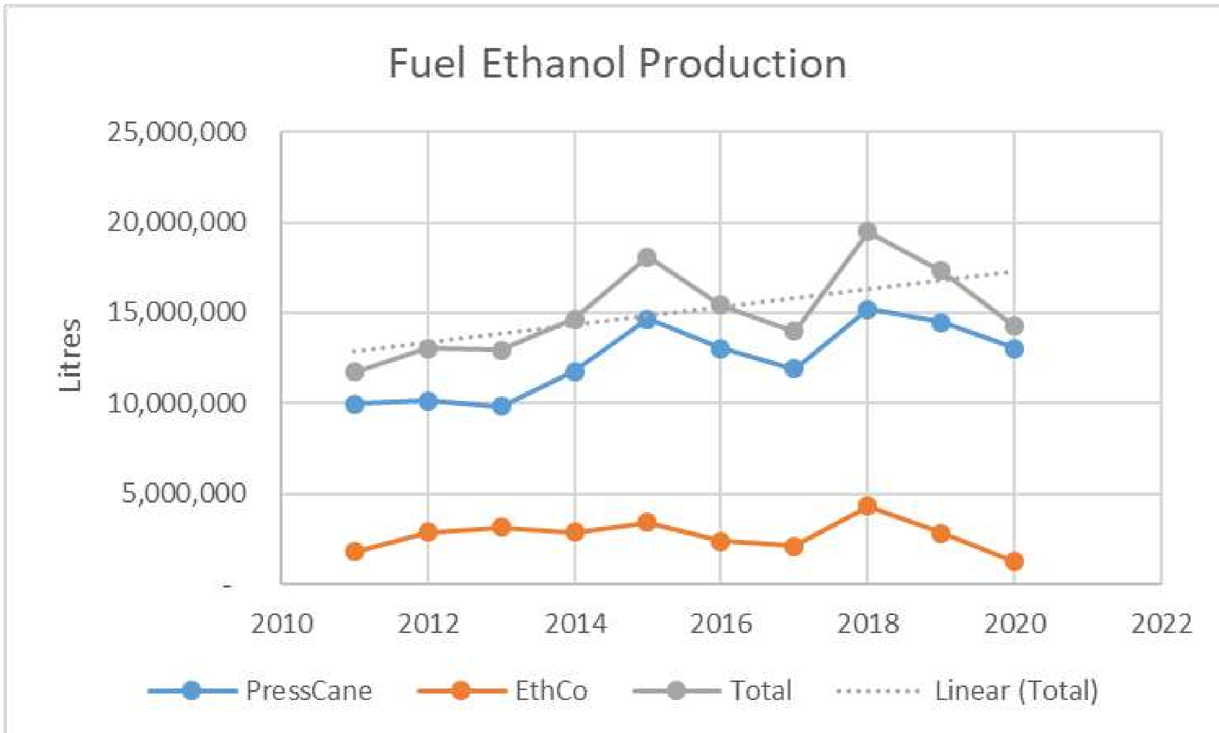
TABLE 7.8: FUEL ETHANOL PRODUCTION AND SALES TO OMCS (2014-2020)

	Year	2014	2015	2016	2017	2018	2019	2020
Production	**Press Cane**	11,780,945	14,671,560	13,025,144	11,892,849	15,186,420	14,491,022	13,025,090
	Ethanol Company	2,858,814	3,394,034	2,380,993	2,084,146	4,319,783	2,828,803	1,241,560
	Total	**14,639,759**	**18,065,594**	**15,406,137**	**13,976,995**	**19,506,203**	**17,319,825**	**14,266,650**
Sales	**Press Cane**	10,147,000	15,943,710	14,047,557	11,707,063	15,256,434	14,512,407	12,911,500
	Ethanol Company	2,836,828	3,417,417	2,426,067	1,938,423	4,374,657	2,655,830	1,267,411
	Total	**12,983,828**	**19,361,127**	**16,473,624**	**13,645,486**	**19,631,091**	**17,168,237**	**14,178,911**

Source: Press Cane Limited and Ethanol Company

In 2019, declining margins on fuel ethanol compelled the companies to increase production of other products to mitigate finance risks and ensure business sustainability. Figure 7.3 below shows a downward trend in total fuel ethanol supply on the market between 2018 and 2020. For 2020, 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 has motivated the ethanol producing companies to increase their production capacity in order to minimize the country's fuel ethanol supply gap. Meanwhile, both companies are at 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. 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 54 percent for Ethanol Company.

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 EXIM Bank of China. However, by 2019, the arrangement had not materialized despite working on it for over 3 years. Government therefore decided to engage Electricity Generation Company (EGENCO) to proceed with the project. As such, EGENCO 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 will be completed by March 2021. Future plans and main project timeline will be determined upon completion of these studies.

7.7.2 The Malawi Zambia Interconnector Project

Government plans to interconnect the Malawi and Zambia Power Systems at 132kV, through a 169km Transmission Line from Chipata in Zambia to Nkhoma Substation in Lilongwe. Feasibility and ESIA studies have already been conducted on the Malawi side, however, these will need to be reviewed since they were considered for 400/330kV power lines. After securing the finances, the project will be implemented in twelve months.

7.7.3 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 is targeted for December 2021.

7.7.3 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 was in the process of remobilizing its new Electrical and Civil Contractors - Brand Engineering - following the COVID-19 related interruptions. The full remobilization process was expected to be finalized by the end of August 2020. Should there be no further delays; the project was expected to generate first power by early March 2021. Full capacity was expected to be reached end April 2021. Commissioning will commence in May 2021 and finish in June 2021.

7.7.4 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 December 2021. 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 USD 35 million and would be operational for a minimum of 20 years, with possible extension by mutual agreement between the Government and JCM.

7.7.5 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 USD 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 percent at the national level by the end of 2024.

Chapter 8

INDUSTRY AND TRADE

8.1 Overview

The manufacturing sector in Malawi remains heavily reliant on imported raw materials. Since April, 2020, Malawi's economy was hit by both demand and supply side shocks, originating both internally and externally, caused by the COVID-19 pandemic. These shocks led to acute activity stagnation within the manufacturing industry owing to the continued heavy reliance on imported raw materials hence some contraction of the sector. In terms of exports, manufactures[8] exports like sugar were also largely affected. The relative economic slowdown on the domestic demand side accompanying the COVID-19 pandemic also negatively weighed down growth of the sector.

8.2 Manufacturing Sector Performance in 2020

8.2.1 Overall

According to National Accounts and Balance of Payment Committee (NABOP) figures, the manufacturing sector's growth for 2020 was pegged at 4.3 percent. Raw material importation for the sector was heavily affected by COVID-19 pandemic due to border closures and restrictions put in place by many countries as containment measures.

At current prices, the Manufacturing sector accounted for 12.2 percent of Malawi's GDP in 2020. Manufacturing sector contributed 0.4 percent more to GDP in 2020 compared to 2019. Manufacturing sector's GDP contribution stood at MK884,832 million in 2020 against 2019's MK848,143 million.

8.2.2 Capacity Utilisation

The easing of COVID-19 restriction measures, including opening of borders in Malawi's key raw material sourcing partners during the second half of 2020, saw capacity utilization go slightly up to 65.4 percent from 64.6 percent registered during the first half of 2020. Meanwhile, according to RBM figures[9], capacity utilisation was expected to increase further to 70.6 percent in the first half of 2021 as most firms continued to adapt their operations to the COVID-19 pandemic environment. However, the resurgence of COVID-19 cases, and Government reinstatement of containment measures limited level of business activity hence low capacity utilisation.

8.2.3 Manufactures Exports as Share of Merchandise Exports

Commodities making up 'manufactures' comprise chemicals, basic manufactures, machinery and transport equipment and miscellaneous manufactured goods, to the exclusion of non-ferrous metals, as stipulated in the Standard International Trade Classification manual. In 2019, manufactures exports share for Malawi was at 6.7 percent[10]. Though Malawi manufactures exports fluctuated substantially in recent years, it tended to increase through 2010 to 2019 period ending

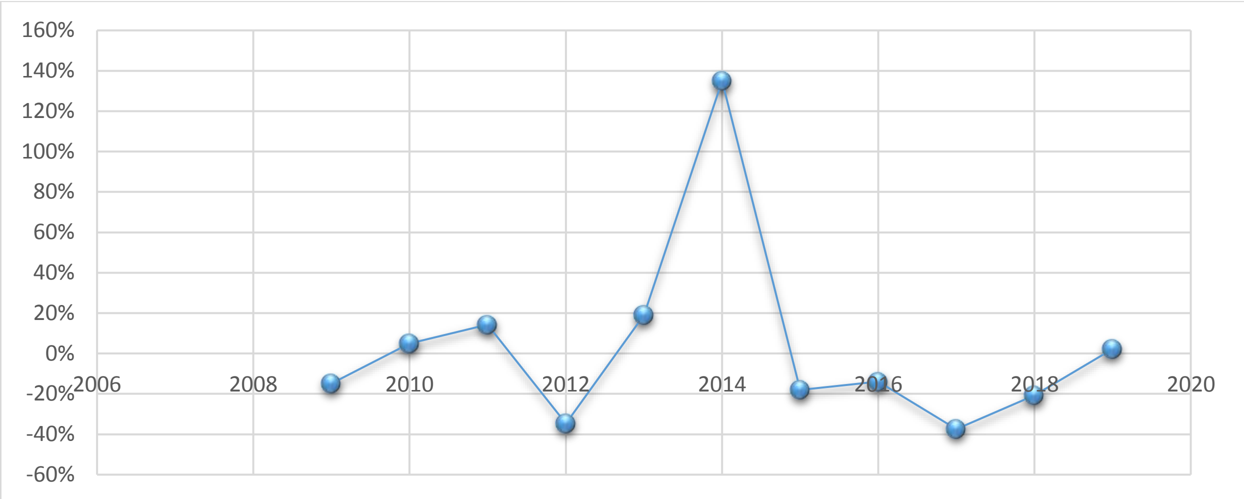
[8] Commodities making up 'manufactures' comprise chemicals, basic manufactures, machinery and transport equipment and miscellaneous manufactured goods

[9] Inflation Expectations Survey Report, Reserve Bank of Malawi, January 2021

[10] https://knoema.com/atlas/Malawi/topics/Foreign-Trade/Export/Manufactures-exports

at 6.7 percent in 2019 as depicted in figure 8.1. Due to data paucity, there were no figures available for 2020.

FIGURE 8.1 MALAWI MANUFACTURES EXPORTS PERCENTAGE CHANGE



Source: World Bank World Development Indicators tables (WDI) available on https://knoema.com/atlas/Malawi/topics/Foreign-Trade/Export/Manufactures-exports

8.2.4 Challenges Faced and Lessons Learnt

Lack of policy balancing mechanism took toll on the manufacturing sector in 2020. Some measures meant to widen government's revenue pool, for instance, ended up affecting production and capacity utilisation within the sector. The bringing in of value added tax on cooking oil, as an example, without stringent control of flow of cooking oil from our neighbouring countries negatively affected the cooking oil manufacturers in the country. However, the Gazetting of Export Processing Zones Regulations presents an exciting opportunity to the sector.

8.3 Expected Performance in 2021

8.3.1 Output Projections

The manufacturing sector is projected to grow by 3.7 in 2021. In terms of capacity tilisation, economic activity is expected to improve in the first half of 2021 compared to developments in 2020, as most businesses are adapting to operating in the pandemic environment. Specifically, capacity utilisation is anticipated to rise to 70.6 percent in the first half of 2021 from 65.4 percent in the second half of 2020.

8.3.2 Drivers of the Projected Growth in Output

According to Reserve Bank of Malawi[11], an increase in cost of raw materials, labour and pressures on the exchange rate is expected to adversely impact operation within the industry. Nonetheless, the market expects the exchange rate pressures to ease in the second quarter of 2021 at the same time it is expected that most businesses will continue to adapt operating within the pandemic environment.

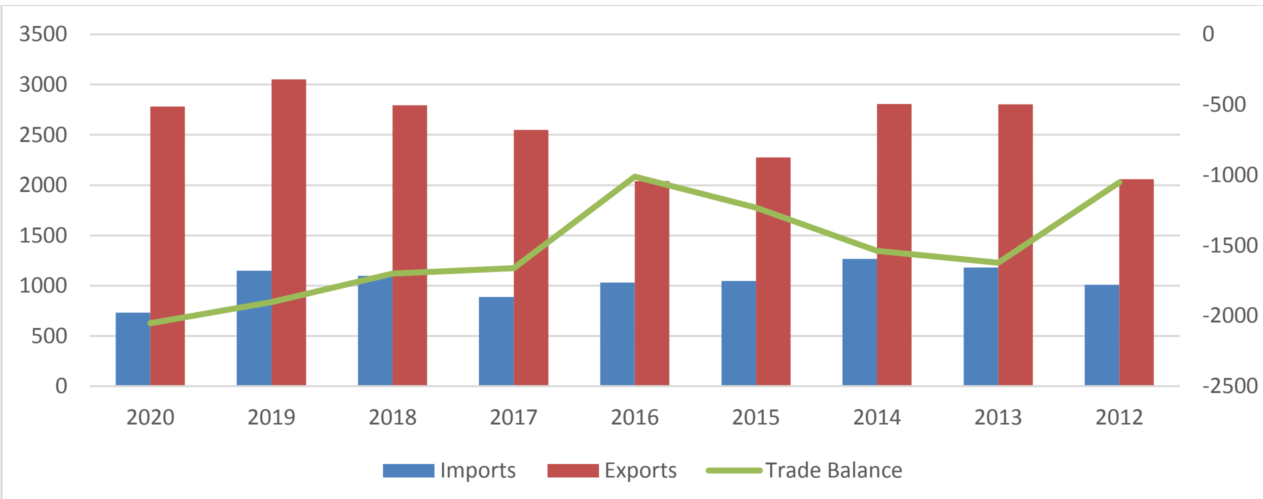
[11] Inflation Expectations Survey Report, Reserve Bank of Malawi, January 2021

8.4 Trade

8.4.1 Merchandise Trade Overall Performance

Malawi continued to register a negative trade balance. In 2020, exports decreased by 36 percent to USD 730 million from the USD 1,150 million that was recorded in 2019. The decrease is largely attributed to effects of COVID-19 which affected returns from the Country's major exports such as tobacco (dropped by 20 percent), Sugar (dropped by 9.7 percent), Coffee and tea (dropped by 6 percent). The decrease was equally experienced on imports which saw a 6 percent drop from USD 3,053 million to USD 2,052 million that was recorded in 2019. These developments saw Malawi's merchandise trade balance souring to USD 2,052 million representing a 7 percent increase from USD 1,903 million, which is the highest in the last 9 years as shown in in figure 8.2 below.

FIGURE 8.2: MALAWI'S TRADE BALANCE DATA SINCE 2012 TO 2020



Source: Reserve Bank of Malawi

8.5 Malawi Major Import and Export Products

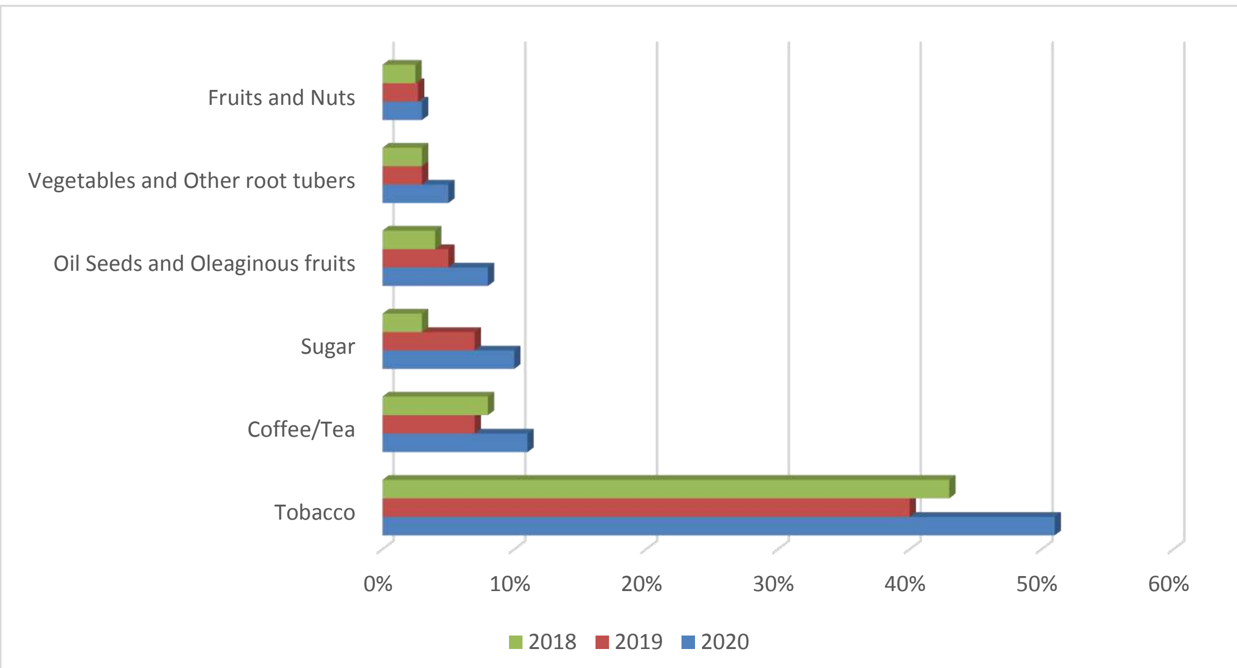
8.5.1 Major Exports

In 2020, Malawi's export basket continued to be highly dominated by agricultural products with tobacco alone claiming over 51 percent (USD 370 million) as shown in figure 8.3 below. Sugar and coffee exports claimed second and third slots with 10 percent and 11 percent share of total exports, implying that a basket of the three agricultural products accounted for over 70 percent of Malawi's export products. Expectations are, however, high that through implementation of the National Export Strategy II (NES II) which is anchored on industrial development through manufacturing of value-added products for exports by investing and promoting local manufacturing firms and SMEs to produce locally and maximize regional and global value chains, Malawi's trade balance will improve. The NES II also seeks to increase exports as a percentage of GDP from 14.6 percent to 18 percent.

In addition, Government through the Ministry of Trade is also developing the Malawi National Services Export Strategy (MNSES, 2021-2026) aimed at promoting services export and it 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. This will make Malawi, a visible and effective exporter of labour and tourism services, both regionally and internationally; and grow services export to promote sustainable and inclusive economic growth and development.

Expectations are also high that the ratification of the African Continental Free Trade Agreement (AfCFTA) will benefit Malawi in general and the private sector in particular through expanded Market as the Country will export her products to all countries in Africa beyond COMESA and SADC; ease in travel requirement; harmonization of systems; improve on Value Chain and attraction of Foreign Direct Investment (FDI) and Infrastructure Development. Government also established a Ministerial Committee on Export Diversification which was mandated to discuss and find solutions on export promotion and diversification matters including overseeing the implementation of NES II. The NES II will be launched within this year.

FIGURE 8.3: MALAWI'S MAIN EXPORT PRODUCTS – 2018 TO 2020

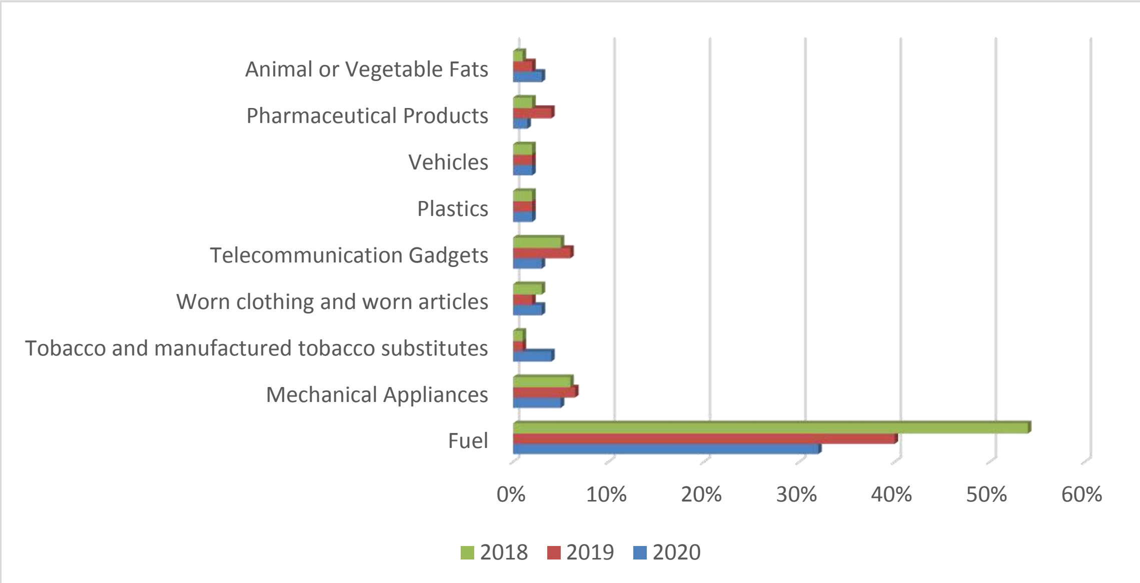


Source: National Statistical Office

8.5.2. Major Imports

On import products, fuel had been Malawi's main import product with the latest available data showing that, as of June 2020, the product claimed about 32 percent of 2020 total imports, down from 40 percent recorded in 2019. The product together with other products such as telecommunication gadgets, pharmaceutical products, mechanical appliances, vehicles, animal and vegetable fats, second hand clothing items, and plastics have claimed over 60 percent of Malawi's import basket as shown in figure 8.4 below.

FIGURE 8.4: SHARE OF MALAWI'S MAIN IMPORT PRODUCTS



Source: Ministry of Trade and National Statistical Office

8.6 Malawi's Major Trading Partners

8.6.1 Country Partners

As regards Malawi's major trading partners, Malawi's main exports had consistently penetrated in top 10 trading partners markets. Belgium remained Malawi's major export market with exports pegged at USD 158 million, representing 22 percent of total exports. South Africa came second with Malawi's export to the country pegged at around USD 49 million (6.5 percent). The top 10 trading partners accounted for 65 percent (up from 62 percent in 2019) of Malawi's export markets as shown in Table 8.1 below.

TABLE 8.1: MALAWI'S TOP 10 EXPORT MARKETS

	2018	2019	2020
COUNTRY	**Percentage of Total Exports**	**Percentage of Total Exports**	**Percentage of Total Exports**
BELGIUM	*21.5*	*16.7*	*16*
SOUTH AFRICA	*6.5*	*6.9*	*10*
UNITED KINGDOM	*6.3*	*4.0*	*4*
KENYA	*5.4*	*7.6*	*5*
UNITED STATES OF AMERICA	*4.8*	*5.7*	*5.9*
ZIMBABWE	*4.7*	*3.0*	*4.1*
TANZANIA	*4.5*	*3.6*	*4.8*
EGYPT	*4.3*	*7.5*	*5.7*
ZAMBIA	*3.5*	*3.5*	-
NETHERLANDS	*3.4*	*3.6*	*4.8*

Source: Ministry of Trade and National Statistical Office

On the sourcing markets for Malawi imports: China, South Africa, India, United Arab Emirates, Mozambique, Malaysia, Indonesia, Zambia, Kenya and Hong Kong were the main sources and collectively accounted for nearly 80 percent of Malawi's imports as shown in table 8.2 below. Mozambique, Malaysia, Indonesia and Hong Kong have replaced Japan and Kuwait which were among key import sources for Malawi in 2019.

TABLE 8.4: MALAWI'S TOP 10 IMPORT SOURCING MARKETS

COUNTRIES	2018 Percentage of Total Imports	2019 Percentage of Total Imports	2020 Percentage of Total Imports
CHINA	26.3	30.2	24.8
SOUTH AFRICA	14.1	12.4	18.4
INDIA	8.3	14.0	15.0
UNITED ARAB EMIRATES	7.5	3.9	4.9
MOZAMBIQUE	6.6	-	-
MALAYSIA	5.4	3.0	2.6
INDONESIA	4.0	2.3	3.2
ZAMBIA	3.3	3.1	2.4
KENYA	2.3	1.8	2.1
HONG KONG	1.8	3.8	-

Source: Ministry of Trade and National Statistical Office

8.7 Trade Agreements

The Government of Malawi continued 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.

Malawi maintains bilateral trade agreements with Mozambique, South Africa and Zimbabwe, and a customs agreement with Botswana. The country also has an agreement on Trade, Investment and Technical Cooperation with the People's Republic of China.

At regional level, Malawi continued to pursue regional integration efforts in four Regional Economic Communities (RECs), namely: the Common Market for Eastern and Southern Africa (COMESA), the Southern Africa Development Community (SADC), Tripartite Free Trade Area (TFTA) and the recent concluded African Continental Free Trade Area (AfCFTA). The AfCFTA came into force on 30th May, 2020 and became effective on 1st January, 2021. Malawi signed the AfCFTA in March 2018 and ratified the Agreement on 1st November, 2020. The AfCFTA offers Malawi an opportunity to export her products to all countries in Africa beyond COMESA and SADC. The Country remained committed to these regional integration agreements, and continued to benefit from increased access to these regional markets on a reciprocal basis subject to respective rules of origin.

There are several opportunities as to why Malawi participates in these regional groups. Apart from market access opportunities, cooperation in the area of transport, energy and infrastructure development provides a window for the mitigation of some of the major constraints faced by land-locked least developed economy.

At multilateral level, Malawi maintained its membership to the World Trade Organisation (WTO) since its inception in 1995. As a country which has premised its development on a trade based economic strategy, Malawi is committed to the WTO and its ability to help create an international trade environment and rules-based system as an integral part of global economic and trade governance.

Malawi is committed to the multilateral trading systems as far as it supports the establishment of a fair and pro-development rules-based trading system, which enhances trade potential and creates sufficient policy space for continued development. Malawi therefore advocates persistently that development is intrinsic in the multilateral trading framework.

As a Least Developed Country (LDC), Malawi also benefits from preferential development-focused pro-LDC trade arrangements (PTAs) offered by a number of developing and developed countries including Everything But Arms (EBA) by the EU, African Growth and Opportunity Act (AGOA) by the USA, Duty Free and Quota Free Preferential Treatment by India, and Preferential Trade Arrangement by China, among others. These PTAS offer preferential treatment to Malawian export products.

As of April 2021, Malawi had signed Memoranda of Understanding (MoU) with the Government of South Africa on Trade and Economic Cooperation aimed at facilitating increased flow of investments and trade. With the Government of India Malawi exchanged draft MoU on marketing of 50,000 metric tons of Pigeon Peas. In the pipeline are draft MoUs with the Government of China on production and marketing of soya, groundnuts, meat, sesame, cotton and macadamia nuts; and with the Government of South Sudan on various commodities such as maize and maize flour.

8.8. Policy Interventions

8.8.1. Review of National Investment Policy

The Ministry of Trade with support from Agriculture Commercialization Project (AGCOM) was reviewing the National Investment Policy in order to assess, evaluate and design policies to mobilize private investment in agriculture and other priority sectors for steady economic growth and sustainable development. The review comes against a background that attracting private investment in agriculture and other priority sectors relies on a wide set of policies that go beyond agricultural policy, including macro-economic and sectoral policies. Therefore, the Ministry will ensure that a coherent policy framework is packaged that is attractive to all categories of investors (domestic or foreign, small or large). Through the review the Ministry will also examine the strategic directions that would enable the country to continue to attract both domestic and foreign direct investment.

8.8.2 Development of the Investment and Export Promotion Bill

The Government was spearheading the development of the Investment and Export Promotion (IEP) Bill which aims at strengthening the legislative framework of Malawi Investment and Trade Center (MITC) and making its mandate more robust. Recommendations include establishing the MITC under the new Bill with strong mandate to carry out its responsibilities of investment and export promotion and facilitation. The provisions in the Bill include establishing the board and management of the Centre, setting up its administration structure and funding framework. The Bill also tackles the registration of investors and exporters as well as issues of accessing and administering incentives. The Bill seeks to repeal the IEP Act and the Export Incentives Act [Cap. 39:04], among other things.

8.8.3 Development of National Export Strategy II (NES II, 2021-2026)

The Ministry was finalizing the development of the National Export Strategy II which was a successor strategy to the NES I (2013-2018). The overall objective of NES II is to improve and up-scale exports from Malawi to the regional and international markets and capitalizing on the preferential market access privileges that Malawi enjoys. The NES II also aims to strengthen existing industries and accelerate the emergence of new export-oriented manufacturing and value-added services, ensuring that Malawian firms and "Made in Malawi" products are competitive and compliant to regional and international standard exigencies. The Strategy will be launched within the year.

8.8.4 Development of National Services Export Strategy (NSES)

The Ministry was developing the Malawi National Services Export Strategy (MNSES, 2021-2026). The objective of NSES is to promote services export and it capitalises 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 labor 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 labor and tourism services, both regionally and internationally; and grow services exports to promote sustainable and inclusive economic growth and development. The draft strategy had been produced awaiting final validation and approval.

8.8.5. Public Procurement and Disposal of Assets Act, Regulations and Order

The Ministry was finalizing development of the Public Procurement and Disposal of Assets Act. A final stakeholder's workshop was conducted where the draft Public Procurement and Disposal of Assets (Administration of Preferential Treatment) Regulations, 2020 and the Public Procurement and Disposal of Public Assets (participation by Micro, Small and Medium Enterprises) Order, 2020 were reviewed. Once gazetted, Indigenous Black Malawians and MSMEs will be granted 60 percent and 20 percent margin of preference in Public procurements respectively.

8.8.6 Buy Malawi Strategy

Government through the Ministry of Trade continued to implement the Buy Malawi Strategy aimed at promoting locally produced goods and services. Implementation of the strategy complements other Government efforts as it contributes towards job creation and it's a safeguard for existing jobs; it contributes towards poverty reduction and it grows local investment; it reinforces the industrial base and encourages self-reliance and food security; it addresses the trade deficit account and encourages entrepreneurship and innovation. So far, about 71 members have been registered under the BMS in different sectors. In addition, Control of Goods Acts (COGA) and MSMEs-Order under the PPDA Act (gazette in December, 2020) are being enforced and will enhance MSMEs participation in public procurement thereby promoting BMS. Government was also developing BMS Regulations to enforce the BMS Strategy.

8.9 Major Challenges Affecting Trade and Private Sector Development

The sector faced several challenges; some influenced by the impact of the COVID-19 pandemic and others originating from other sources. These challenges include

i. Reduced volume of imported and exported goods due to COVID-19 restrictions;
ii. Reduced consumption of and demand for consumer goods, particularly luxuries;
iii. Job losses due to a decrease in productivity in the sector and
iv. Reduced productivity due to employees working from home to conform to social distancing obligations.

Chapter 9

EDUCATION, SCIENCE AND TECHNOLOGY

9.1 Overview

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 and Sports 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.

Programming in the education sector is guided by the National Education Sector Investment Plan (NESIP) 2020-2030, as well as The Education Act 2013, The National Education Policy, and the National Education Standards. The Joint Sector Review (JSR) was held in November 2020 with the aim of looking back at past performance to inform sector programmes and policy interventions. The implementation of the NESIP is aligned with the Malawi Growth and Development Strategy III, Sustainable Development Goals (SDG) and the Agenda 2063.

This report highlights progress made on key indicators by the education sector in the 2020 financial year.

9.2 Key Sector Achievements

9.2.1 Primary Education Sector

The Basic 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. The table 9.1 below 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) 2020.

Access to education continued to grow; year-over-year growth in enrolment in public and religious schools increased by 2.29 percent from last year's 5.29 million learners to 5.41 million this year. The Gender Parity Index (GPI) remained near equity in our public schools, at 1.02, with the number of female learners greater than the number of male learners.

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 2020 stood at 75 percent (NIR for girls at 78 percent and for boys at 73 percent) in 2020 down from 76 percent in the previous year. The slight decrease might have been due to COVID-19 pandemic amongst others. However, the disparity between boys and girls was due to a gender split in population growth.

Similarly, the Net Enrolment Rate (NER) estimates the number of school-aged children (6-13 years-old) enrolled in school. During the period under review, the NER was pegged at 90 percent (92 percent girls and 87 percent boys) in 2020 up from 89 percent in the previous year. This shows that despite the challenges encountered during the year, government initiatives aimed at improving access to education were still bearing fruits.

In 2020, the total number of learners with special education needs was 186,422 which represented 3.4 percent of all learners. This proportion is higher than the 3.3 percent reported in 2019. Whilst the sector was making some progress in increasing enrolment of special needs learners, the provision of quality education for the learners with special needs was still facing challenges such as inadequate teaching and learning materials; poor access to health services while in school and inadequate number of teachers trained in special needs education.

TABLE 9.1 SELECTED NUMBER OF PERFORMANCE INDICATORS UNDER BASIC EDUCATION

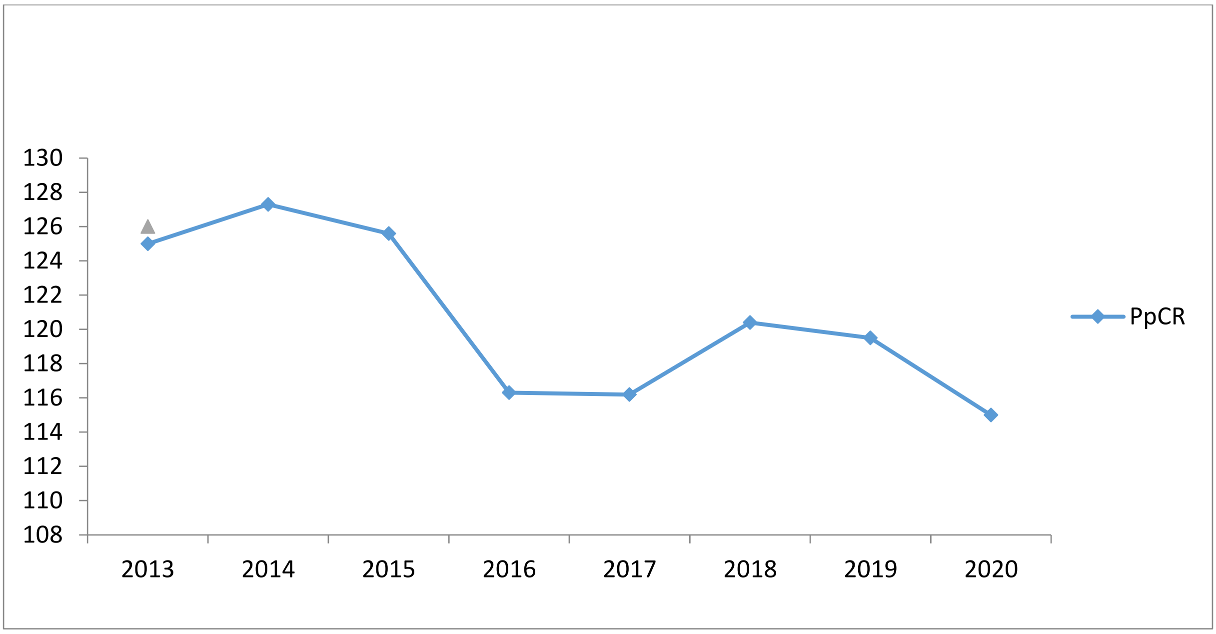
Indicator	2020 value	2019 value	Growth Rate (percentage change)
Enrolment (public)	5,274,819	5,168,161	2.06 percent
Percentage of Special Needs Enrolment (Primary)	3.4	3.3	0.1 percent
Gender Parity Index	1.02	1.02	0.00 percent
Pupil-Permanent-Classroom ratio	115	119.5	-3.77 percent
Repetition rate	22.2 percent	18.7 percent	3.5 percent
Completion rate	51.2	51.2 percent	0.0 0percent

Source: MoEST Calculations, EMIS database 2020

The need to increase schools' capacity and infrastructure inorder to keep up with demand is paramount if the quality of teaching is to keep pace. The Malawi Education Sector Improvement Project (MESIP) involved the construction of 500 classrooms, 300 latrine blocks focusing mainly on girls' sanitation needs and some 210 water points in the 8 most disadvantaged districts. Out of this, 468 classrooms, 307 latrines blocks and 210 water points have been completed so far and are in use. This will go a long way in improving the learning conditions for both the girls and boys in primary schools. MESIP was funded by the Global Partnership for Education (GPE) and the Royal Norwegian Embassy (RNE) and facilitated through the World Bank and the Ministry of Education. Furthermore, the Ministry continued to build additional schools, classrooms, and latrines through its ORT funded activities. As the demand for learning space increasead with ever increasing enrolments, Government and donors continued to invest in school infrastructure, in order to keep up with the growing demand for classrooms.

The demand for classrooms is one of the key priorities for the Education sector. The Pupil permanent Classroom Ratio (PpCR) measures progress of schools construction towards achieving a target PpCR of 60:1. During the year under review, the PpCR had improved from 119.5 in 2019 to 115 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 Education (IPSE) Project, the Ministry started uplifting 60 teaching practice primary schools under Lilongwe, Blantyre and St. Joseph's TTCs. The uplifting involved construction of new classrooms, student teachers' houses, administration blocks and rehabilitation of existing facilities. However, the increased enrolments in primary schools still posed as a challenge in the Ministry's effort to achieve the target PpCR. Figure 9.1 below depicts the trend in the PpCR over the years.

FIGURE 9.1 TRENDS IN PUPIL PERMANENT CLASSROOM RATIO (2013-20)



Source: MoE Calculations, EMIS database 2020

As depicted by the graph above, there was a gradual decrease in the PpCR over the years. This clearly proves that the Policy initiatives in this context were making a difference on the ground in terms of PpCR.

Enhancing quality of Primary school education was another important endeavor in the Education sector. Primarily, the Ministry used three key efficiency indicators to measure progress. These include the repetition, completion, and dropout rates. During the year under review, the performance of the Education sector in terms of efficiency indicators against targets slipped. Repetition rates, which measure the number of repeaters in a given standard in a given year as a proportion of last year's enrolment, increased from 18.7 percent in 2019 to 22.2 percent in 2020 depicting a 3.5 percentage point increase from last year's rate. For girls, the rate increased from 18.3 percent in 2019 to 21.6 percent in 2020; for boys, the rate increased from 19.1 percent to 22.8 percent during the same period. Repeaters tend to put a large strain on schools, by using up more public resource than otherwise would be required. The Ministry continued to promote remedial classes with the aim of improving the year on promotion rates.

According to the current EMIS data, the overall completion rate, which measures the proportion of 17-19 year-olds in the country who have completed at least their PSLC had overly not changed. This continued to represent a large leakage of learners from the primary school system. Furthermore, drop-out proportion rates in the primary schools slightly increased this year from 3.4 percent in 2019 to 4.0 percent in 2020. The situation was exacerbated due to the closures of the schools to the advent of COVID-19 pandemic. Therefore, the Ministry rolled out Complementary Basic Education (CBE) activities to 18 education districts in 2020 compared to 10 districts previously rolled out in 2019. A total of 138 CBE learning centers were established in communities with high dropout rates, thereby giving an opportunity to youths to acquire basic numeracy, literacy and livelihood skills for survival.

9.2.2 Teachers for Basic Education

In line with the NESIP 2020-2030 objective of improving the quality of education, the Ministry constructed Teacher Training Colleges (TTCs) to increase teacher training. Construction of three TTC's in Chikwawa, Rumphi and Mchinji were 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 which have the maximum capacity of accommodating 1,800 student teachers per cohort elevated 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 annual minimum requires 10,000 qualified teachers to reduce the current 78:1 PQTR to 60:1 PQTR before 2025. This is disregarding the current annual teacher attrition rate of 3 percent.

The relative and persistent inadequate number of qualified teachers that are supposed to be produced by the public TTCs have a significant impact on the quality of teaching and learning that is expected to be realized in the Malawian primary schools. Education as a catalyst for social and economic development is not possible when the quality of education is compromised through the prevalent high pupil teacher ratios. Hence, there is great and an urgent need to fast track the completion of the new TTCs and consider institutionalizing alternative modes of teacher training such as ODL proposed in the NESIP.

In terms of the provision of quality and relevant teacher training, including continuous professional development, the Teacher Education and Development (TED) sub-sector faced tremendous setbacks due to the COVID-19 pandemic that led to the closure of schools for at least five months. This development disrupted all the physical Continuous Professional Development (CPD) sessions which were planned for 2020 including Strenghthening of Mathematics and Science in Secondary Education (SMASSE) activities. However, DTED managed to train 240 SMASSE national trainers. As SMASSE CPDs employ the cascade model of training, the next tier of training slightly over 3,000 Science and Mathematics teachers was automatically and indefinitely postponed. The Equity with Quality and Learning at Secondary (EQUALS) Project supported another pair of separate training sessions of 2,124 Science and Mathematics teachers from Community Day Secondary Schools (CDSS). These trainings were done before the closure of schools and immediately after schools reopened.

Unfortunately, due to delays in funding to complete the SMASSE training cycle, when educational institutions were finally reopened in July, 2020, the implementation of the activities had to delay further. This negative development affected the quality of teaching and learning as the refreshers provide the opportunity for sharing and sharpening of knowledge, experiences and skills which lead to the improvement of a Malawian teacher who "shall be a highly knowledgeable [teacher] with *relevant quality education*," (MW2063). The teacher who is highly knowledgeable, can, in turn, provide quality teaching leading to improved learning outcomes desirable for quality living and constructive contribution to the social-economic trajectory of the country.

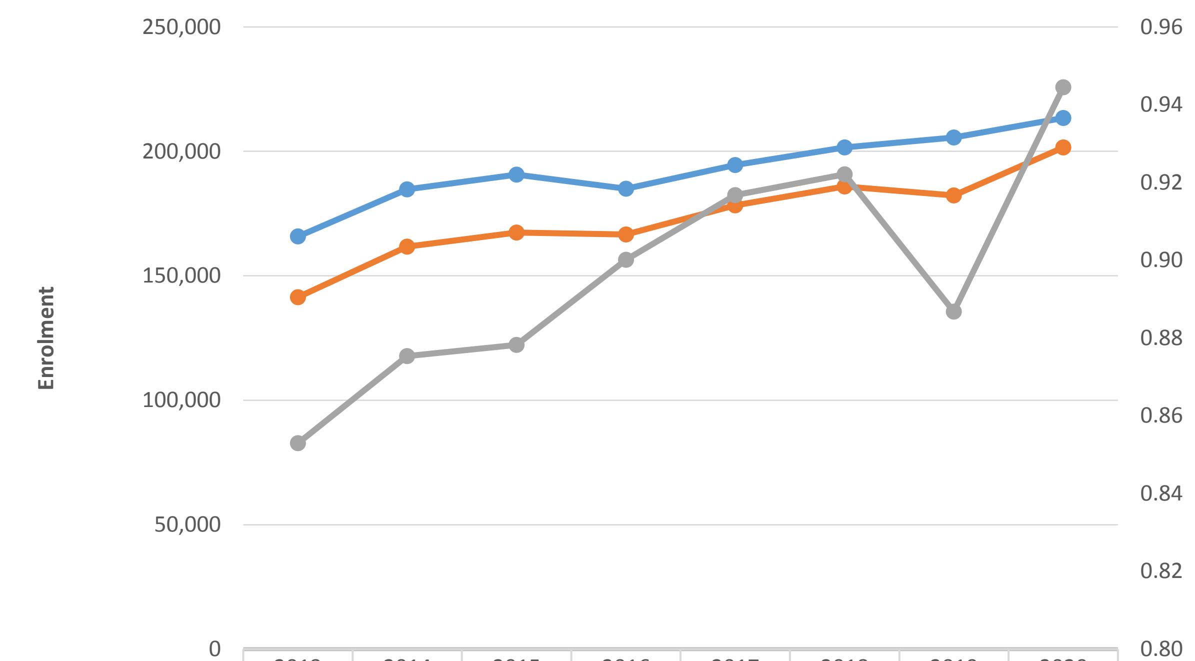
Under the aspect of strengthening governance and management of Teacher Education and Development (TED) in Malawi, the sector developed the first drafts of the National Teacher Policy (NTP) and CPD Framework for Teachers and Teacher Educators Implementation Plan. The NTP envisaged that the overall goal shall be to "develop motivated and creative teachers who collaborate and adjust their practice to meet the educational needs of all learners in a developing and fast changing world" while the CPD Framework Implementation Plan will aim at providing "a roadmap to support the Ministry of Education and other relevant CPD implementing institutions in achieving their planned goals". The presence of the NTP and the Implementation Plan will act as frameworks that the TED sector will be using to efficiently and effectively design and implement pre-service and in-service programmes for teachers which have been given a leading role in preparing all nations as they drive the SDGs home.

9.2.3 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 increased from 1,133 in 2019 to 1,181 in 2020. Furthermore, the World Bank through the EQUALs project was slated to expand 103 remote secondary schools. Total enrolment (EMIS data 2019) in the subsector grew to 415,013 this year up from 398,672 last year indicating an increase of 4.10 percent from the previous year's enrolment. The gender gap in the subsector dropped. The ratio of female to male learners declined from 0.97 in 2019 to 0.94 in 2020. This might have been attributed among other factors to the COVID-19 pandemic. While the increase of enrolment is a welcome development, the increase has put an additional strain on resources mainly the teachers and classrooms. Efforts are being made sector wide to ensure the quality of education is maintained.

The 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 gained traction.

FIGURE 9.2 TREND IN SECONDARY ENROLMENT BY GENDER



	2013	2014	2015	2016	2017	2018	2019	2020
Boys	165,799	184,817	190,623	185,063	194,537	201,635	205,579	213,431
Girls	141,417	161,787	167,410	166,588	178,348	185,934	182,306	201,582
Gender Ratio	0.85	0.88	0.88	0.90	0.92	0.92	0.89	0.94

Source: MoE Calculations, EMIS database 2020

Government has been working hard to expand access to secondary education for learners in need. In this school year, Government provided bursaries to 15,544 learners. Donors in the sector continued their own efforts in financial aid for students and youths, which helped bolster and expand our reach. Privately funded bursaries and financial aid were disbursed to 27,296 students, 69.5 percent of whom were female. Efforts will continue to close the gender gap in secondary, but a 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 were aimed at improving the overall quality of secondary public education. Government was in the process of finishing the construction of science laboratories and libraries in 28 CDSSs. Furthermore, USAID was constructing an additional 250 secondary schools across the country which was done in phases. In the pilot phase 16 schools were built and launched for use; 5 in Machinga, 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 cities were expanded and the classrooms are in use. Phase II has been divided into 4 groups. The first 40 sites for Phase II Group I, construction will be through by the end of 2021.

Through EQUALS Project, 103 Rural CDSSs were expanded and contracts awarded before June, 2021. Science teachers in four Education divisions were oriented on the revised curriculum. Ministry of Education through EQUALS Project is buying textbooks for Mathematics, Chemistry, Biology and Physics to a ratio of 1:1. ISEM II will commence in May, 2021 and will be expanding 32 secondary schools across the country..

9.2.4 Teachers for Secondary Education

Government is committed to improving the quality of teachers. In 2020, several unqualified secondary school teachers undertook a one-year professional development scheme called the University Certificate of Education and Government promoted 88 secondary school teachers at different grades. The Ministry 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.

9.2.5 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 such a mission, the directorate's vision is to create an inclusive Higher Education system relevant for sustainable socio-economic growth in global society. This vision will be realized through the subsector's four public universities namely; University of Malawi (UNIMA) which comprises Chancellor College (CHANCO), the Polytechnic, College of Medicine (CoM) and Kamuzu College of Nursing (KCN), Mzuzu University (MZUNI), Lilongwe University of Agriculture and Natural Resources (LUANAR) which comprises Bunda College and Natural Resources College; and Malawi University of Science and Technology (MUST). The number of universities will increase once the constituent colleges of the University of Malawi are delinked after Parliament passed bills to create three different universities.

In addition to the four public universities, the subsector has public colleges that offer diplomas and degrees namely; Domasi College of Education (DCE), Nalikule College of Education (NCE), Malawi College of Accountancy (MCA) and Malawi Institute of Management (MIM). The subsector also has public Higher Education governing bodies namely; National Council for Higher Education (NCHE) and Higher Education Students' Loans and Grants Board (HESLGB). With the ever-growing demand for higher education in the country, Government's efforts are complemented by private universities and colleges.

Student enrolment in public higher education institutions increased from 43,420 students in 2019/20 to 45,809 in 2020/21 representing a 5.5 percent increase. The 2020/21 enrolment for each public institution is as depicted in Table 9.2.

TABLE 9.2 PUBLIC INSTITUTIONS STUDENTS ENROLMENT FOR 2020/21

Serial No	Institution	No Students
1	Chancellor College (CHANCO)	6,220
2	College of Medicine (COM)	1,514
3	The Polytechnic (Poly)	6,261
4	Kamuzu College of Nursing (KCN)	1,300
5	Lilongwe University of Agriculture and Natural Resources (LUANAR)	12,100
6	Malawi University of Science and Technology (MUST)	2,201
7	Mzuzu University (MZUNI)	10,180
8	Domasi College of Education (DCE)	1,297
9	Nalikule College of Education (NCE)	847
10	Malawi College of Accountancy (MCA)	2,500
11	Malawi Institute of Management (MIM)	1,389
Total		45,809

Source: Ministry of Education

The increase in the enrolment in public universities and colleges is attributed to different factors including introduction of new programmes, increased teaching and learning space and strengthening of other modes of teaching and learning such as weekend classes and Open, Distance and eLearning (ODeL).

In the year under review, the Higher Education Students' Loans and Grants Board received a total of 20,404 (13,114 males and 7,290 females) loan applications from accredited public and private higher education institutions. Applications, a total of 18,424 (11,711 males and 6,713 females) qualified for loans translating into an increase of 6.92 percent from the previous year's 17,232 approved applicants. Treasury has made available a total of MK9 billion to the Board for students' loans. In addition, Press Trust has made available to the Board a total of MK50 million through which 83 needy students will access loans.

9.2.6 Centres of Excellency

The subsector has two centres of excellency under the African Centres of Excellency II project which were implemented in 24 different centres in Eastern and Southern Africa with support from the World Bank. The two centres are hosted by College of Medicine (Africa Centre of Excellence in Public Health and Herbal Medicine (ACEPHEM)) and Lilongwe University of Agriculture and Natural Resources (Africa Center of Excellence in Aquaculture and Fisheries Science (AquaFish)).

AquaFish, which is supported to the tune of US$ 6 million aims to train fit-for-purpose scientists for 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 trained 225 students through short courses. In February 2020, two programmes of the Centre (1 PhD and 1 MSc) were accredited by a European body, the Agency Quality Assurance. The Centre embarked on construction of AquaFish Center Office Building pegged at US$0.3 million.

The Africa Centre of Excellence in Public Health and Herbal Medicine (ACEPHEM) aims at producing high quality post graduate students and research. In addition, the Centres aims at increasing collaboration and partnerships with industry and other higher education institutions in Malawi and internationally. ACEPHEM managed to enroll 192 master's students and 16 PhD students. The Centre registered 47 internationally recognized research publications in disciplines supported by the ACE Program of which 37 were co-authored with regional collaborators. Furthermore, the center managed to accredit 24 programmes at national level, 19 of which were master's and 5 PhD programmes.

9.3 Budget Achievements

9.3.1 Funding from Treasury

The overall approved budget for Ministry of Education (Vote 250) for 2020/21 financial year was MK 99.6 billion of which MK58.3 billion was recurrent budget and MK41.3 was for Development Budget.

During Mid-Year Budget Review, the overall recurrent budget was revised upwards where Personal Emoluments (PE) increased by 12 percent while Other Recurrent Transactions (ORT) decreased by 3 percent as shown in Table 9.3. By 30th March, 2021, overall budget utilization for recurrent budget stood at 68 percent. About 98 percent of resources which were funded for Personal Emoluments were utilized while 78 percent of resources which were funded for Other

Recurrent Transactions were utilized. The low funding utilization under ORT was due to resources earmarked for purchase of Teaching and Learning Materials (TLMs) which had not yet been spent due to lengthy procurement processes. These resources were expected to be utilized in the fourth quarter of the financial year.

Development Budget was adjusted upwards by 14 percent from MK41.3 billion to MK46.9 billion during Mid-Year Budget Review; Donor Funded Development Part 1 increased by MK5.6 billion while Government funded Development Part II was maintained. By the end of third quarter, the overall budget utilization was at 9 percent, consisting of 2 percent for Development Part I and 58 percent for Development Part II. However, the low utilization for Part I is only a lapse in consolidating the actual resources utilized by Development Partners into the IFMIS system. It was expected that the expenditures would improve once data was captured into the system by the end of the financial year.

TABLE 9.3 FUNDING UTILIZATION

Budget Category	2019/20 Revised	2020/21 Approved	2020/21 Revised	2020/21 Funding	2020/21 Expenditure	percent Funding Utilization	percent of Budget Utilization
Recurrent Budget							
PE	31,601,906,835	34,093,471,571	38,220,865,396	28,836,193,944	28,351,357,664	98percent	74percent
ORT	19,636,245,418	24,242,708,845	23,402,708,845	17,514,855,336	13,614,907,175	78percent	58percent
Of which TLMs	1,188,673,828	1,854,759,600	1,854,759,600	1,055,622,426	250,047,091	24percent	13percent
Recurrent Total	**51,238,152,253**	**58,336,180,416**	**61,623,574,241**	**46,351,049,280**	**41,966,264,839**	**91percent**	**68percent**
			Development Budget				
Dev. Part I	21,982,057,660	35,899,448,092	41,484,317,233	1,012,984,398	1,012,984,398	100percent	2percent
Dev. Part II	9,300,000,000	5,400,000,000	5,400,000,000	3,704,747,471	3,152,819,735	85percent	58percent
Dev. Budget Total	**31,282,057,660**	**41,299,448,092**	**46,884,317,233**	**4,717,731,869**	**4,165,804,133**	**88percent**	**9percent**
Vote 250 Total	**82,520,209,913**	**99,635,628,508**	**108,507,891,474**	**51,068,781,149**	**46,132,068,972**	**90percent**	**43percent**

Source: Ministry of Education

9.3.2 Other Development Projects

The sub-sector has of late registered a lot of infrastructure development through the Skills Development Project (SDP) which came to an end in December 2019. However, another project by the name of Skills for a Vibrant Economy (SAVE) to be financed by the World Bank to the tune of USD100 Million was in the offing. Preparatory work for the project were completed and expected to take off by 1st July, 2021. Institutions to benefit are Chancellor College, the Polytechnic, College of Medicine, Kamuzu College of Nursing, Mzuzu University, Lilongwe University of Agriculture and Natural Resources, Malawi University of Science and Technology, Domasi College of Education, Nalikule College of Education, National Council for Higher Education, Higher Education Students' Loans and Grants Board and TEVET institutions. The objective of the project is to increase equitable access to market-relevant skills in priority areas of the economy, especially for females and vulnerable youth.

The Malawi Government, with support from the Japanese Government, was expanding and upgrading Domasi College of Education. The project value is about MK13 billion and the works commenced in July 2019. 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. Furthermore, DCE was constructing a befitting structure for a clinic financed by funds from the college's revenue and the Malawi Government's funds committed to support the Expansion and Upgrading Project.

One major project implemented by Mzuzu University was construction of a library which was supported by the Malawi Government to the tune of MK7.6 Billion. Treasury released MK1.3 Billion to the University. To this effect, a site office for the contractor was completed and the road diversion to free the site was done. What remained was the arrival of machinery.

In the year, the Polytechnic rehabilitated one female hostel (Kapeni A and B) which houses 252 students. A total sum of MK817 million was spent on the project. Another hostel (for male students) which was gutted down by fire in the previous academic year was yet to be maintained. Because of this, the number of students accommodated on campus decreased by 252. Through the Higher Education Science and Technology (HEST) Project, the Polytechnic constructed complex for Information Communication Technology (ICT), Open Distance Learning (ODL) and Business Centre (BC) with a total of 940 seating capacity. However, the College was yet to procure equipment for the ODeL component.

Malawi University of Science and Technology (MUST) was mobilizing funding to kick-start its multi-purpose laboratory complex after architectural designs were finalized in 2019. The University hoped that Government would fund the project which would be implemented in phases but with budget cuts, this did not happen. In the year, the Public Private Partnership Commission (PPPC) revived its student accommodation initiative by re-advertising for investors after the initial effort collapsed. Investors were identified and the PPPC was finalizing contractual agreements with them. The University also identified a contractor for its mini-industrial park, which would house various industries, mostly on value addition to agricultural products such as milk and vegetables. Prefabricated construction materials for the industrial project were already procured and finances for the rest of the project were available.

Through a Public Private Partnership (PPP), facilitated by the Public Private Partnership Commission (PPPC), College of Medicine is constructing 152 bed space hostel at its Lilongwe Campus. The private partner doing the work is Old Mutual and it is to the tune of MK2.1 billion. Furthermore, ground breaking for the construction of hostels at Blantyre Campus through the same arrangement was already done and the project would take off any time.

Kamuzu College of Nursing (KCN) plans to construct Nursing and Midwifery Skills Lab at its Lilongwe Campus through the Public Sector Investment Programme (PSIP). The project comprises 4 clinical classrooms, 24 offices, 9 wards and 4 laboratories and it was at design stage.

Chancellor College was constructing School of Economics through PSIP to the tune of MK3.2 billion. Phase I of the project which comprised a library and office space was already completed. Phase II which comprises lecture theaters, classrooms and office space was in progress. In 2019/20 financial year, the project received MK700 million while in 2020/21, it received MK500 million. In 2021/22, the remaining MK2 Billion was budgeted.

The Ministry with assistance from Global Partnership for Education (GPE) and with technical oversight by the World Bank was implementing the Malawi Education Sector Improvement Project (MESIP) with the aim to improve education delivery at the primary level focusing on quality and efficiency. The total project portfolio was to the tune of USD44.90 million and it was implemented in 32 education districts with key focus on 8 disadvantaged districts. Among others, the project was constructing 500 classrooms, 300 latrine blocks focusing mainly on girl's sanitation needs and some 150 water points. With financial support from the Royal Norwegian Embassy, MESIP-extended was to implement some of the key policy reform areas that include performance based school improvement grants, improving equity for the most disadvantaged, including girls and improving learning outcomes, accountability and cost effectiveness at school level. Furthermore, with funding from the World Bank, the Ministry implemented the EQUALS project with total project cost of USD75 million. The project was aimed at improving the quality of Science and Mathematics instruction in CDSSs and to increase access to secondary education in selected remote areas. Among others, the project focused on elevating at least 80 CDSSs from 13 remote districts to absorption capacity and learning environments like district days schools as well expanding them. The expansion package would include 2 furnished classroom blocks (4 classrooms), a twin furnished multipurpose science block installed with requisite systems for science instruction, 2 ablution blocks, 1 block comprising of furnished library and ICT laboratory and Solar power installation for schools.

9.4 Key Implementation Challenges

Some of the key challenges faced by the Ministry in the year under review were 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. This worsened the efficiency indicators as the number of learners who repeated and dropped out increased.

ii. Most of the education support activities were reduced to a minimum as Government was trying to contain the prevalence of COVID-19.

iii. The education system was seriously affected by the demographic pressures that required immediate attention and resources. For instance, the primary education subsector continued 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 only had 32,455 desks for its 5,371,563 learners. This shows that the system needs to supply at least 2,653,327 two-seater desks if every learner is to have a desk.

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

v. 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. This needs to be addressed in order to achieve inclusive primary education. Districts such as Chitipa and Likoma do not have a resource room in any of their 185 and 10 schools, respectively. In addition to this, there was still a lack of capacity of teachers to support Special Needs learning.

vi. Limited spaces in secondary education which denies young learners from accessing secondary school education services. Currently the transition rate for secondary school was at 38 percent indicating that about 62 percent of primary school learners do not have access to secondary school education. There is need for expanding secondary education through infrastructure development and other innovative learning approaches like eLearning.

9.5 Science and Technology

Malawi continues to make strides in science, technology and innovation across all sectors of the economy. In the year 2020/21, Malawi was affected negatively by the impact of COVID-19 across many sectors including science, technology and innovation. However, Government Research Institutions, Higher Education Institutions, Innovation hubs tried to remain resilient during the pandemic year. Highlighted below are some of the major initiatives undertaken by these institutions in the 2020/21 fiscal year.

9.5.1 Research Valorisation and Dissemination: 3rd National Research Dissemination Conference

The National Commission for Science and Technology (NCST) with support and funding from other partners; National Planning Commission (NPC), Malawi Bureau of Standards (MBS), Malawi Agriculture Policy Advancement and Transformation Agenda (MwAPATA) institute, Research Department of the Ministry of Health (MoH) and College of Medicine (Social Innovations for Health Initiative-SIHI), National Council for Higher Education (NCHE), National Bank of Malawi, New Building Society, World Food Programme organized the Third National Research Dissemination Conference (NRDC), from 18th to 20th November 2020 at Sun Bird Nkopola Lodge, Mangochi with the theme: *"Research, innovation and entrepreneurship towards a wealth and resilient nation"*.

The conference was organized with the aim to provide a platform for researchers, development policy makers and policy analysts and implementers, development partners and academicians to share novel research findings and best practices in different areas of development, and solutions to the challenges impeding research for development in Malawi. The conference also intended to achieve the following objectives:

i. Promote knowledge, skills exchange and transfer across expertise.

ii. To promote collaboration, networking and partnerships among researchers, innovators, government and development stakeholders in the country.

To facilitate alignment of research to development planning, the conference sub-themes were structured around accelerators to Malawi's new Vision 2063 as follows;

i. Agriculture, irrigation, and food security
ii. Water, Environment, Waste Management, Climate Change and Natural Resources
iii. Education, Social Sciences and Humanities
iv. Health and population
v. ICT, Financial Technologies, and Knowledge Management
vi. Entrepreneurship and Industry

The conference was delivered through two approaches; physical participation, with strict observance of COVID-19 preventive measures at a venue sheltering up to 100 participants. The other approach was virtual, where video links and internet-based platforms were shared to participants unable to attend the conference physically.

With over 2,000 virtual participants through Zoom and Facebook live-streaming on NCST and NPC on-line pages, the Conference brought together a cross-section of participants including policy makers representing Government Ministries, Departments and Agencies (MDAs), researchers, academicians, NGOs, private sector, development partners, farmers and entrepreneurs and other interest groups. In terms of physical attendance, over 225 participants reported at the conference venue physically including the Vice President of the Republic of Malawi, the Right Honourable, Dr Saulos Klaus Chilima, who was the Guest of Honour.

A total of 39 papers were presented at the conference along themes shown in Table 9.4 below. The Conference offered 2 keynote presentations and 4 gold presentations. Keynote presentations addressed issues relating to policy, research for wealth creation and self-reliance; and research and Industrialization.

TABLE 9.4 THEMES FOR 3RD NATIONAL RESEARCH DISSEMINATION CONFERENCE

Theme	Accepted	Presented
ICT	11	7
Education, Social Sciences and Humanities	12	7
Health and Population	13	9
Agriculture, Irrigation and Food Security	15	9
Water, Environment, Waste Management, Climate Change and Natural Resources	16	7

Source: National Commission of Science and Technology

9.5.2 Science Granting Council Initiative (SGCI Phase II)

The African Union's Agenda 2063 and its Science, Technology and Innovation (ST&I) Strategy for Africa (STISA 2024), as juxtaposed within the context of SDGs provide a framework for developing and enhancing strong strategic partnerships in support of ST&I on the African continent. Science Granting Councils (SGCs) in Africa disburse public funding for research and innovation as a primary function, and are building and sustaining partnerships to advance an internationally competitive enterprise. Since April 2015, NCST has participated in the initiative where among others it has networked with sister institutions such as COSTECH (Tanzania), NACOSTI (Kenya), NSCT (Zambia), NCSTI (Namibia) among others.

Phase II of the SGCI project has the objective of strengthening the capacity of SGCs in 15 countries in order to:

i. Better manage research

ii. Use robust ST&I indicators to design and monitor research programmes

iii. Strengthen knowledge transfer to the private sector and collaboration among themselves; and

iv. Promote networking among themselves and with other science system actors.

Under SGCI Phase II, NCST implemented a 3 year project titled "Strengthening Management of Research Competitions and Research on Emerging Technologies and Development in Malawi" with funding from the International Development research Centre (IDRC) of Canada, National Research Foundation (NRF) of South Africa and Swedish SIDA. The project has two objectives:

To support management of the research call and research in agricultural biotechnology through bilateral joint research proposals call by NCST-Malawi and the Research Council of Zimbabwe for researchers from the two countries; and

To support management of the research call and research in renewable energy through trilateral joint research proposals call by NCST-Malawi, FNI of Mozambique and NSTC of Zambia

During the first 6 months (August 2020 to April 2021), the following activities were undertaken:

9.5.2.1 Management of a Bilateral Joint Agriculture Biotechnology

i. Advertised the Call in Print and Electronic Media: The call advert was circulated and disseminated widely through the print and electronic media. It was published on the website of NCST besides mailing it to all public and private R&D institutions. The call was open from **3 July to 3 August 2020**. The call advert is still available for records on https://www.ncst.mw/?p=3374 and application guidelines are on www.ncst.mw/sgciphasetwo

ii. Reviewed research applications through the development of the checklist for screening the applications as well as the development of the proposal review criteria. These tools were jointly adapted by NCST and RCZ.

iii. Completed screening of 29 applications and 17 proposals qualified for review. These 17 proposals were reviewed by a joint panel of reviewers composed of 3 from Malawi and 3 from Zimbabwe. The top 3 fundable proposals were selected jointly with Research Council of Zimbabwe (RCZ).

iv. Grant Contracts/Agreement were prepared and signed by each of the PI in Malawi and NCST (SGC).

9.5.2.2 Management of a Trilateral Joint Renewable Energy

i. Advertised the Call in Print and Electronic Media: It was published on the website of NCST besides mailing it to all public and private R&D institutions. The call was open from 7th August and closed on 4th September, 2020. The call advert is on https://www.ncst.mw/?p=3487 and application guidelines are available for records purposes on www.ncst.mw/sgciphasetworenewable-energy

ii. Using the jointly developed checklist and review criteria a total of 7 applications were screened out of which 4 were reviewed by a joint panel that composed of 2 reviewers each from Malawi, Mozambique and Zambia.

iii. The top three proposals were provisionally identified to be fundable. Feedback letters were sent to the PIs of these top three requesting them to address comments made by reviewers.

iv. The top three fundable proposals were selected jointly with NSTC of Zambia and FNI of Mozambique

v. Grant Contracts/Agreement were prepared and signed by each of the PI in Malawi and NCST (SGC).

Funders comprising of IDRC, DfID, GIZ, SIDA, NRF have given an opportunity to Malawian researchers to do more research by adding to the approved budget an allocation to CAD 100,000 and NCST was expected to review its submission.

The project motivated researchers in Agricultural Biotechnology and Renewable Energy to find more sustainable innovative solutions to solve current challenges affecting their sectors and help Malawi achieve SDGs (2 and 7), Zero hunger and finding affordable and clean energy.

9.5.3 Managing the Global Biodiversity Data Facility in Malawi Using the Integrated Publishing Toolkit (IPT) for Biodiversity Data Publishers

The number of Biodiversity data publishers from Malawi keeps increasing. The Department of Fisheries was approved to be added into the system as one of the organisations that will be publishing biodiversity data from Malawi. In September 2020, the Department of Fisheries (DoF) registered with Global biodiversity information facility (GBIF) as a new data publisher. The data that will be published by Department of fisheries through Integrated publishing toolkit system (IPT), a system which is hosted by NCST, the GBIF node in Malawi.

As a result, NCST created two user accounts for staff members from Department of Fisheries to be used when publishing the data to GBIF system. The user accounts were created succesfully and the users are now able to login into the system and ready to publish the data.

The number of registered data publishers increased from eight to nine. Table 9.5 is the screenshot showing the list of registered data publishers including the Department of Fisheries.

TABLE 9.5 LIST OF REGISTERED DATA PUBLISHERS

Organisation name	Alias	Can publish resources?	DOI registration agency	Can register DOIs?
Department of Fisheries	Department of Fisheries	Yes	--	No
International Union for Conservation of Nature	International Union for Conservation of Nature	Yes	--	No
LILONGWE UNIVERSITY OF AGRICULTURE AND NATURAL RESOURCES	LILONGWE UNIVERSITY OF AGRICULTURE AND NATURAL RESOURCES	Yes	--	No
Malawi Plant Genetic Resources Centre (MPGRC)	Malawi Plant Genetic Resources Centre (MPGRC)	Yes	--	No
Malawi University of Science and Technology	Malawi University of Science and Technology	Yes	--	No
National Commission for Science and Technology (NCST)	National Commission for Science and Technology (NCST)	Yes	--	No
National Herbarium & Botanic Gardens of Malawi	National Herbarium & Botanic Gardens 0f Malawi	Yes	--	No
The Department of Museums and Monuments	The Department of Museums and Monuments	Yes	--	No
Wildlife and Environmental Society of Malawi	Wildlife and Environmental Society of Malawi	Yes	--	No

9.5.4 Promoting Ethics and Research

National Commission for Science and Technology (NCST) achieved three major outputs in strengthening institutional capacity in research ethics and research proposal writing for professional researchers at Mzuzu University and University of Livingstonia.

9.5.4.1 The Approval of MZUNIREC and Facilitation of the Training of its academic staff

Having satisfied all the requirements for establishing and running an institutional research ethics committee, the NCST Director General issued an approval to MZUNI for the establishment and operations of Mzuzu University Research Ethics Committee (MZUNIREC) on 3rd July 2020. In support of the operations of the newly established committee, a training for members of the committee in the mechanics of a research ethics committee operation was facilitated by HSH.

The following were key areas for the training:

i. Induction on SOPs and guidelines of MZUNIREC;
ii. Scandals and Tragedies in Research Involving Human Subjects;
iii. History of the Formation of Research Ethics Committees;
iv. Principles of Research Ethics; Illustration of the Application of Principles of research Ethics;
v. Conflict of Interest and its Management;
vi. Elements of a Research Consent Form and Procedures for Administering;
vii. Structuring a Protocol Review and Use of a Review Form and inspection of Approved Studies.

9.5.4.2 Facilitation of a Training Workshop in Research Proposal Writing Combined with Writing for Grant Proposal, UNILIA

At the request and on demand by the University of Livingstonia (UNILIA), NCST supported this training that was held at UNILIA Kaningína Campus. The training was attended by 20 faculty members from various academic departments based at Laws, Ekwendeni and Kaning'ina Campuses. The workshop covered the following areas; Introducing the Art of Research Proposal Writing; Formulation and Format of a Research Proposal (i.e. Title formulation, Background and Introduction, Literature review; Formulation of Problem Statement, Formulation of Main and Specific Objectives; Choice of Study methodology; Time Frame, Budgeting); Qualitative and Quantitative Research Methods; Data Analysis; and Tips for Grant Proposal Writing.

9.5.4.3 Induction of Secretariat of UNILIA-REC

The University of Livingstonia has reached an advanced stage towards preparations for having its own institutional research ethics committee. The approval by NCST for the committee's establishment is pending finalisation of the committee's SOPs. In waiting for the approval, UNILIA requested NCST to induct officers who will be secretariat of the committee. The two officers were inducted on mechanics of research ethics committee administration from 21 to 25 September, 2020.

9.5.5 Exposition of Progress in Science, Technology, Innovation and Entrepreneurship Registered in 2020 by mHub

mHub is Malawi's first technology and innovation hub. The hub is a social enterprise that trains, accelerates and incubates youth entrepreneurs in ICT and Business Skills. Since establishment mHub has trained over 80,000 youth in Business and Information, Communication and Technology (ICT) skills and incubated more than 40 youth entrepreneurs in various fields. mHub also champions the development of local technology solutions and acts as an incubator for start-ups with a special focus on building young technology entrepreneurs. The hub facilitates structured mentorship between young entrepreneurs and innovators with established experts, researchers and icons in technology and business. mHub also aims to enhance knowledge sharing between industry, academia, developers, researchers and the community to ensure development of relevant technology solutions. The hub has a co-working space where youth entrepreneurs are able to access acceleration, incubation, mentorship, access to finance and training through start-up camps, entrepreneurship challenges, business development clinics, proposal writing workshops and financial literacy just to mention a few. Other hub activities include: software development; building a community of technology enthusiasts; engagement with the corporate world and industry on needs that require technology solutions, hosting developer groups, and hackathons.

9.5.5.1 Bridging the Existing Gender Digital Divide: ESkills4Girls Project

mHub team in March 2021 completed an E-Skills learning exercise with 151 secondary school girls in the central region of Malawi under the Eskills4Girls Project. The participating secondary schools included Atsikana Paulendo, Kuwala Girls and Mvera Girls Secondary School. Through support from The Camden Education Trust, GIZ, Google and Africa Code Week, the project has been a success. ESkills4Girls is an initiative under the German G20 presidency with the aim to tackle the existing gender digital division particularly in low income and developing countries. ESkills4Girls addresses the objective of women inclusion globally by increasing women's and girls' access to and participation in the digital world and boosting relevant education and employment opportunities in emerging and developing countries. Yearly, mHub trains and facilitates girls through the basic programming skills through initiatives such as Africa Code Week[1] and Girls4Code.

9.5.5.2 Children's Coding Project

As part of its mission, mHub runs a programme that introduces computer skills to children between ages of 6 to 17. The children are taught coding skills using programming tools that are specially designed for the purpose of teaching children and also to make the development of basic application easy. The coding lessons are done in cohorts, and some of the activities taught to children include; the use of MIT Scratch, a visual programming language, App inventor and HTML.

As of December 2020, 750 children were trained in basic programming skills and one of the girls in 2019 got shortlisted for the annual Digital Opportunity Trust Impactathon to represent Malawi in Kenya. On the other hand, four girls participated in the 2020 World Technovation Challenge which is a worldwide global competition for girls where they are expected to develop technology solutions responding to the Sustainable Development Goals (SDGs); and one of the girls received a recognition from the United Nations during the commemoration of the 2019 International Day for girls in ICT. mHub is exploring the use of platforms that teach children beyond just coding. The course is carried out at mHub premises in Lilongwe and runs for 12 weeks.

9.5.5.3 Growth Accelerator Malawi

Growth Accelerator Malawi is an acceleration programme for post-revenue innovative and impactful businesses. The programme offers each entrepreneur access of up to USD40, 000.00 in financing and six months of technical assistance and mentorship. The 12 month programme selects a cohort of 10 to 15 entrepreneurs annually. The programme is supported by United Nations Development Programme (UNDP) Malawi through The Royal Norwegian Embassy (RNE). MHub and GrowthAfrica do the implementation. Furthermore, the programme has partnered with four private sector investment partners namely: Accesserator, Kweza Equity Partners, National Bank of Malawi and Ecobank Malawi Ltd to promote private sector engagement in supporting Small and Medium Enterprises. mHub and GrowthAfrica are implementing four different cohorts of the Growth Accelerator which is comprised of the 51 high profile entrepreneurs who have access to total of USD883,923 value of financing.

9.5.5.4 Jobs for Youth Project

Jobs for Youth (J4Y) is a project that is implemented by mHub with financial support from the Africa Development Bank through the Ministry of Youth, Sports and Culture. Through J4Y project; the Ministry selected eight incubation centres in sectors of ICT, Manufacturing, Agriculture and Mining to recruit and incubate youth within the ages of 18 to 35 with business ideas and/ or start-ups in their sectors of interest. mHub was selected as an incubation centre of youth with business ideas in ICT and Innovation.

[1] https://www.facebook.com/africacodeweek/?__cft__%5b0%5d=AZXUbbSb61hxlvlB-ekg2nHjttlsPNP_2dx5fdNi3lFS3r-yIFcvlqREvmoh1o5cgqoboD2dxcO8F5kmsKbKHbvICVOCIICg7SpLTrHiR9JCzzVx6j5rUNCscVR5Mrkn34Z7UgyivCrcaOFIKn2RaivQ&__tn__=kK-R

9.5.5.5 LUANAR Biodiversity Portal

Lilongwe University of Agriculture and Natural Resources (LUANAR) is on a mission to mobilize biodiversity data in Malawi by 2022. Through the Pollinators Informatics Project, LUANAR contracted mHub to develop and implement the Malawi Pollinators Biodiversity Portal (MPBP) and Malawi Fish Biodiversity Portal (MFBP) —data portals and tools to break down barriers to biodiversity knowledge in Malawi and connect this knowledge to action. mHub as a local developer collaborated in the development of the MBP and MFBP with NugSoft Technologies.

9.5.5.6 Maso Athu (The Election Situation Room)

Maso Athu means our eyes in vernacular. The system allows for aggregation of election data from USSD, SMS, web and mobile application in real time to enable intervention and monitoring of trends. In 2020, mHub trained more than 6,000 observers to upload election data from over 5,002 polling stations during the Malawi 2020 Fresh Presidential Elections. This data was channelled into *Maso Athu* to be consolidated, analysed and reported to the Election Situation Room consortium for further interpretation, publicity and intervention where necessary. The platform was fitted with a flagging system that allowed the Election Situation Room to identify intervention points. Some of the issues flagged during this time were; polling stations that opened and closed late, polling stations with insufficient security personnel, lack of appropriate lighting during counting and lack of assistance for the elderly and other vulnerable groups. The ESR Intervention desk immediately addressed these issues. The intervention desk housed decision makers from key stakeholders in the election process such as; Malawi Electoral Commission and Malawi Police Service.

9.5.5.7 The ICT for Citizen Engagement, Transparency and Accountability and ICT for Elections

The ICT for Citizen Engagement, Transparency and Accountability is a project that has been in implementation since 2016. The project is built on the foundations of an integrated mobile web-based technology platform called “Mzinda” which means “My City” in the vernacular Chichewa dialect. Over the years since inception in use of the platform, the project has been implemented with support from various partners and with different targeted geographical locations and/or programme partners and stakeholders. The partners that have supported the use of the Mzinda platform over the last three years include; OSISA and DAI under the Local Government Accountability and Performance (LGAP) framework with support from the UKAID and United States Agency for International Development (USAID).

9.5.5.8 SADC innovation and Investment Challenge

The SADC Innovation and Investment Challenge is a challenge which aims at supporting early stage data driven, tech-enabled innovations that address four key development challenges identified through FinMark Trust’s (FMT) research into financial and economic inclusion in SADC-:

i) Small Medium Enterprise (SME) finance,

ii) Digital financial identity,

iii) Women and savings (specifically, digitising savings), and

iv) Access to basic services in the SADC region

During the first quarter of 2020, information sessions were conducted in Mzuzu, Blantyre and Lilongwe to encourage innovators to apply in the four identified thematic areas. A total number of 30 people collectively attended the information sessions. 47 Number of applications were received for Malawi while 20 were shortlisted. The 20 shortlisted participants went through virtual bootcamp sessions with various selected facilitators in an effort to refine their business ideas.

9.5.5.9 The Uniterra Grow Fund

The Uniterra Grow Fund is a youth entrepreneurship fund, which promotes access to finance resources of up to MK3 million each, and business development services for young entrepreneurs in Malawi between the ages of 18 and 35. The programme runs for 12 months with six entrepreneurs selected to receive soft loans with access to business development services during the period. In the 12 months of the programme the entrepreneurs are obligated to pay back their soft loan with 12 percent interest monthly for 12 months. Furthermore, they are provided with guidance from mentors assigned to them according to their area of business. The fund provides services that allow entrepreneurs to critically analyse their businesses and identify issues to help the young entrepreneurs grow their business with the extra funds injected into their business. The Grow Fund first cohort consisting of six ambitious young entrepreneurs are currently in their ninth month of the program and are still undergoing trainings to improve their skills and businesses. The six ventures are namely:

i) Maxsafe Processors
ii) Lanujos Consult Agro-Processing Enterprise (LAP)
iii) Sharick Enterprises
iv) TechBello ICT Solutions
v) Innemech
vi) Peculiar Honey Bees Enterprise.

The programme first cohort wrapped up in May 2020. The key investors who are also part of the funds steering committee are mHub, SMEDI, World University Service of Canada (WUSC), NYCOM and ACADES.

9.5.5.10 Our Shared Goal

Our Shared Goal (OSG) is a human rights centred initiative that is implemented by mHub with financial support from British Council of Malawi. The project aimed at smashing all gender stereotypes using football; Ufulu Wanga enrolled two cohorts in football and life skills and hosted a community festival with over 668 adolescents in attendance.

OSG activities fall under the umbrella project known as ICT for Human Rights (Ufulu Wanga). The Ufulu Wanga is Malawi's first ICT for Human Rights initiative that promotes and protects the rights of the citizens using advanced and basic innovative technology platforms such as SMS, USSD, website and social media. Using the platform, citizens report on human rights violation and abuse; and access basic information about human rights.

9.5.5.11 Modern Cooking for Healthy Forests Accelerator

The Modern Cooking for Healthy Forest (MCHF) is a UKAID and USAID funded project. mHub as a partner is responsible for jointly implementing objectives of the project. mHub will carry out these objectives by running the MCHF Accelerator program. The accelerator program has been introduced in order to discover, nurture and scale up various land restoration (fuel-efficient and forest friendly) businesses across Malawi, for example; entrepreneurial ventures focusing on bee keeping, tree planting, alternative energies such as briquette making and biogas. The main aim of the project is to sustainably maintain forest cover as well as reduce land-based emissions in Malawi.

9.5.5.12 Academy of Women Entrepreneurs: Women-Led Start-up Supported with USD2,000 to Make a Mark in Beauty Industry

Through the Academy for Women Entrepreneurs (AWE) in Malawi, mHub has facilitated access to a total of USD6,000 for 3 aspiring entrepreneurs with each entrepreneur accessing USD2,000. The support will assist the start-ups to promote their businesses. mHub has implemented the AWE in Malawi through the support of US Embassy Lilongwe through which a total of 60 entrepreneurs since November 2020 received capacity building support and mentorship.

9.5.5.13 mHub Fact Checker Programme

mHub Fact Checker Programme in partnership with HIVOS Southern Africa is a platform that counteracts fake news using social media. The platform is looking to produce a mini-series that promotes factual news and promotes a culture of verifying news sources and facts before third party distribution. The project ran for five months from August 2020 to December 2020. mHub with support from Mikozi Network was responsible for sharing accurate and verified news with a particular interest in the presidential promises made during the Fresh Presidential Elections campaign, on xenophobic attacks and sharing verified information on COVID-19 updates and preventative measures. In addition, the creatives went through a five day capacity building session on Zoom cloud meetings. The aim was to orient them on their roles within the project. mHub worked with 10 creatives from 3 major cities in Malawi which include; Blantyre, Lilongwe, and Mzuzu. To empower more female content creators, the project had 60 percent female representation and a 40 percent male's representation out of the 10 creatives selected.

Chapter 10

TOURISM

10.1 Overview

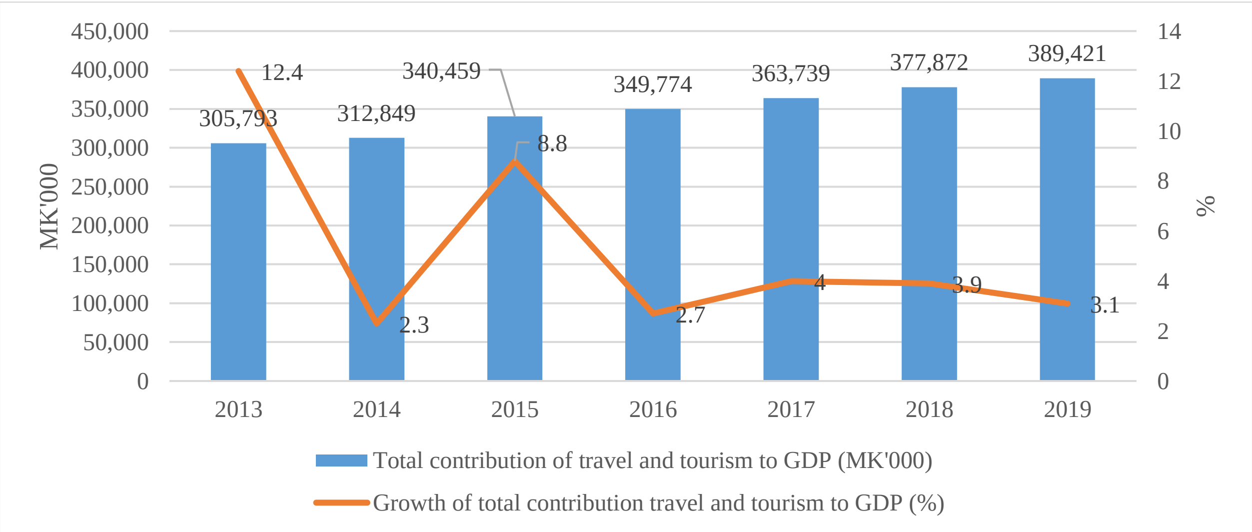
The tourism sector is a high growth export service sector, capable of making a substantial contribution to the socio-economic development of Malawi. Employment created within the sector has the potential to drive prosperity and empower both women and youth among other people in the country. The sector also generates foreign exchange through visitor exports, tax and non-tax revenues while contributing its share to the Gross Domestic Product (GDP). Indirect benefits also accrue from supply chain linkages between tourism and other sectors and from tourism related induced impacts. The strong multiplier effects of tourism further positively impacts the rest of the social and economic sectors of the economy.

10.2 Performance of Tourism Sector

10.2.1 Contribution of Travel and Tourism to GDP

The total contribution of travel and tourism to the GDP has been steadily increasing since 2013. According to the World Travel and Tourism Council (WTTC), the total contribution of travel and tourism to the GDP increased from MK305,793 million in 2013 to MK389,421 million in 2019. However, the rate of growth in the contribution of travel and tourism to the GDP has been varying over the years. Growth was relatively stable between 2017 and 2019 though it had been decreasing over the period. Figure 10.1 gives trend in total contribution of travel and tourism to the GDP between 2013 and 2019 and at real 2019 prices.

FIGURE 10.1: CONTRIBUTION OF TRAVEL AND TOURISM TO GDP



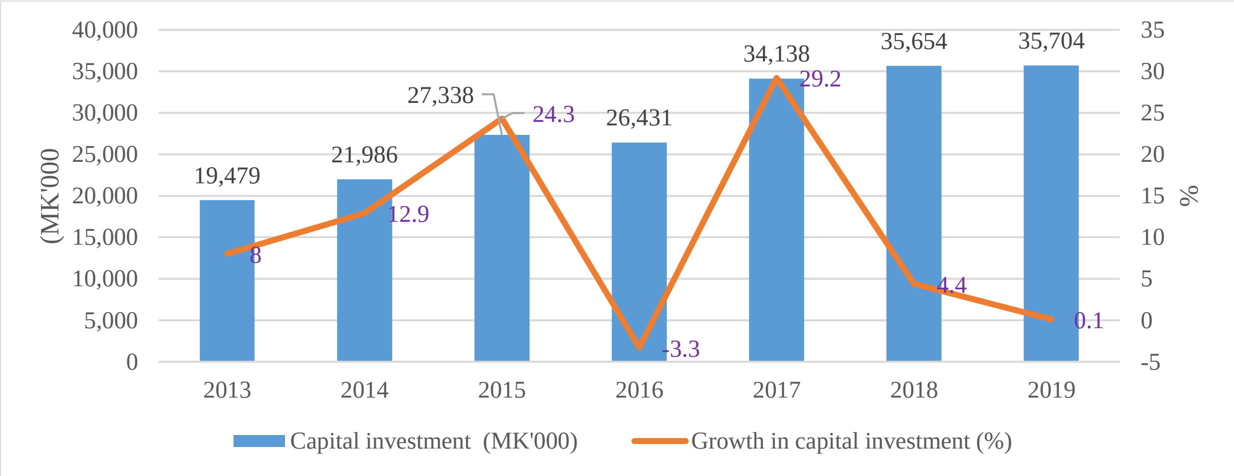
Source: WTTC

10.2.2 Capital Investment in Travel and Tourism

Investment in the tourism sector increased from MK19,479 million in 2013 to MK35,704 million in 2019. Except for 2016, investment of the sector grew at an increasing rate between

2013 and 2017 before registering decreased rate of growth. The capital investment in the travel and tourism steadily grew with little variation between years especially between 2017 and 2019 (Figure 10.2). Nevertheless, the positive trend in value of investment in tourism underscores the need to maintain and strengthen current tourism initiatives that aim at reducing entry barriers for new tourism entrepreneurs, improving public-private dialogue, and incentivising investment within the tourism sector.

FIGURE 10.2: CAPITAL INVESTMENT IN TRAVEL AND TOURISM

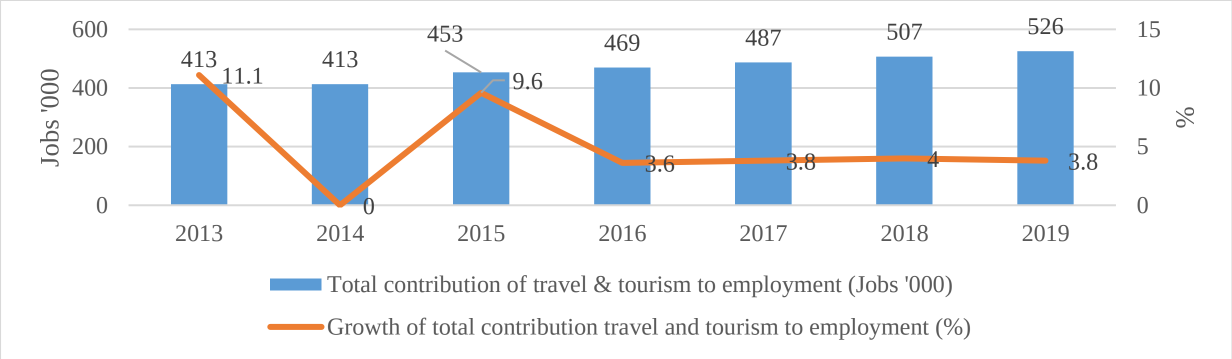


Source: WTTC

10.2.3 Contribution of Travel and Tourism to Employment

The total contribution of travel and tourism to employment was 526,000 jobs in 2019 which was 6.8 percent of total employment. The total contribution of the sector to employment has been increasing since 2013 at varying rates between years. However, between 2016 and 2019, the increase was relatively stable as shown in Figure 10.3. The devastating effects of the COVID-19 pandemic on the tourism industry are however expected to reduce the contribution of travel and tourism to employment. Nevertheless, the contribution of travel and tourism to employment may not reduce much since the pandemic has affected employment in almost all the sectors of the economy.

FIGURE 10.3: CONTRIBUTION OF TRAVEL AND TOURISM TO EMPLOYMENT

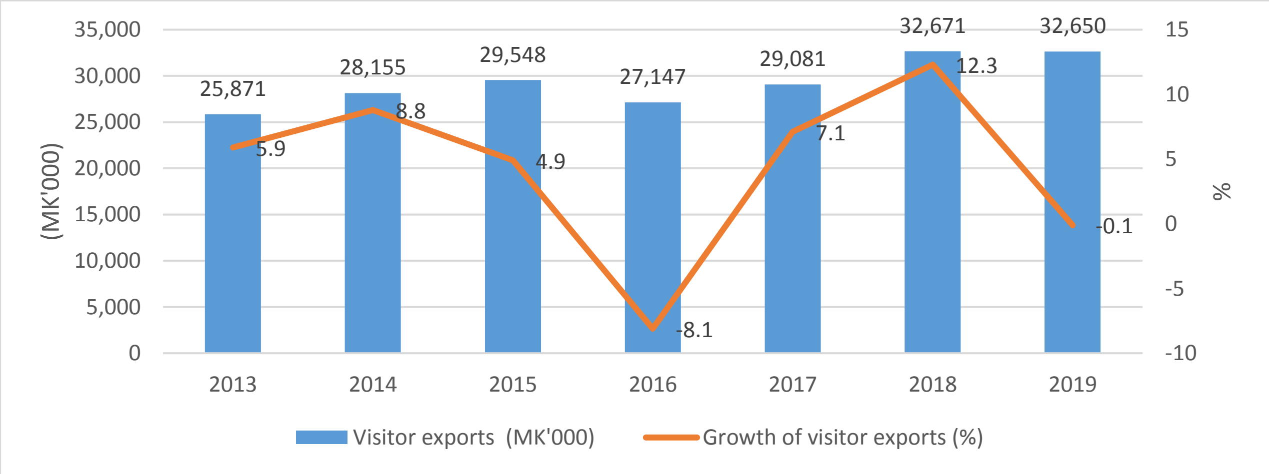


Source: WTTC

10.2.4 Visitor Exports

Malawi generated MK32,650 million in visitor exports in 2019 which is a 0.1 percent reduction in the amount generated in 2018. The country reported a negative growth rate in value of visitor exports in 2016 whereas in other years the annual growth rates have been positive despite depicting a varying trend as shown in Figure 10.4. The fluctuation in visitor exports over time is underlined by factors such as underdeveloped tourism products, limited tourism investment incentives and inadequate tourism information for promoting Malawi as a tourism destination. The COVID-19 impact has a compounding effect on these factors as a result of travel and other restrictions that have been introduced to control the pandemic.

FIGURE 10.4: VISITOR EXPORTS



Source: WTTC

10.2.5 Challenges Affecting Tourism Sector

Unprecedented challenges associated with COVID-19 have been negatively affecting the performance of the tourism and hospitality industry across the globe. Travel restrictions that were introduced to contain the spread of the pandemic have led to loss of tourist receipts due to falls in local and international tourism demand as travel plans, hotel stays and tourism related events are being cancelled. According to United Nations World Trade Oraganization (UNWTO), global tourism suffered its worst year on record in 2020, with international arrivals dropping by 74 percent when compared to 2019 figures and by 4 percent when compared with figures during the 2009 global economic crisis. By mid-2020, Malawi lost over MK42 billion in revenue through cancellation of confirmed bookings and losses of an estimated 300,000 jobs out of which 253,000 were direct jobs.

The impacts of COVID-19 are manifesting against the backdrop of other challenges which have been at the centre of national response in the tourism sector. Lack of zoned land for tourism investment and limited investment incentives are some of the other factors that have been restricting Malawi from turning into a leading tourism and investment destination. In response to the COVID-19 pandemic, health and safety protocols were developed and disseminated in the tourism and hospitality industry following the technical guidance from the Ministry of Health and UNWTO. There have also been efforts to strengthen an enabling environment for investment in the tourism sector in order to enhance tourism investment and recognition of Malawi as a tourist destination. With an example of an aim of contributing to the creation of a sustainable and resilient tourism industry, 687 Tourism Small and Medium Enterprises, mostly youth and women, were trained on how to build sustainable tourism businesses with funding from the African Development Bank under the Promoting Investment and Competitiveness in the Tourism Sector (PICTS) Project. Tourism law is also being reviewed to strengthen legal framework for it to be responsive to the issues and needs of the sector.

10.3 Lessons Learnt

The following are the key lessons for the tourism sector during the reporting period:

i. The COVID-19 pandemic has revealed the vulnerability of the tourism sector to unknown factors which can affect investment and operations in the sector. There is need: therefore, to focus more on controlling such factors to build and strengthen the resilience of the sector.

ii. Shocks in the tourism sector have the potential to drastically lead to loss of jobs and to close job creation opportunities. As such, there is need to develop mechanisms for cushioning such shocks in a manner that protects both employees and employers.

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 to tourism recovery from shocks and investment in tourism.

10.4 Projected Performance of Tourism Sector

The projected performance of tourism sector in 2021/22 and 2022/23 is presented in Table 10.1 below. The targeted performance is based on estimation by WTTC and is subject to changing macro-economic environment and other factors that affect tourism investments in Malawi.

TABLE 10.1: PROJECTED PERFORMANCE OF TOURISM SECTOR

Output	Target 2021/22	Target 2022/23	Success factors	Risks and Assumptions
Growth of total contribution of travel and tourism to employment (%)	2.9%	2.9%	Continued engagement and implementation of fiscal and monetary policy	Malawi's vulnerability to external shocks
Tourism direct contribution to GDP (%)	4.2%	4.2%		
Travel & Tourism's share of total national investment (%)	2.7%	2.7%		
Growth of visitor exports (%)	3.9%	3.9%		

Source: 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. Malawi Growth and Development Strategy (MGDS) III recognises that inclusive and Integrated Rural Development requires 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 functions from the central government to Local Councils. Upon effective implementation of decentralization, the country will realize 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. Strategies to transform Malawi; rural areas in particular, have to address the challenges of low investment and productivity, poor infrastructure 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 reduce rural-urban migration, since Malawi is at an early stage of urbanisation (only 16 percent of its population live in urban areas). The occurrence of these problems and challenges, not only impose 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). In order to achieve these aspirations, Ministry of Local Government and Rural Development in collaboration with the Local Authorities, continued implementing various development programmes and projects during the 2020/2021 fiscal year (FY). According to recent studies, RGCs model has proven to have potential to generate economic gains which can lead to improvements in rural livelihoods in both medium to long term. The Ministry has plans to further roll out implementation of these development endeavours in the 2021/2022 FY and beyond.

This chapter therefore, highlights key achievements that have been attained during the 2020/2021 FY in tandem with strategic focus areas of the local government sector as stipulated in the policies and local development plans, and also Sustainable Development Goals (SDGs).

11.2 Performance in the 2020/21 Financial Year

11.2.1 Major Achievements for the 2020/21 Financial Year

The major achievements for the period under review include: construction of RGCs, urban and rural markets, stadia, district commissioners' and civic offices and rural roads. The interventions, specifically aimed to: (i) increase household incomes; (ii) support sub-projects geared towards spurring local economies and development of growth centres; (iii) provision of technological and business skills training to local entrepreneurs; (iv) support beneficiaries to engage in savings and acquire business skills and (v) facilitate provision of business advisory services. Evidence shows that interventions have achieved their development objectives as confirmed by the Beneficiary Assessment that showed that 92 percent of beneficiaries expressed satisfaction with project interventions (NLGFC, Annual Report, 2019). 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 income growth, and rising poverty. The IRD is envisaged to be a catalyst of poverty reduction in rural areas. According to recent studies, RGCs model has proven to have potential to generate economic gains which can lead to improvements in rural livelihoods in both medium to long term.

During the period under review, a total of 3 medium to large scale project investments (RGCs) have been constructed in Dowa (Nambuma), Chikhwawa (Chapananga) and Mchinji (Mkanda) districts. Key infrastructure developed include: completion of the construction of health centre at Nambuma; and markets and bus depots at Mkanda and Chapananga. Table 11.1, indicates progress achieved during implementation of RGCs in the FY under review.

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 2.Health Centre	None Corridor Mortuary	Work in progress (80 percent completion rate). Awaits funding to the complete	Substantially complete
Chapananga	1.Market kiosks 2. Market sheds 3. Bus depot 4. Drainage works	Installation of ESCOM Transformer None None None	Works in progress (98 percent completion rate). Officially handed over done for the council to start using the market as the Ministry still in the process of pursue the issue of electricity connection by ESCOM	Substantially complete
Mkanda	1.Market kiosks 2. Market sheds 3. Bus depot	Filling of pits in the markets None None	Works in progress (98 percent 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

Source: MLGRD, 2021

Significant progress was made especially for the construction works in all the RGC projects in the period under review. Nevertheless, for some sites like Chapananga and Chitekesa, the Councils are waiting for funding to finalise outstanding payments to the contractors. For example, Chapananga awaits a funding of MK25,698,369.16 for ESCOM to elevate the transformer at the facility. In the meantime, the facility has been handed over to the Council. For Chitekesa, the contractor has downsized on the construction of the Market and the Bus Depot awaiting revision of project costs. Despite facing funding hiccups, 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 Market 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 addition, rural marketing can also improve their income and all these aspects can directly improve living standards. Overall, during the 2020/21 FY, a total of five markets were constructed in Mulanje and Nsanje. These markets are: Mulanje district (Mulanje Mission Market, Chinakanaka Market, Nsika wa Njala Market and Nsanje (Nsanje Boma and Tengani). Currently, constructions works are in progress at Nsanje, Tengani, Chinakanaka and Mulanje Mission markets. Table 11.2 below presents progress on the urban and rural markets.

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	Works in progress. Construction works are estimated to be at 95 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 95 percent 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 contractor	Contractor hasn't been paid since last year and the works have stalled

Source: MLGRD, 2021

As shown in Table 11.2, there was reduced progress in the year under review. Dwindling cash flow was the main challenge affecting the construction works. At Songani market, the issue of compensation delayed the works at initial stage and there are shops in front of the market which will require more than MK20 million for compensation. However, it has been observed that traders continue shunning away from using the completed infrastructures in some markets. For instance, for the markets that were completed during the last reporting period, traders continue to shun the facilities due to outstanding basic amenities such as access roads which have higher total estimated project costs compared to the actual project of market construction. This shows the need for proper consultations at all stages of the projects including the design stage.

11.2.1.3 Construction of Stadia and Community Grounds

Considering that majority of the country's population are the youth; and that the youth have enthusiasm and interest in sports, there is need for authorities to develop a plan for development of sporting facilities in different parts of the country. The aim of the Stadia Project is to enhance distribution of sport stadiums in rural and urban areas thereby propelling rural talent to championship as well as using them for revenue generation facilities for the Councils. During the period under review, four community grounds were under construction namely; Zomba, Thyolo, Ntcheu and Mzimba. For detailed progress see Table 11.3.

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	All the works are still outstanding.	Works in progress	Funding delays
	2. Construction of dressing rooms 3. Pitch improvement	Not	The completion rate is estimated to be at 50percent	
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 percent completion rate	Awaiting funding to settle arrears
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. (85 percent completion rate)	Currently, there is need of funds to honour outstanding certificates, so that the contractor can complete the works.

Source: MLGRD, 2021

As presented in Table 11.3, there has been a slow pace in the construction works and this is because of downward revision of the budgets over the past two years. For all projects on construction of stadiums, progress on average is below 50 percent completion rate, except for Ntcheu stadium which is at 85 percent.

11.2.1.4 Construction of DCs' and Civic Offices

Every business needs its employees to work as a team in an environment conducive so that they are 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. In the year under review, the Ministry of Local Government continued with the construction of four

Council office buildings namely: Thyolo, Ntcheu, Mzimba and Mzuzu. 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. Table 11.4 shows progress on the construction of different Council Offices across the country.

TABLE 11.4: PROGRESS ON THE CONSTRUCTION OF COUNCIL OFFICES

Name	Structures	Outstanding Works	Progress to Date	Annotations
Thyolo DC's Office	Office Block	Construction stalled and contract terminated	The contractor is now on site The construction works are estimated at 20 percent completion rate	None
Ntcheu DC's office	Office Block	Tendering halted	No progress	Due to inadequate funding Ntcheu was shelved.
Mzimba DC's office	Office Block	Construction is currently at about 20 percent Construction in progress	Construction is currently at about 20 percent	Works were halted due to vandalism during mass demonstrations and lack of structural designs.
Mzuzu Civic office	Office Block	Construction halted	No progress	Works couldn't commence due to inadequate budget provision. The construction works are anticipated to commence in the 2021/22 FY.

Source: MLGRD, 2021

11.2.1.5 Construction of Bus Depots

Recently the country has witnessed a drastic increase in the number of public vehicles particularly in the local vicinities. Consequently, this has created a huge demand for parking areas in many districts and trading centres. Good public transport facilities such as bus depots, road network among others, particularly in productive rural areas, is a pre-requite for rural development and growth. Table 11.5 shows progress on construction of Bus Depots across the country.

TABLE 11.5: PROGRESS ON THE CONSTRUCTION OF BUS DEPOTS

Name	Structures	Outstanding Works	Progress to Date	Annotations
Nsanje	Bus Depot	None	Completed Pavement and frame	Handed over to the council. The contractor has been asked to work on some of the defects.
Thondwe	Bus Depot	Work in Progress	The completion rate is estimated to be at 80 percent	The contractor hasn't been paid since last year due adequate funding.

Source: MLGRD, 2021

As depicted in Table 11.5, in the year under review, the Ministry completed constructing a bus depot at Nsanje boma. The bus depot has been handed over to the District Council which has already started collecting revenue from the structure. The revenue generated will help to supplement revenues of the Council thereby improving their daily operations. Construction works at Thondwe Market stalled due to outstanding payments to the contractor.

11.2.1.6 Construction of Rural Roads

Rural roads are 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.

In the year under review, five rural roads were under construction as depicted in the Table 11.6. These projects are at different levels of completion. For example, three of the roads were completed (except construction of Namadzi, Natchefu, Mpatsa and Ngulura Bridges at Thyolo-Goliati-Mangunda Road, which are at various stages of completion rate) but other roads including Linengwe Bridge on Balaka-Bilira via Khwisa Road stalled due to funding challenges. The total estimated cost for the road construction is MK2.3 billion to be honoured under roads construction.

TABLE 11.6: SHOWING THE PROGRESS OF THE RURAL ROADS

Name	**Structures**	**Outstanding Works**	**Progress**	**Annotations**
Balaka- Bilila via Khwisa (Phase 1)	The upgrading of the road to asphalt standard (13.5 km).	None	Completed	Need for funds to honour outstanding payments due to inadequate funds
Khwisa– Bilila) Phase 2	The upgrading of the road to asphalt standard (10 km).	Original works completed but there is Linengwe Bridge that needs construction.	The road works are completed. The construction of a bridge at Linengwe still awaits funding	Need for funds to honour outstanding payments on completed works while the bridge awaits confirmation of funds
Thyolo-Goliati-Mangunda Turn-Off Road(16.5)km	The upgrading of the road to asphalt standard (16.5 km).	Namadzi bridge, Nantchefu, Mpasa and Ngulura bridges.	Road construction works completed. The outstanding work has been on the construction bridges. The works are at 85 percent completion rate	Need for additional funding to honour outstanding certificates.
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 Turnoff to the nearest trading centre- Msikawanjala.	Preparation of an addendum. The process has been halted awaiting funding	Need for funds to honour outstanding certificates while an addendum needs confirmation of availability of funds.
Chiweta-Mlowe(11 km)	Upgrading of the road to asphalt standard.	Bill of Quantities and Construction works.	Designs have been completed	There is need of funding in the budget to commence civil works. Considering that the road in M11, it is being proposed that the project be handed over to Road Authority together with the designs.

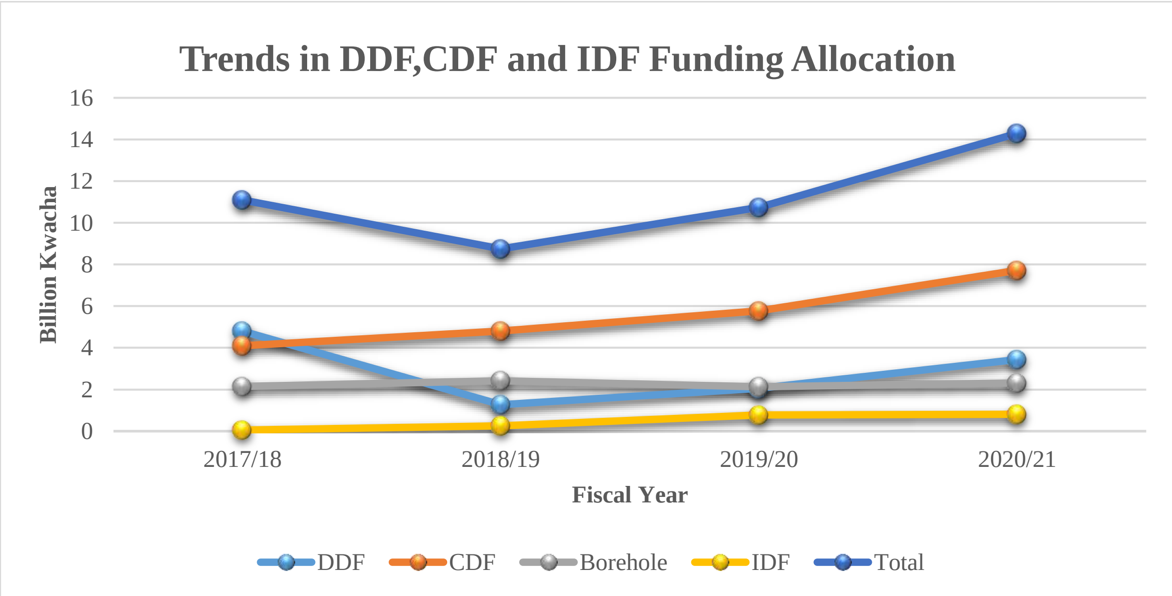
Source: MLGRD, 2021

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 of 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 ECD centres, small clinics, boreholes, school blocks and houses/small offices for frontline extension workers. The fund is administered by 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.

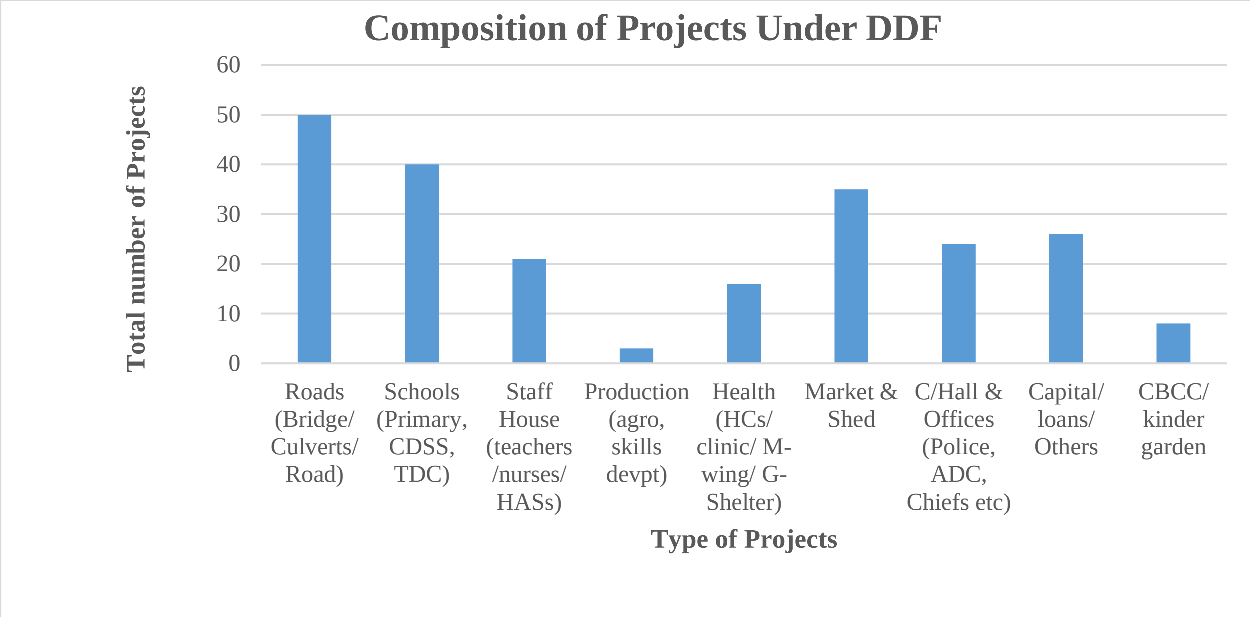
FIGURE 11.1: TRENDS IN EDF, CDF, BOREHOLE AND IDF FUND ALLOCATION



Source: NLGFC 2021

Figure 11. 1 shows that there was an increase in the allocation funds for projects. For example, allocation of funds for DDF increased by 68 percent in the year under review. Similarly, CDF allocation increased by 34 percent from previous fiscal year. In a nutshell, there was a total of 33 percent increase in DDF, IDF, CDF and Borehole Funds. The increase encouraged Councils to complete all the projects within a given fiscal year.

FIGURE 11.2: COMPOSITION OF PROJECTS UNDER DISTRICT DEVELOPMENT FUND

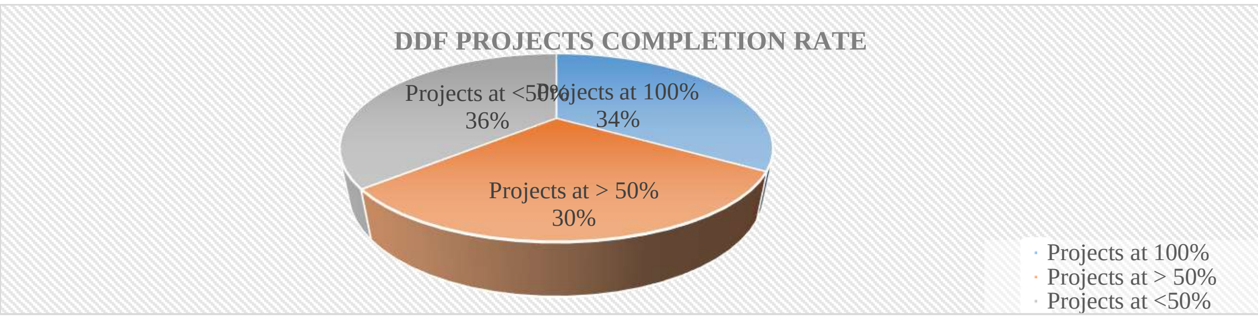


Source: 2020/21 Local Authorities Mid-Year Report

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



Source: 2020/21 Local Authority Mid-Year Report

As presented in Figure 11.3, only 34 percent of all the projects have been completed. The completion rate for the year under review was generally low. The delays in completion of many of the projects was attributed to COVID-19 which affected operations in most Councils.

11.2.1.8 National Decentralization Program II (NDPII)

Since the enactment of the policy in 1998, Decentralisation has played a pivotal role in improving service delivery to communities. It is considered to be one of the best alternatives towards solving 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 and Rural Development, 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: Information, Local Government, Disaster Management Affairs and Culture.

During the reporting period, engagement continued with the remaining 6 sectors namely; Transport, Energy, Mines, Tourism, and Lands to devolve some of their functions. The Ministry is also working with the Accountant General's office to devolve physical assets to the local authorities.

11.2.1.9 Challenges

i. Erratic funding: Intermittent funding affected implementation of infrastructure projects as some contractors opted to halt civil works due to cash flow challenges.

ii. Resistance from other sectors to devolve some of their functions to the councils.

iii. COVID-19 Pandemic: The pandemic posed a serious challenge particularly on supervision of infrastructure projects due to the restrictions that were enforced. It was difficult for officers to travel to construction sites as required.

11.2.1.10 Lessons Learnt

During the reporting period there were a number of lessons that were learnt including the following:

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

ii. In the case of Rural Growth Centres, there is need to do proper land use maps, urban structure plans, detailed lay-outs, opening access roads, upgrading access roads and beaconing before erecting buildings.

iii. There is need to complete outstanding works in all projects before embarking on new civil works. This includes settling all outstanding payments and certificates.

iv. Authorities should have realistic plans which are in tandem with the budget allocation and focus on works that can be accommodated within the approved budget.

v. There is need for serious citizen engagement to enhance understanding of the benefits of using completed structures.

11. 3 Plans for 2021/22 Financial Year

11.3.1 Key Outputs

The Ministry intends to finalise outstanding works in all the project sites in the 2021/22 Financial Year. The key outputs for the coming financial year include the following:

i. Market Kiosk and Health Center are completed at Chitekesa Rural Growth Center;
ii. Escom transformer is installed at Chapananga Rural Growth Center;
iii. Pavements and water connection works are completed at Mulanje Mission market;
iv. Dressing rooms constructed and football pitch improved at Mmbelwa Stadium;
v. Stadium amenities constructed at Thyolo and Ntcheu stadiums;
vi. Office Blocks constructed in Thyolo, Ntcheu and Mzimba districts;
vii. Preparation process for additional 4.2 km road for Mulanje completed;
viii. Outstanding projects under CDF, DDF, Borehole Fund and IDF completed; and
ix. Devolution plans for the Ministry of Transport and Public Works, Department of Energy, Mines and Lands are completed and executed;

11.3.2 Key Drivers for the Projected Outputs

Almost all Councils developed DDPs that act as a strategic plans to guide implementation of development interventions within their jurisdictions. This has been a key driver for successful completion of development projects within the stipulated time. Furthermore, the Ministry is committed to completing all the construction works in all the projects. 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 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 work plan and cash flow. Similarly, it is assumed that there will be no natural disasters like floods which disturb construction works. In some scenarios the uncompleted infrastructure are used as shelter for displaced households.

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 demobilisation when their certificates are not paid on time. Similarly, political turmoil poses a serious risk as evidenced in the past two years where implementation of projects was affected by political instability. 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 the course of observing COVID-19 prevention regulations.

11.4 Projected growth for 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 boma;
ii. Office Blocks completed in Thyolo, Ntcheu and Mzimba districts;
iii. A 4.2km road extension constructed in Mulanje;
iv. CDF, DDF, Borehole Fund and IDF projects implemented in all councils; and
v. 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 works 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 assumed that there will be no natural disasters like floods which disturb construction works. In some scenario the uncompleted infrastructures are used as shelter for displaced households.

11.4.4 Risks

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

Chapter 12

PUBLIC HEALTH, NUTRITION AND HIV/AIDS MANAGEMENT

12.1 Overview

This chapter highlights progress made in the provision of public health services in the country. The Vision of the health sector is to achieve a state of health for all the people of Malawi that would enable them to lead a quality and productive life. In the Health Sector Strategic Plan II (HSSP II), 2017/22, the sector goal is to move towards Universal Health Coverage (UHC) of quality, equitable, and affordable health care with the aim of improving health status, financial risk protection, and client satisfaction. UHC is defined as a situation where everyone – irrespective of their ability-to-pay – gets the health services they need in a timely fashion without suffering any undue financial hardship because of receiving the care. Malawi is moving towards UHC through implementation of the essential health package which Government and its Development Partners endeavour to make accessible to every Malawian free at the point of care.

12.2 Health Sector Performance and Progress

12.2.1 Health Output Indicators Performance

Table 12.1 below summarizes the performance of the health sector for 2019 and 2020 based on selected key indicators compared to the HSSP II targets.

TABLE 12. 1: PERFORMANCE FOR KEY HEALTH SECTOR INDICATORS

Indicator	2019	2020	HSSP II Target 2020
Percentage of under-1 children fully immunized	89%	89%	90%
ART Coverage	78%	80%	78%
TB Treatment Success Rate	87.2%	87.6%	89%
ART Retention Rate	72%	73%	80%

Source: Ministry of Health

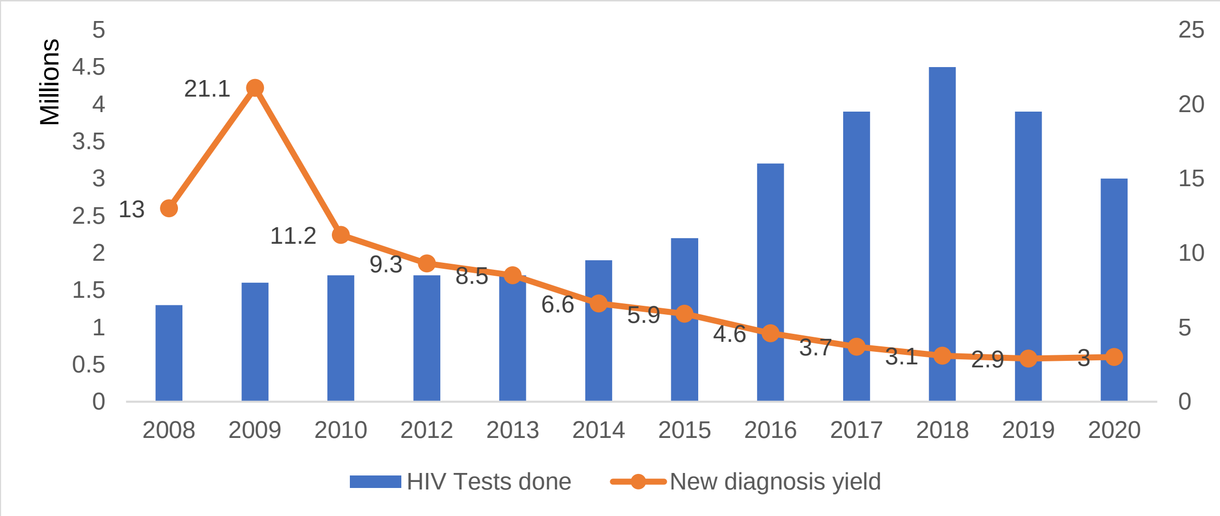
12.2.2 HIV/AIDS Services

Malawi adopted the (UNAIDS) Fast Track approach that is aimed at improving on the previous performance to reach the 95-95-95 targets that will end the AIDS epidemic by 2030. The country is on track to reach the milestones such that by end 2020, out of an estimated 1,076,949 people who were living with HIV, 91 percent knew their HIV status, 88 percent of those who were aware of their HIV status were initiated on lifelong Anti-Retroviral Therapy (ART), and 95 percent of those initiated ART were virally suppressed. The national HIV program will endeavour to meet the ambitious global targets through implementation of cost-effective and evidence-based interventions.

12.2.2.1 HIV Testing

The country increased the number of static testing sites to 763 by end 2020 from 744 in 2018. The trend in total annual tests reached the peak in 2018 and started to decline following roll out of more targeted testing to ensure efficient use of test kits. This performance has been demonstrated in Figure 12.1 where positivity yield declined and remained at 3 percent since 2018. The deployment of HIV testing dedicated staff, HIV Diagnostic Assistants (HDAs), improved the quality of targeted testing and linkage to ART and other HIV related services.

FIGURE 12. 1: TREND IN PERFORMANCE OF HIV TESTING AND POSITIVITY YIELD

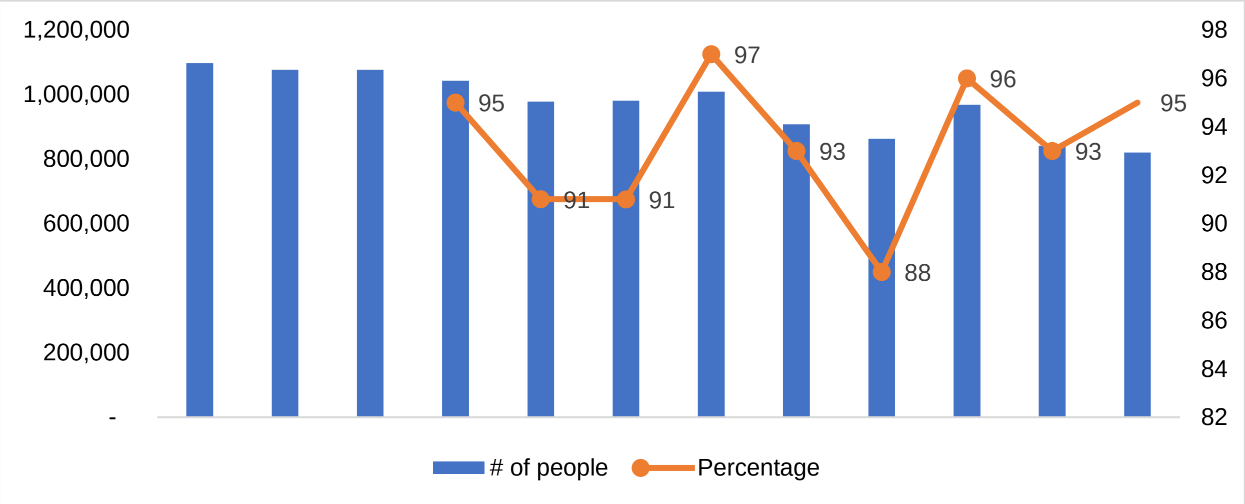


Source: Ministry of Health

12.2.2.2 Anti-Retroviral Therapy

The country maintains the universal eligibility for ART (Test and Treat) policy, viral load monitoring is done on an annual basis and each client on ART is screened for TB and other advanced HIV diseases on every visit. Figure 12.2 below highlights national performance and indicates high viral suppression rate that is on track towards the Fast-Track targets.

FIGURE 12. 2: HIV TREATMENT PROJECTIONS AND PERFORMANCE TOWARDS 95-95-95 TARGETS



Source: Ministry of Health

12.2.2.3 Prevention of Mother to Child Transmission (PMTCT)

Malawi is among 23 priority countries to accelerate the action of the Super Fast-Track Framework and Action Plan for the UNAIDS Start Free Stay Free AIDS Free strategy since 2017. The strategy is aimed at eliminating mother-to-child transmission of HIV and to reduce the final transmission rate to 5 percent. Positive trends have been maintained for HIV ascertainment during Ante Natal Care (ANC) and in Maternity, however, the goal is to test all women attending ANC and during delivery. In addition, structures are in place to ensure exposed infants are immediately put on prophylactic treatment and followed up on discharge as indicated in the table below. Table 12.2 below shows performance within the PMTCT care cascade over the four-year period of the HSSP II (2017/22).

TABLE 12.2: PERFORMANCE ON SELECTED PMTCT INDICATORS

Data Element	2017	2018	2019	2020
Total ANC Women	637,699	655,744	663,043	634,385
HIV Status ascertainment at ANC	612,344 (98%)	637,178 (97%)	645,538 (97%)	620,941 (98%)
ANC HIV Positives	44,878 (7%)	45,017 (7%)	42,967 (7%)	40,318 (6%)
Total Maternity Admissions	553,295	584,203	585,731	583,721
HIV Status ascertainment in Maternity (%)	543,586 (99%)	569,201 (98%)	557,287 (95%)	551,088 (95%)
Maternity HIV Positives	39,562 (7%)	41,837 (7%)	41,518 (7%)	41,467 (8%)
Infants discharged alive & Exposed to HIV	36,974 (7%)	38,393 (7%)	38,575	37,930
Infants on Prophylaxis (Nevirapine)	35,065 (95%)	36,490 (95%)	36,376 (94%)	36,320 (96%)
HIV exposed children newly enrolled for follow-up	49,287	53,112	50,571	48,222

Source: Ministry of Health

12.2.3 Tuberculosis

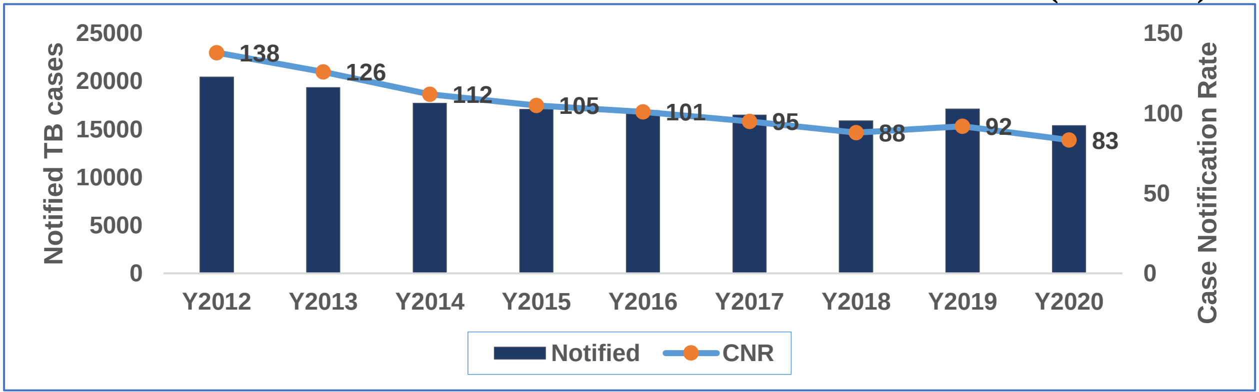
12.2.3.1 Incidence and Mortality

Malawi is one of the countries implementing the end TB strategy whose visions is a world free of Tuberculosis. The milestones for 2020 are: to reduce the number of TB deaths by 35 percent compared with 2015; reduce TB incidence rate by 20 percent compared with 2015; and to have zero TB affected families facing catastrophic costs due to TB. Malawi has surpassed the end TB milestones for 2020, specifically, TB incidence and mortality were reduced by 26 percent and 46 percent respectively compared to 2015. This has been achieved through annual rates of decline in incidence between 5 to 10 percent since 2015.

12.2.3.2 TB Notification and Case Detection Effort

The COVID-19 Pandemic has significantly affected TB diagnostics and case finding. Notably, a total of 15,380 TB cases were notified in 2020, with a case notification rate of 83/100,000 population, a decline of 10 percent compared to the previous year. There was also a decline in TB testing by 33 percent for Gene Xpert and 37 percent for microscopy compared to the previous year. This is mostly because these services are facility based and there was a reduction in health seeking behaviour following the start of the Pandemic. The treatment coverage (Case detection rate) is projected at 57 percent .

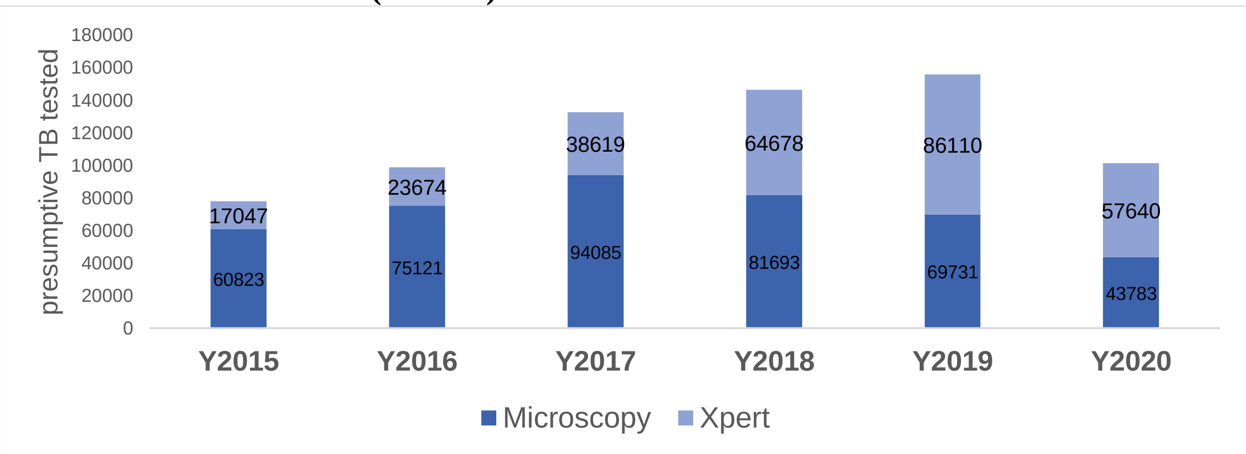
FIGURE 12. 3: TREND IN CASE NOTIFICATION RATE AND NOTIFIED TB CASES (2012-2020)



Source: Ministry of Health

A total of 101,400 Presumptive TB patients were tested for TB in 2020 as shown in Figure 12.4 below. This represented a 35 percent decline compared to 2019. A review of quarterly data showed the decline started in Quarter 2 of 2020 consistent with the notification data.

FIGURE 12. 4: TREND IN PRESUMPTIVE TB PATIENTS TESTED USING XPERT / MICROSCOPY (2015/20)



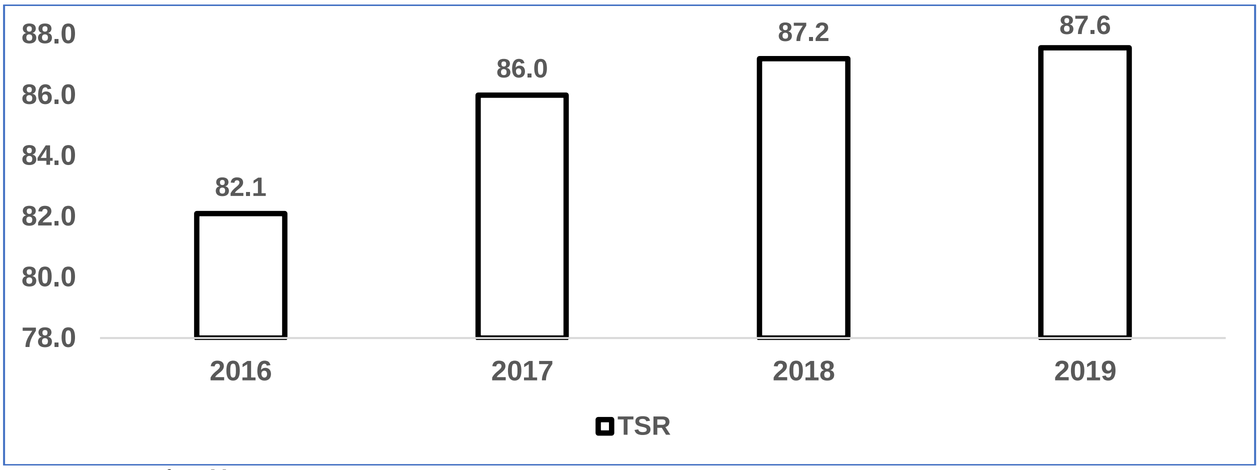
Source: Ministry of Health

12.2.3.3 Treatment Outcome for Drug Susceptible TB

The treatment success rate for the reporting period was 87.6 percent [2]. TB Treatment success rate has been improving over time as shown in figure 12.5 below.

[2] Reporting is by enrolment period, 2019 represent patients enrolled in 2019 and reported in 2020.

FIGURE 12. 5: TREND IN TREATMENT SUCCESS RATE (2016-2019)



Source: Ministry of Health

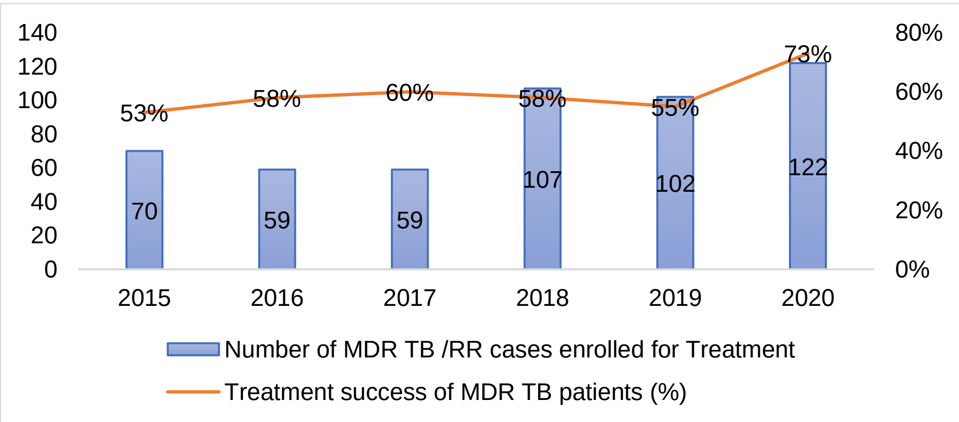
12.2.3.4 TB /HIV

The TB program has maintained high achievement in terms of TB/HIV related indicators by achieving nearly 99 percent of documented HIV status for TB patients and 99 percent ART uptake for HIV infected TB patients. The HIV positivity rate among TB patient continued declining during the reporting period and is now at 44.5 percent compared to 47 percent in 2019.

12.2.3.5 Drug Resistance TB

In 2020, a total of 122 DR TB patients were enrolled in second line treatment, a 20 percent increase compared to 2019 statistics. This was mainly attributed to increased coverage of drug susceptibility testing through GeneXpert testing. Treatment success rate for drug resistance TB patients also increased to 73 percent compared to 55 percent in 2019. This was partly attributed to different interventions that were implemented such as transition to an injection free fully regimen, capacity building of health workers, provision of equipment for patient monitoring, regular of provision nutritional support and Clinical review of patients.

FIGURE 12. 6: MDR TB ENROLMENT AND TREATMENT OUTCOME



Source: Ministry of Health

12.2.4 Malaria

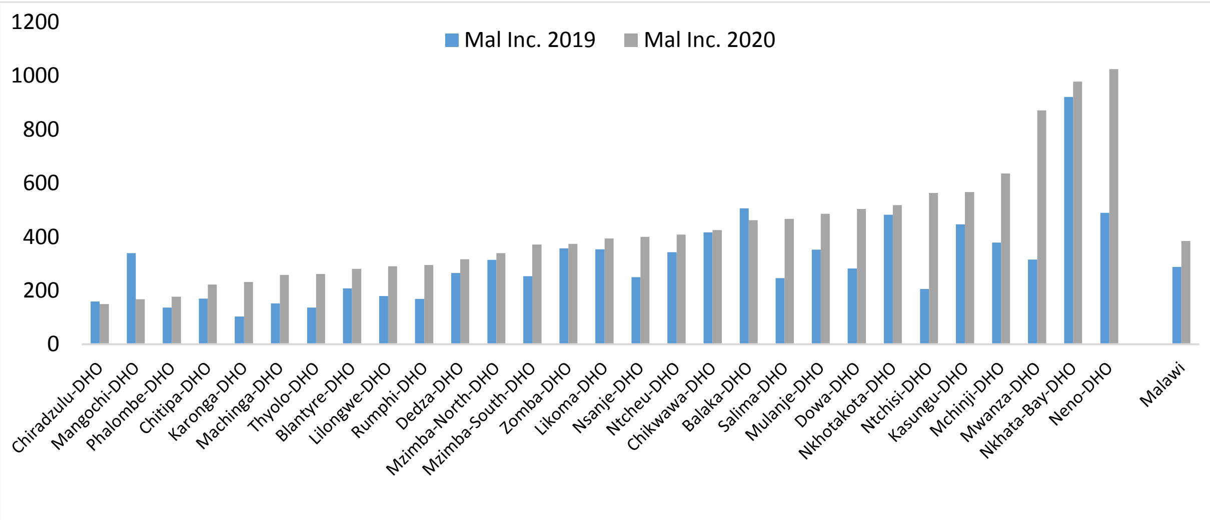
Malaria is endemic throughout Malawi and continues to be a major public health problem, the entire population lives in high malaria transmission areas. Approximately 36 percent of all outpatient visits and 15 percent of all hospitalizations are due to malaria. Malaria is also the leading cause of morbidity 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.

12.2.4.1 Progress on key Malaria indicators

The 2017/22 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. Nationally, the Malaria Incidence Rate (MIR) has consistently decreased in recent years albeit with district-level variations. Records from the DHIS II show a decrease in malaria cases from as high as 484 malaria cases per 1000 population in 2010 to 286 cases per 1000 in 2019, however in 2020 Malaria incidence increased to 393 per 1000 population due to the COVID-19 Pandemic. This could partly be due to change in practice that required all suspected COVID-19 cases at Health facilities to be tested. Due to the high Malaria prevalence in Malawi, the results of most of the people tested came out positive and were documented as Malaria cases even though they were asymptomatic Malaria Parasite Carriers.

At district level, the highest MIR was reported in Neno and Nkhata Bay districts at 1,025 and 979 per 1,000 population respectively and then Mwanza at 871, followed by Mchinji and Kasungu. The least affected district was Chiradzulu district, with 150 cases per 1,000 population. The distribution of incidence rates across Malawi in the period under review can be seen in Figure 12.7 below.

FIGURE 12. 7: MALARIA INCIDENCE RATE BY DISTRICT IN 2020



Source: Ministry of Health

Malawi has conducted four Malaria Indicator Surveys (MIS) in 2010, 2012, 2014 and 2017 that have recorded overall declining trends for anaemia and parasite prevalence among children less than five years of age. A substantial decrease in the prevalence of severe anaemia in this age group was noted between 2010 and 2017, from 12 percent (2010 MIS) in 2010 to 5 percent (2017 MIS) in 2017. In terms of malaria parasite prevalence, there has been an overall decrease from 43 percent in 2010 to 24 percent in 2017. Also, consistent with the decrease in the malaria incidence, the number of malaria-related deaths in Malawi has declined by 71 percent in recent years, from a peak of 59 deaths per 100,000 population in 2010 to 13 deaths per 100,000 population in 2020 (DHIS II, 2020). Another Malaria Indicator Survey for 2021 is currently underway that would help update these important Malaria Indicators.

12.2.4 COVID-19 Response

On 31 December 2019, the World Health Organization (WHO) was alerted of several cases of pneumonia of unknown cause detected in Wuhan City, Hubei Province of China. Later the disease was named Coronavirus disease-19 (COVID-19) and the virus was named SARS-COV2. Since the emergence of the outbreak in China, the health cluster closely monitored and followed-up the information of the disease. A series of prevention and control measures were conducted before the WHO declared COVID-19 a global pandemic on 12th March 2020. Soon after the pandemic announcement, the Government of Malawi declared a national disaster status and all relevant response pillars within the health cluster started the preparedness and response activities. Malawi registered the first cases of COVID-19 on 2nd April 2020 and the Public Health Emergency Operation Centre (PHEOC) was activated. The health cluster worked earnestly to prevent and contain the virus spreading since January 2020 and continued its efforts toward mitigation of the impact of COVID-19 in Malawi following the announcement of the first cases.

COVID-19 diagnostic services were expanded since the first positive case was registered. The number of COVID-19 testing sites had been increased to 211 by April 2021. A total of 1,246 health workers were specifically recruited to strengthen the COVID-19 response. A temporary COVID-19 field hospital was also established in Lilongwe while other infrastructure development activities happened in other hospitals to expand COVID-19 treatment capacity.

During the response to COVID-19 pandemic, Malawi's health system has come under strain in several areas including facility and community-based services. The need to continue the provision of other essential health services while responding to the pandemic required restructuring service provision to ensure that service provision is done in a manner that complies with public health measures for COVID-19 prevention. There was also need to continue other services so as to avoid losing the gains the country had made in improving population health. This was being done through outreach clinics, and longer medicines refill for people with chronic conditions.

12.2.6 Community Health Services

The Ministry of Health through Community Health Services Section (CHSS) in collaboration with its partners is currently implementing the first ever National Community Health Strategy (NCHS) 2017/22 and a National Acceleration Community Health Roadmap which depicts key strategy priorities for community health in Malawi. Since the commencement of the community health strategy in 2017, several achievements have been made to implement primary health care to achieve universal health coverage.

Key achievements in 2020 can be categorized into the development of standards and guiding documents for health workers, infrastructure and human resource investments, health information systems related investments, and direct support to communities.

For the development of standards and guiding documents, the ministry finalized the development of key documents to support services delivery including: Integrated Community Health Service Delivery Guidelines; integrated community health supervisory checklist; integrated community health defaulter tracing operational guide; integrated community health mentorship operational guide; and Operational Guide for community health response on COVID-19 pandemic.

For infrastructure and human resource investments, 4 health posts were constructed in hard-to-reach areas with support from partners. In order to close the community health worker gap, 1,500 additional health workers were recruited and 120 newly recruited health surveillance assistants were trained. Furthermore, to support community health workers in the discharge of their duties, the Ministry procured backpacks and motorcycles to ease transportation challenges.

In 2020, the Ministry renewed its focus for strengthening data collection at community level through the development of an integrated community health information system which will harmonize all community health data. In addition, community health registers were developed and rolled out for community health surveillance.

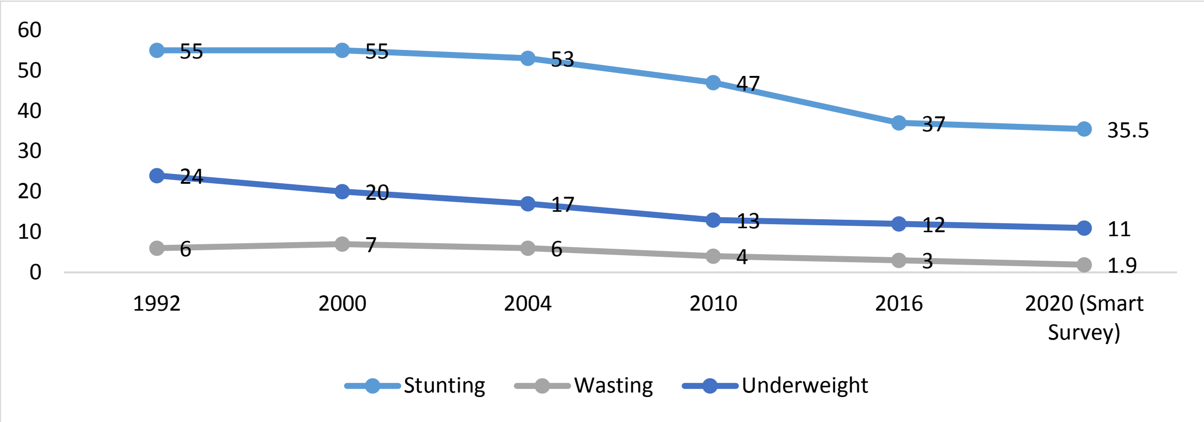
To support the COVID-19 response at community level, the Ministry developed the first ever Operational Guide for Community Health Workers in COVID-19 response in Malawi, printed 10,000 Operational Guides for Community Health Workers on COVID-19 Response and trained 9,000 HSAs across the country, developed and disseminated guidance on the management and safe burial of COVID-19 dead bodies and home management of persons with asymptomatic and mild COVID-19, community engagement of community COVID-19 response with the district councils and communities

In 2021, there are plans to scale up the implementation of the community health register, construct additional health posts and refurbish the three primary health care training centres, conduct preservice training for the newly recruited health surveillance assistants, recruit additional health surveillance assistants, implement the community health score card for accountability, and finalize the guidelines for community engagement on COVID-19 vaccine implementation among others.

12.2.7 Nutrition

Adequate nutrition throughout the lifecycle is the centrepiece for physical and intellectual development. Nutrition is a major determinant of one’s intellectual performance, academic, and professional achievements as well as overall work productivity at later stages. Malnutrition in all its forms remains a public health concern in Malawi despite the current strides being registered in reducing malnutrition. Additionally, the prevalence of overweight and obesity is growing in Malawi across all demographic groups.

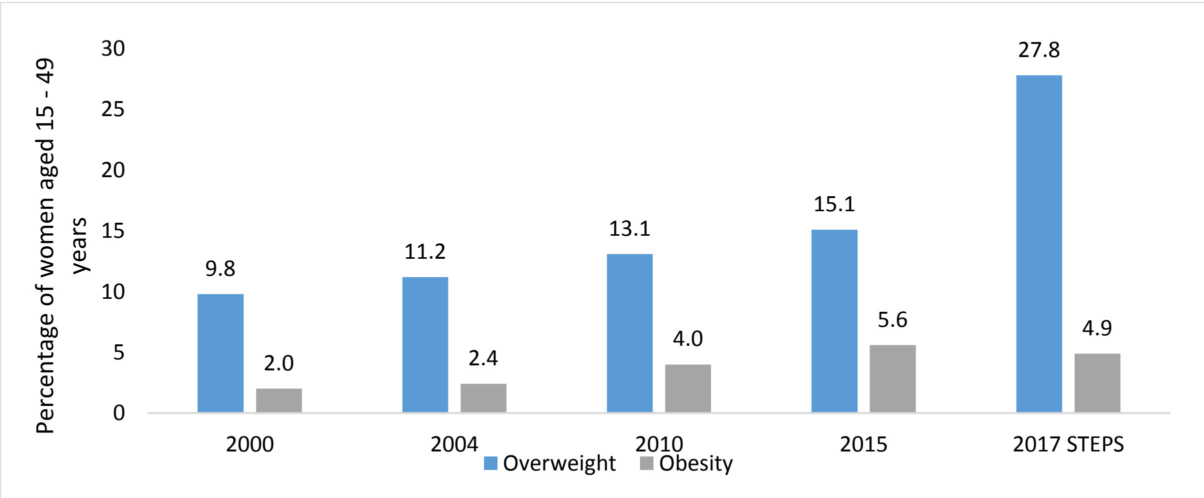
FIGURE 12. 8: GRAPH SHOWING TRENDS OF MALNUTRITION (STUNTING, UNDERWEIGHT AND WASTING)



Source: Ministry of Health

The figure above shows that there was reduction in all the three indicators, stunting, wasting and underweight from 37 percent to 35.5 percent, 12 percent to 11 percent and 3 percent to 1.9 percent in 2016 and 2020 respectively. For wasting, Malawi has met the WHO target of less than 3 percent, for stunting the reduction rate is less likely to meet the target by 2025.

FIGURE 12. 9: GRAPH SHOWING TRENDS OF OVERWEIGHT AND OBESITY

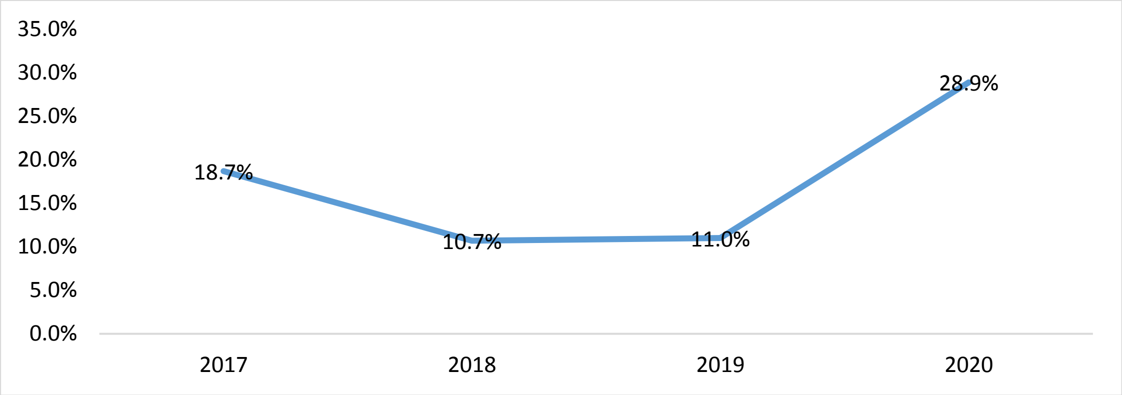


Source: Ministry of Health

Obesity has been on the rise since 2010 among women of reproductive age group (WRA). Presumably there is a reduction in prevalence of high BMI (>=25 or >=30) among women, however there is a significant increase in overweight among WRA compared to 2015 data.

The figure 12.10 below shows that Infant Young Child Feeding practices for children aged 6 – 23 months who consumed four or more food groups increased from 11 percent in 2019 to 30 percent in 2020. This means that more children are meeting the minimum acceptable diet.

FIGURE 12.10: MINIMUM ACCEPTABLE DIETS



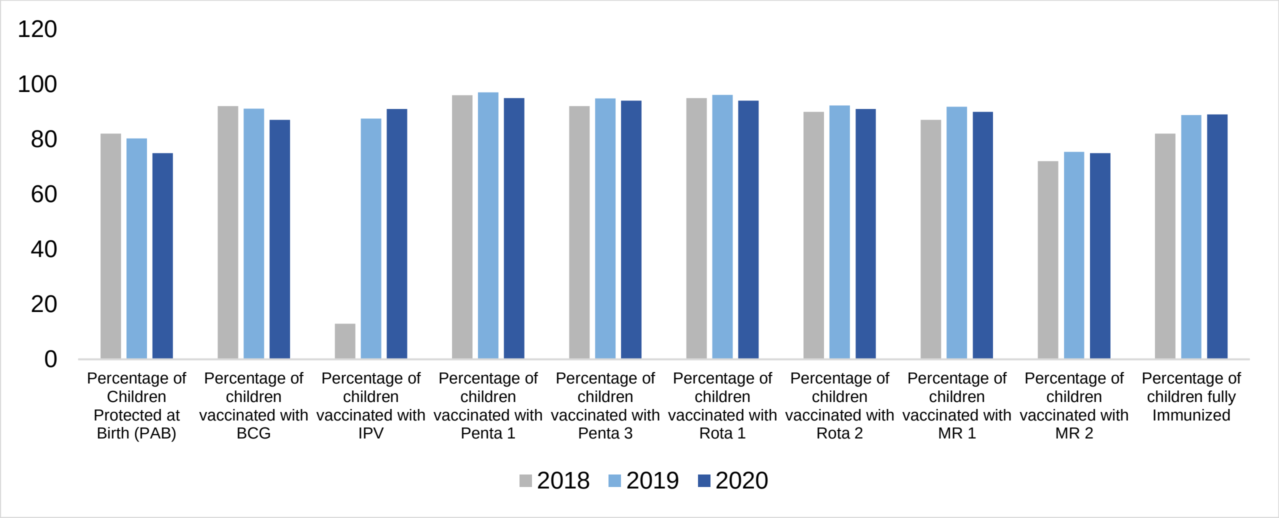
Source: Smart Survey Reports

The reduction in some of nutrition indicators are largely due to an effective multisector nutrition response, emphasis on behavioural change interventions, scale up of nutrition interventions in all communities and strengthened community participation and empowerment. However, the increase in overweight and obesity among WRA could be due to sedentary lifestyle and lack of exercises.

12.2.8 Vaccine Preventable Diseases

To reduce the incidence of vaccine preventable diseases, immunization rates must be high. The goal of the ministry is to consistently improve vaccine coverage rates with annual targets above 90 percent for all vaccines. The target coverage for all antigens administered to the under-2 population is 90 percent except for Measles Rubella first dose which is 85 percent and second dose which is 81 percent. From figure 12.11, coverage for all antigens was above the set target by the end of 2020. However, some antigens were just exactly at the cut-off point namely MR 1 and ROTA 2 while MR2 was below the target of 81 percent.

FIGURE 12.11: VACCINE COVERAGE TRENDS



Source: Ministry of Health

12.3 Health Systems

12.3.1 Health Infrastructure Development

The MoH aims to ensure that all Malawians have access to a well-equipped and well stocked public health facility within 8km radius of their residence. To ensure this, the Ministry continues to construct additional health facilities. This section presents progress on health infrastructure projects being implemented by the MoH.

12.3.1.1 Construction of Field Hospitals

Due to the advent of COVID-19, the MoH set up COVID-19 Field Hospitals to help manage the pandemic specifically during the second wave. In Lilongwe, the MoH converted part of the Bingu National Stadium (BNS) into a 300-bed capacity COVID-19 Field Hospital. The BNS COVID-19 field hospital was managed by Kamuzu Central Hospital. When the cases started declining, the field hospital was used as a vaccination centre.

In Blantyre, the field hospital was set up at the QECH grounds and was also being used as vaccination centre. The works at QECH included the renovation of the 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 was managed by the Zomba Central Hospital in conjunction with the Zomba District Management team and was also being used as a vaccination centre.

The works in Mzuzu are progressing, with all the slabs cast and ablution facilities super structure at roofing level. The phase one of the project includes the slabs that will hold tents. Preparation for phase two is still underway. In this phase, the actual construction of the wards will be done. The project was delayed due to adverse weather but also contractor’s slowness.

12.3.1.2 Rehabilitation of Isolation Wards in the District Hospitals

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

12.3.1.3 Construction of Phalombe District Hospital

Construction of a 250 bed Phalombe District Hospital commenced in May 2017 and was expected to be completed by September 2019. As of March, 2021, the civil works of the project were at over 95 percent completion rate. In addition, equipment delivery and installation was over 70 percent. The progress during the first year of implementation was affected by delays in disbursement of funds by the project co-financiers, Saudi Fund and BADEA. These delays affected completion timelines which have been revised to May, 2021.

12.3.1.4 Construction of the National Cancer Treatment Centre

The construction of the first ever National Cancer Treatment Centre at Kamuzu Central Hospital, which commenced in February 2017, stalled in the 2019/20 and 2020/21 financial year because of lack of capacity on the part of the initially recruited consultant to design and supervise the construction of the bunkers. The phase I of the project which was expected to be completed by September, 2019 registered 95 percent completion rate as of March, 2021. This phase comprised of two brachytherapy bunkers, two radiotherapy bunkers, chemotherapy suite, administration block, consulting block, 3 wards and other supporting amenities. However, construction of radiotherapy and brachytherapy bunkers is expected to commence and be completed in the 2021/22 FY. As of April 2021, the process of recruiting a new consultant was in progress. The phase I of the project will be fully completed in 2021/22 financial year. The second phase will comprise the following;

i. Construction and equipping of a nuclear medicine block
ii. Construction and equipping an imaging block. Imaging equipment to include MRI, CT machine, intervention radiography equipment, general radiography equipment, ultrasound, mammography
iii. Construction of waiting hostels
iv. Construction of the state-of-the-art laboratory
v. Construction of a theatre

12.3.1.5 Construction of Domasi Community Hospital

Construction of Domasi Community Hospital re-commenced during the first half of the 2017/18 financial year. Project progress as of March, 2021 was at slightly over 70 percent and the project is expected to be completed by December, 2021. The completion of Domasi Community Hospital project has delayed due to intermittent funding. The project has cost overruns which have led to proposed 40 percent contract sum adjustments which were being reviewed by Treasury and PPDA.

12.3.1.6 Construction of Ngolingoliwa Health Centre in Thyolo

The project involves the construction of different structures such as Maternity and OPD and five staff houses amongst other structures. The staff houses have been roofed and part of the main hospital. The project was expected to be completed in the 2020/21 FY. The project slowed down due to COVID-19 and intermittent funding from Treasury. The project is expected to be completed in the 2021/22 FY.

12.3.1.7 Construction and Rehabilitation of Health Centres under Malawi Floods Emergency Recovery Project (MFERP)

The MoHP with support from the World Bank under the MFERP in August 2017 commenced the construction of Osiyana Health Centre in Nsanje and Thuchira Health Centre in Mulanje. Construction of both Thuchira and Osiyana was completed. The Health Centres are operational, and more equipment was delivered to the Health Centres in the 2020/21 financial year.

12.3.1.8 Construction of Health Centres and Staff Houses Under Health Services Joint Fund

The MoH with support from the Health Services Joint Fund (HSJF) continue the construction of health centres and staff houses across the country. These projects were initially being funded through the MoH's Development budget but stalled in 2012 following donor withdraw of budgetary support. As of March 2021, works were in progress at Area 23 health centre in Lilongwe, Khwisa health centre in Balaka, Chikapa health centre in Blantyre and Nancholi health centre in Blantyre. Chilanga Health Centre in Zomba, staff houses at Lisungwi community hospital and Luwani health centre have been completed and handed over while works on staff houses in Thyolo, Phalombe and Chikwawa are on-going and expected to be completed by June 2021.

The Motion 2 of the HSJF which is expected to commence in June 2021, subject to enough resource envelope, will see new construction and completion of health facilities and other structures in the 2021/22 FY. These are 10 Health Centres, 34 Umoyo Houses in 14 sites, 10 flats in 5 Central Hospitals and isolation blocks in 3 sites.

12.3.1.9 Rehabilitation and Construction of Health Centres

In the period under review, the MoH with support from KFW, commenced the rehabilitation of 12 health centres in the Northern region. The sites comprise Mzuzu, Kaweche and Bwengu Health Centres, Bolero and Katowo Community Hospitals, Madede and Kafukule Health Centres, Luzi, Ngo'nga and Chitimba Health Centres, Wenya and Ifumbo Health Centres. The projects were expected to be completed during the 2020/21 financial year. However, as of March 2021, progress was on average slightly above 70 percent. Progress stalled in most project sites due to contractor's slowness.

12.4 Medical Equipment

The MoHP with financial support from the HSJF is in the process of procuring USD59 million worth of essential medical equipment to be distributed to 73 health facilities. In addition to procurement of medical equipment, the HSJF is going to provide financial support to service contracts for radiology and other pieces of major equipment. In this regard maintenance of medical equipment will be done in a timely manner. This will ensure that there is less down time for the equipment thus leading to continuous health service delivery.

12.5 Human Resources

12.5.1 Recruitment

Pre-service training institutions are the primary source of recruitment for the MoHP. During the period under review, the MoHP recruited 1,246 health workers using GoM funding and Global Fund resources. Table 12.3 below shows the breakdown of the recruitment figures.

TABLE 12.3: RECRUITMENT FIGURES FROM GOVERNMENT FUNDS AND GLOBAL FUND

POSITIONS	GOVERNMENT	GLOBAL FUND
Snr Medical Officer	50	38
Clinical Psychologist	0	0
Clinical Officer	38	0
Clinical Technician	5	26
Nursing Officer	60	56
Nurse Midwife Technician	150	220
Health Education Promotion Officer	0	0
Environmental Health Officer	25	0
Assistant Environmental Health Officer	29	20
Biomedical Engineer	0	13
Laboratory Officer	28	0
Laboratory Technicians	15	60
Pharmacist	29	0
Pharmacy Technicians	25	5
Pharmacy Assistants	10	0
Biomedical Engineer	0	0
Biomedical Engineering Tech	0	3
Radiographer	2	
Radiography Technician	5	
Physiotherapist	24	0
Audiology Technician	8	0
Social Worker	0	7
Assistant Social Worker	0	7
Assistant Psychosocial Worker	0	2
Assistant Rehabilitation Officer	0	0
Dental Surgeon	7	
Dental Technician	0	0
Optometrist	0	4
Ophthalmic Technician	0	5
Clinical Dietician	7	
Clinical Technician (Optometry)	0	4
Clinical Technician (Anesthesia)	0	2
Community Midwife Nurse	0	
Ward Clerks	50	0
Hospital Attendant	30	60
Porter	0	60
Ground Laborer	0	57
	597	**649**

Source: Ministry of Health

12.6 Implementation Challenges

The following key challenges were encountered during implementation. COVID-19 affected the provision of services at all levels of service delivery and particularly at community level. This in turn affected key performance indicators in service delivery. The pandemic also affected the implementation of planned programmatic activities including training, supervision, and mentorship activities. Furthermore, travel restrictions led to procurement delays for critical equipment, supplies and Pharmaceuticals.

12.7 2021 Outlook

With the lessons learnt from 2020, there will be a renewed focus on the continuity of services during the pandemic. This will entail intensified community engagement to promote health seeking behaviours despite the pandemic, strengthened supply chain forecasting and monitoring to avoid stock outs of essential commodities, and strengthened Human Resource capacity among others.

12. 8 Performance in Nutrition

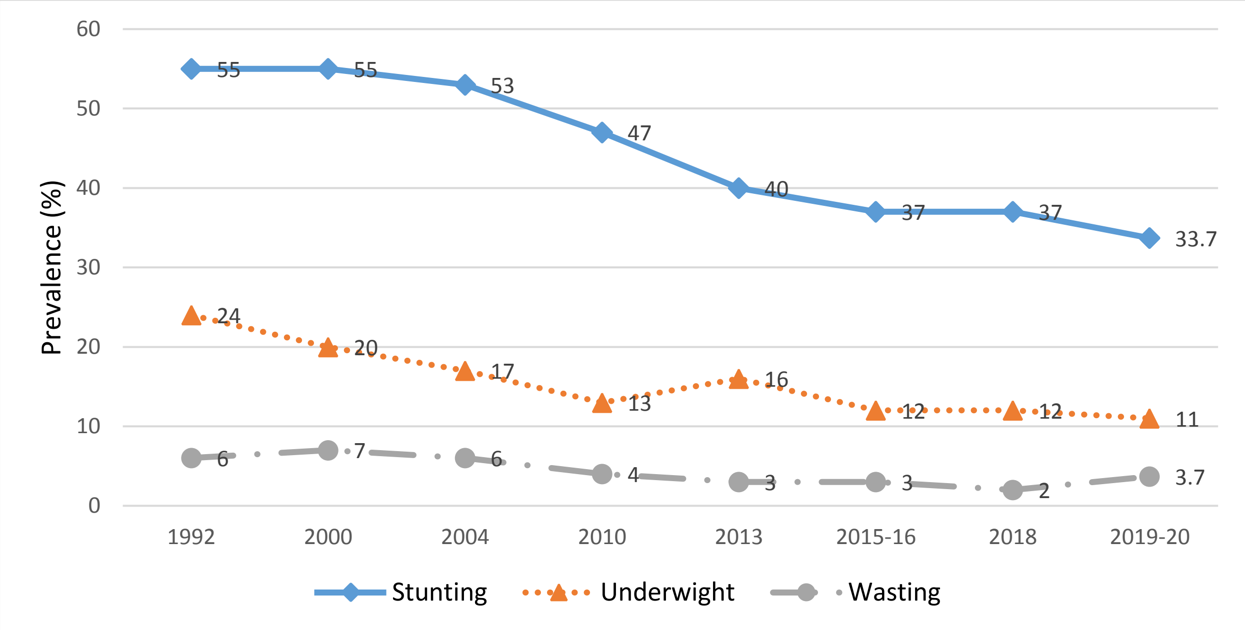
The Department of Nutrition, HIV and AIDS (DNHA) is responsible for provision of oversight, strategic leadership, policy direction, coordination, resource mobilization, capacity building, quality control and monitoring and evaluation of the national nutrition response. The Department coordinates the implementation of all nutrition interventions in the country. National response to nutrition involving Government, non-state actors, donors and other stakeholders has for more than a decade focused on increasing investment in nutrition within a multi-sector programming framework and this has resulted in improvements in several nutrition outcomes.

One of the key determinants of labour productivity of a country is its citizen's nutrition status. Therefore, nutrition plays an important role in the social and economic development of the country. Recognizing this, Government has mainstreamed nutrition across all the Malawi Growth and Development Strategy III (MGDS III) key priority areas.

12.8.1 Levels of Undernutrition

Management of undernutrition has shown tremendous positive changes in the country. Malawi has reduced the rate of undernutrition, especially in under-five children. According to the Integrated Household Survey 5 (IHS5) conducted from April 2019 to June 2020, stunting has reduced from 37 percent in 2016 to 33.7 percent in 2019, representing a 4.3 percent reduction. However, the Standardized Monitoring and Assessment of Relief and Transitions (SMART) survey, conducted in December 2020 revealed an increase in the proportion of underweight children from 8.9 percent to 11 percent. A similar assessment in 2018 also found that the proportion of underweight children to be at 11.8 percent. The general trend, however, shows that the prevalence of stunting and underweight has decreased markedly since 1992, with the greatest decrease in stunting recorded between 2010 (47 percent) and 2015-16 (37 percent). However, during the same period, changes in the prevalence of wasting and overweight have been insignificant. About 3.7 percent of children aged 0 to 59 months in 2019/20 were wasted a rise of 1.7 percent from 2 percent in 2018. High prevalence of wasting was recorded in rural areas (1.3 percent) compared to urban areas (0.7 percent). See Figure 12.12 below for more information.

FIGURE 12.12: STUNTING, UNDERWEIGHT AND WASTING IN UNDER FIVE CHILDREN



Source: DHS, IHS5

12.8.2 Child Overweight and Obesity

Prevalence of overweight has gone down among children under five years of age. In 2004, the prevalence of overweight under five children was 9 percent, and it reduced to 8 percent in 2010 and further reduced to 5 percent in 2015-16 (MDHS 2015-16). The 2019-20 SMART survey further revealed that overweight has further gone down from 3.7 percent in 2019 to 1.2 per cent in 2020.

12.8.3 Infant and Young Child Feeding Practices

Exclusive breastfeeding among children under 6 months increased from 4 percent in 1992 to 44 percent in 2000 and 72 percent in 2010. However, between 2010 and 2016, the percentage of exclusive breastfeeding had fallen by 11 percentage points (61 percent).

In 2010, proportion of children who meet a minimum dietary diversity requirement was 27.9 percent before dropping to 22.9 percent in 2015 and then slightly increasing to 23.3 percent in 2018. The share of children who met the minimum meal frequency requirements dropped from 55.9 percent in 2010 to 29.2 percent in 2015. About 29 percent of the children aged 6 to 23 months were able to meet the minimum requirements for diet, up from 11 percent and 10.7 percent in 2019 and 2018, respectively. While dietary diversity has improved, the indicator is largely influenced by the frequency of feeding. Diets remain limited in animal source foods. The diet comprised of cereals, roots, and tubers (96.8 percent), other vegetables (61.6 percent), and vitamin A-rich fruits (44.2 percent), with low consumption of animal source foods such as milk and milk products (7.6 percent), and eggs (4.2 percent). Among adolescents and adults, very little change has occurred in their nutritional status. About 5 percent of the adolescents were overweight and 3 percent are underweight. Using MUAC, 1.8 percent of pregnant and lactating women surveyed were acutely malnourished.

12.8.4 Challenges and Lessons Learnt in Implementing the Nutrition Programme

12.8.4.1 Challenges in Implementing the Nutrition Programme

A number of challenges were faced in implementing the nutrition programmes in the 2020/21 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. Non-vibrant NNIS system for reporting and monitoring nutrition activities.

iv. COVID-19 had a huge impact on the implementation of nutrition interventions.

12.8.4.2 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.

12.8.4.4 Targeted Nutrition Performance for 2021 and 2022

The National Multi-Sector Nutrition Strategic Plan 2018-2022 outlines performance targets relating to nutrition. Table 12.4 gives a summary of performance targets for 2021 and 2022 as outlined in the strategic plan.

TABLE 12.4: 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, youth, sports and skills development for the period July 2020 to June 2021 and projections for 2022.

13.2 Skills Development

During this year, Government continued its plan to expand access to TEVET skills by establishing 28 Community Colleges in the 28 districts of the country. So far 16 Community Colleges have been established and are operational, while construction works are at an advanced stage in six more districts of Nkhotakota, Nkhatabay, Chiradzulu, Rumphi, Thyolo and Machinga, which will be finalised in the next financial year. About 3,300 learners were enrolled in the Community Technical Colleges while 5,008 students were enrolled in the seven National Technical Colleges.

Government with support from the People's Republic of China has also almost completed construction of five Community Technical Colleges namely: Sakata in Zomba, Chitambi in Mulanje, Tengani in Nsanje, Ntonda in Ntcheu and Kavinkhama in Mzimba.

The Government is also planning to expand and rehabilitate the seven existing National Technical Colleges so as to increase access to technical and vocational training. The colleges that are planned to be expanded are as follows: Soche, Nasawa, Lilongwe, Salima, Livingstonia, Namitete and Mzuzu Technical Colleges.

13.3 Trade Testing Services

In ensuring students are accredited with the right qualifications, a total of 11,026 students were tested during the financial year. Table 13.1 below shows the total number of candidates that were tested of which about 60 percent passed the examinations. Of the total number who passed the examinations, 30 percent of them were females.

TABLE 13.1: TEVET EXAMINATIONS CANDIDATURE 2020-2021 FISCAL YEAR

CANDIDATURE	MALE	FEMALE	TOTAL
Tested	**6947**	**4079**	**11026**
Passed	4631	1984	6615
Failed	2316	2095	4411

Source: Ministry of Labour

In an effort to ensure skills quality assurance, Government set up an Assessment and Certification Unit which is an interim arrangement for TEVET Certification Awarding Board. The unit is responsible for all examinations under technical education. However, this unit will be restructured into TEVET Certification Awarding Board. Furthermore, to improve availability and accessibility of technical education information, Government has developed Technical Management Information System (TMIS) and the system will be fully operational in the coming fiscal 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 1,210 labour inspections were conducted across the country. As shown in Table 13.2 below, most of these inspections (61.49 percent) were Routine Inspections followed by Complaint Inspections (18.35 percent). There were less differences observed between the number of Complaint and Follow-up Inspections. However, the least (2.48 percent) inspections were conducted in Special type of inspections.

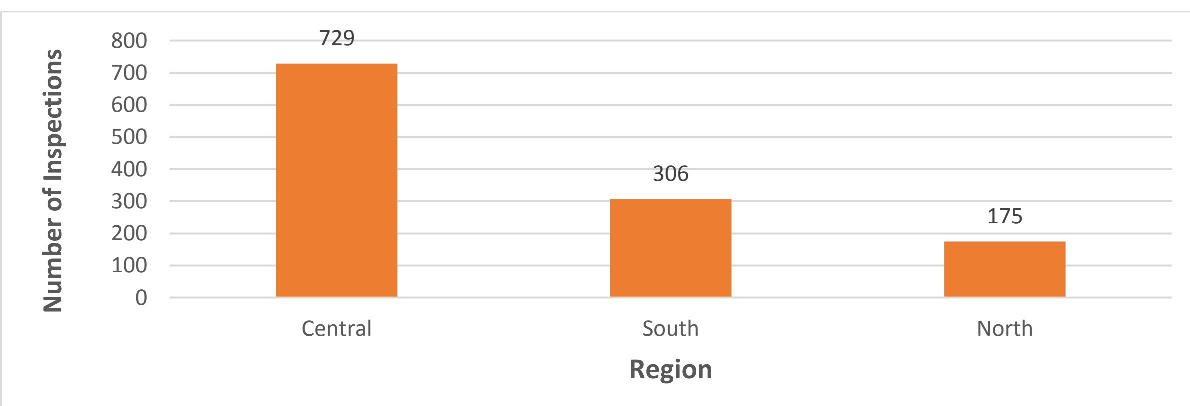
TABLE 13.2: NUMBER OF LABOUR INSPECTIONS CONDUCTED IN 2020/21 FY

LABOUR INSPECTIONS	TOTAL (%)
All Inspections	**1210 (100.00)**
Routine	744 (61.49)
Complaint	222 (18.35)
Follow-up	218 (18.02)
Special	30 (2.48)

Source: Ministry of Labour

Figure 13.1 shows the distribution of all labour inspections by administrative regions of the country. According to the figure, most (729) of all labour inspections were conducted in Central region, followed by Southern region and the least (175) were in Northern region.

FIGURE 13.1: DISTRIBUTION OF LABOUR INSPECTIONS BY REGIONS OF THE COUNTRY



Source: Ministry of Labour

13.4.2 Labour Complaints and Prosecutions

The Ministry is also responsible for handling labour complaints which is part of the 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).

Table 13.3 below shows all labour complaints cases which were in action during the period under review. According to the Table, a total of 78,620 cases were in action during the period under review, of which the least (14.81 percent) were registered in 2020/21 fiscal year, while the rest were brought forward from the previous year. Out of all cases in action, few (11.27 percent) cases were closed while most of them were still outstanding. As expected, most of the cases closed were settled at labour office level where it was reported without referring them to International Relations Court (IRC) and other offices. Finally, the sum of MK106.4 million was claimed and paid out to the employees for the various complaints received.

TABLE 13.3: LABOUR COMPLAINTS REGISTERED AND SETTLED

Cases of Labour Complaints	**Total (%)**
All Complaints in action	78,620 (100.00)
Case Registration Period	
Registered in 2020/2021 only	11,645 (14.81)
From previous year	66,975 (85.19)
Case Complete	
Cases closed	8,858 (11.27)
Cases Settled	5,952 (7.57)
Referred to IRC	1,420 (1.81)
Referred to other offices	1,486 (1.89)
Cases Outstanding	69,762 (88.73)

Source: Ministry of Labour

13.4.3 Labour Disputes

The 1996 Labour Relations Act CAP 54:01 defines a dispute as any difference between an employer's organization and employees or a trade union as to the employment or conditions of labour or work done or to be done of any person or generally regarding the social or economic interest of employees. Table 13.4 below provides a summary on number of labour disputes registered during the period under review.

TABLE 13.4: LABOUR DISPUTES REGISTERED IN 2019-2020

DISTRICT	**LABOUR DISPUTES REGISTERED**		
	Total	**Due to wages**	**General conditions**
Overall	**102 (100.00%)**	**57 (55.8%)**	**45 (44.12%)**
Lilongwe	63 (61.76%)	32 (31.37%)	31 (30.39%)
Zomba	33 (32.35%)	20 (19.61%)	13 (12.75%)
Kasungu	3 (2.94%)	3 (2.94%)	0 (0.00%)
Thyolo	2 (1.96%)	2 (1.96%)	0 (0.00%)
Ntcheu	1 (0.98%)	0 (0.00%)	1 (0.98%)

Source: Ministry of Labour

On labour disputes, four districts reported to have registered labour disputes and most of these disputes were due to wages. More than half (61.76 percent) of all labour disputes were reported in Lilongwe. This was expected as Lilongwe being a capital city has many work places and disputes are expected in those workplaces. Table 13.5 shows workers involved in labour disputes and time lost.

TABLE 13.5: WORKERS INVOLVED IN LABOUR DISPUTES REGISTERED IN 2020/21 AND TIME LOST

District	Number of workers involved	Man days lost	Man hours lost
Overall	**737**	**3146**	**25168**
Kasungu	433	8	**64**
Lilongwe	179	138	**1104**
Ntcheu	125	3000	**24000**
Thyolo	0	0	**0**
Zomba	0	0	**0**

Source: Ministry of Labour

13.4.4 Employment Services

The Ministry is also mandated to facilitate job creation initiatives. During the period under review, the Ministry embarked on a job creation programme in a more focussed manner. This is in recognition that the economy has enormous potential to create a lot of jobs if certain policy actions and incentives are implemented. Some of the economic sectors that have this enormous potential include agriculture, mining, tourism, manufacturing and ICT. In order to streamline the implementation of this programme, Government has developed a National Job Creation Strategy which will contribute to a coordinated implementation of the programme. The formulation of the strategy followed a consultative process with key stakeholders in the public and private sector.

In order to provide work integrated experience and employable skills to the youth graduates in the country, the Ministry started implementing the Graduate Internship Program in 2018/19 financial year. In the first year of the program, 4,000 interns were engaged of which 3,100 interns were readmitted into 2019/20 program. In the 2019/20 fiscal year, 1,300 interns were recruited as new cohort. In the 2020/21 fiscal year, 3,121 interns were carried over from the previous program. Currently the ministry has 3,008 interns and 977 interns have just been recruited as the third cohort which will be engaged from April 2021 until March 2022 in line with the new Government financial year.

The Ministry is also committed to ensure implementation of the Decent Work Country Programme which is premised on four pillars such as employment creation, rights at work, social security and social dialogue. Decent Work Country Programme is an international approach of implementing labour and employment programs so as to achieve sustainable development goal number eight which is about promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

13.4.5 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.

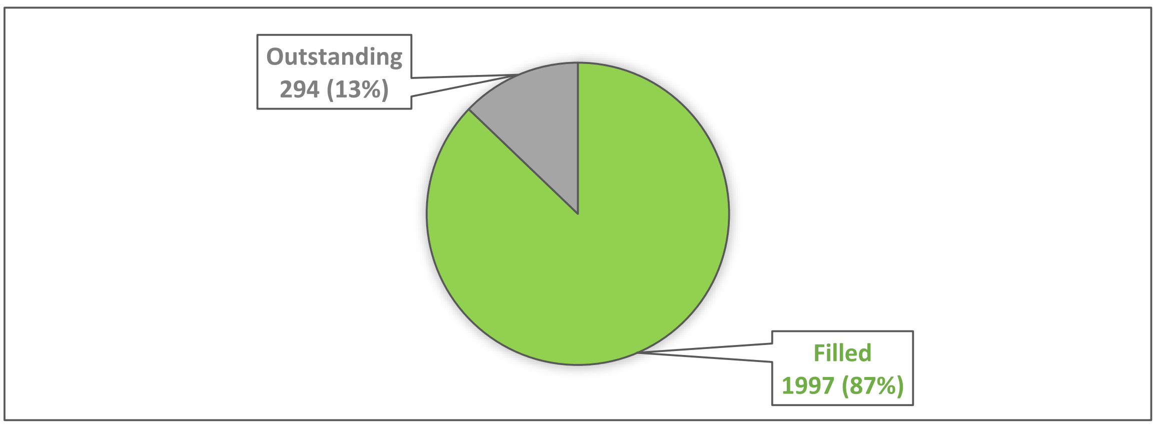
13.4.5.1 Job Seekers and Placements

During 2020/21, a total of 4,850 job seekers were registered in labour offices across the country. More than half (56 percent) of all registered job seekers were placed in various workplaces to work. Although this was the case, a significant number of job seekers were not placed during the period under review.

13.4.5.2 Vacancies Registration and Placements

A total of 2,291 vacancies were registered during the period under review. Moreover, most (87 percent) of the vacancies registered were filled as shown in Figure 13.2 below.

FIGURE 13.2: TOTAL VACANCIES FILLED AND OUTSTANDING IN 2020/21 FY



Source: Ministry of Labour

13.4.6 Labour Market Information System and Job Portals

Government also recognises the importance of ensuring improved availability of labour market information to facilitate evidence-based decision-making. Government also recognises the issues of information gaps between employers and the labour force. To address this problem, Government established the Labour Market Information System which will be operational in the forth coming year. Related to this, Government is also developing job portals beginning with the four cities and then the municipalities. The establishment of the job portals will help job seekers to register as well as help employers to register vacancies and search for suitable candidates to recruit electronically. The portals will complement the Labour Market Information System to assist job seekers and businesses make informed decisions and choices.

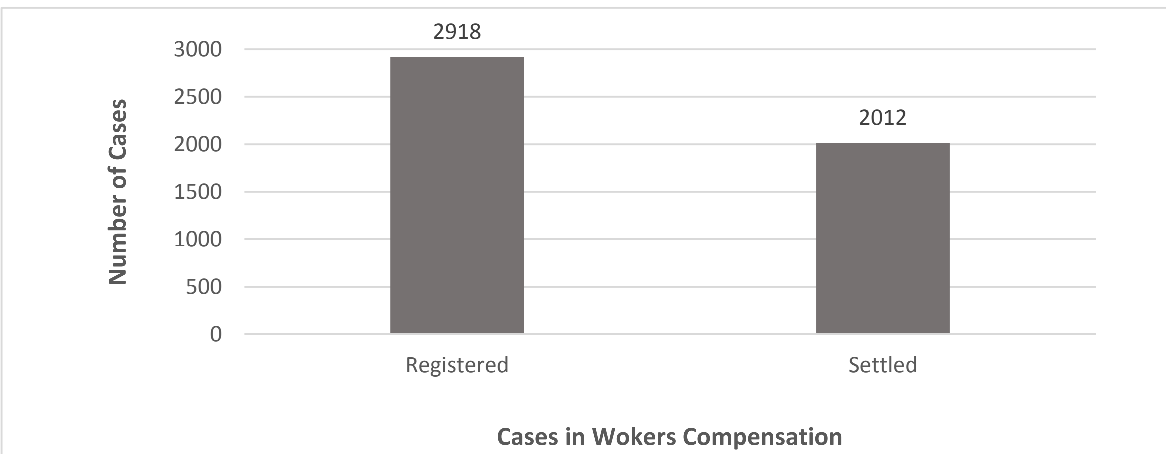
13.4.7 Occupational Safety, Health and Welfare

Government has the responsibility of ensuring safety at all workplaces in the economy. It is fully recognized that injuries and deaths arising due to workplace accidents affect the economy negatively. In order to improve safety at workplaces, Government is reviewing the Occupational Safety Health and Welfare (OSHW) Act. Government was also in the process of developing Occupational Safety, Health and Welfare Policy whose implementation would contribute to improved coordination in the implementation of OSHW related activities.

13.4.8 Employment Injury and Workers Compensation

The Ministry is responsible for facilitating payment of compensations for injuries resulting from work related accidents. As shown in Figure 13.3 below, during the period under review, a total of 2,918 workers' compensation cases were registered, of which 2,012 were settled representing 69 percent.

FIGURE 13.3: WORKERS' COMPENSATION CASES REGISTERED AND SETTLED



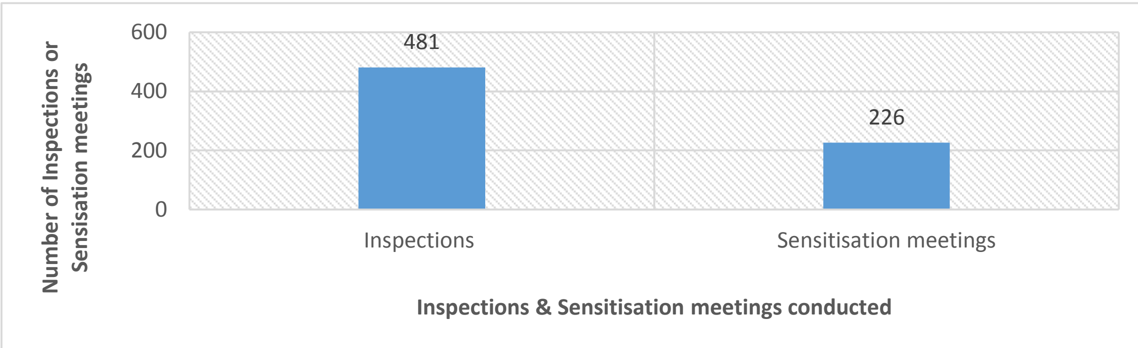
Source: Ministry of Labour

With regard to actual payment, the Ministry facilitated payment of MK417.4 million as compensation for 340 cases. In order to speed up workers' compensation payments and to guarantee availability of funds, the Ministry was developing a Workers Compensation Fund (WCF). This would reduce financial burden to the Government as well as private sector. Government has drafted regulations for guiding the delivery of workers' compensation services.

13.4.9 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 sensitisation campaigns. Figure 13.4 below shows the number of inspections and sensitisation meetings conducted in child labour during 2020/21 fiscal year.

FIGURE 13.4: NUMBER OF INSPECTIONS AND SENSITISATION MEETINGS CONDUCTED IN 2020/21 FY



Source: Ministry of Labour

As shown in Figure 13.4 above, more (481) inspections were conducted across the country on child labour as compared to sensitization meetings. Through the inspections, 760 children were identified to be in child labour, of which most (72.76 percent) were withdrawn from the practice as indicated in Table 13.6 below. From those that were withdrawn, many (31.71 percent) were sent back to school, few (8.16 percent) reunited with their families and very few (1.45 percent) were placed on other rehabilitation measures.

TABLE 13.6: NUMBER OF CHILDREN IDENTIFIED IN CHILD LABOUR AND ACTIONS TAKEN DURING 2020/21 FY

Children in Child Labour	Total (%)
Identified	760 (100.00)
Withdrawn	553 (72.76)
Sent back to school	241 (31.71)
Repatriated	62 (8.16)
Placed on other rehabilitation measures	11 (1.45)

Source: Ministry of Labour

The Ministry is committed to implement the National Action Plan on Elimination of Child Labour and the draft Child Labour Policy. The Ministry further plans to intensify its effort towards prevention, withdrawal and rehabilitation of children engaged in child labour in the country. This will include conducting child labour inspections in all workplaces. Government will also strengthen reintegration of ex child labourers so that they are united with their communities.

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 very 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 both an opportunity and a challenge. The youth budge is an opportunity as the youth are critical agents for positive socio-economic change if appropriate investments are made to unleash their power to innovate and become productive citizens for national development. However, if proper investments are not made, the youth can easily become agents of violence and other criminal activities if they are disillusioned by economic and political circumstances or are unemployed and have no hope for the future. In the period under review, the Ministry of Youth & Sports through the Department of Youth achieved the following:

i. The Ministry undertook the process of developing a costed National Youth Investment Plan that builds on Malawi's existing youth-focused strategies, policies and efforts aimed at addressing prioritization of interventions and rational allocation of resources taking into account the existing gaps between the costs of the proposed set of interventions, strategies and the available resources. A consultant was recruited to facilitate the process of development of the Youth Investment Strategy.
ii. The Ministry rolled out the Adolescent Girls and Young Women (AGYW) programme in 12 districts of Mulanje, Chikwawa, Machinga, Chiradzulu, Balaka, Phalombe, Ntcheu, Dedza, Salima, Kasungu, Mzimba North and Mzimba South through establishment of structures and mechanisms for referrals and linkages. In addition, the AGYW's minimum package of services was developed and endorsed in collaboration with key Government institutions.
iii. Following the reopening of formal schooling after closure due to the COVID-19 pandemic, the Ministry rolled out the Out of School Youth Functional Literacy Programme. During the review period, the programme enrolled over 5,000 adolescent girls and boys in 174 learning centres in Nkhatabay, Nkhotakota, Salima, Dedza, Mangochi, Machinga, Thyolo, Chikwawa and Nsanje districts and created job opportunities for 189 young people as instructors, supervisors and coordinators.
iv. The Generation Unlimited – Youth Innovation Challenge supports innovative solutions in the broad areas of education, health, employment, political and civic participation/engagement and environmental management among the youth. Thus far, the Ministry of Youth and Sports rolled out the Challenge in Chitipa, Nkhotakota, Machinga and Nsanje districts and to date it sub-granted MK40 million to 16 youth groups to implement various projects (MK 2.5 million per group) for a period of 9 months.
v. In collaboration with the United Nations Population Fund (UNFPA) and Malawi Girl Guide Association, with the financial support of NORAD, the Ministry implemented a project called ***"Reaching those most left behind through Comprehensive Sexuality Education (CSE) for out of school young people"*** in a three-phased approach. The aim is to empower adolescents and young people from Young People Living with HIV (YPLHIV) and Youth with Disabilities (YWDs) to develop requisite skills and

capabilities to enable them make informed choices about their sexual and reproductive health and rights, and well-being.

vi. In the period under report, the Ministry undertook a mapping exercise to assess stakeholders and service providers in six districts that are programming for Young People Living with HIV (YPLHIV) and Young with Disability (YWD) in Malawi. A total of 172 (110 male and 62 female) gatekeepers and parents at national and district levels were engaged with the aim of exploring strategies towards protection of YPLHIV and YWDs. Under the same programme, the Ministry of Youth and Sports engaged 7,931 (2,580 male, 5,351 female) YPLHIV in the iCAN package for CSE as well as the College of Medicine (Health and Reproductive Section) to undertake an 'Implementation research on the appropriateness, feasibility, acceptability, and effectiveness of approaches to train and support facilitators to deliver Comprehensive Sexuality Education to Young People with Disabilities and Young People Living with HIV in out-of-school settings.'

vii. The Ministry has continued to implement the Jobs for Youth (J4Y) Project with support from the African Development Bank (AfDB). The overall goal of the Project is to economically empower young women and men for improved employability in decent work and sustainable entrepreneurship in Malawi. The Project three components, namely: Entrepreneurship Education and Sustainable Enterprises Development; Skills Development for Employability; and Institutional Support and Project Management. The Project focuses on four targeted sectors, namely Agriculture, Manufacturing, ICT and Small-scale Mining. In the year under review, the project has enrolled 1,323 incubates in the incubation program and placed them in the eight business incubation centres namely; M-hub, SOS, Nthanthwe farm and Dapp Mikolongwe, Malawi University of Science and Technology (MUST), Mzuzu University, The Polytechnic and Lilongwe University of Agriculture and Natural Resources (LUANAR) following the departure of 975 incubates by end of December, 2020. To-date 2,298 incubates (1,432 males and 866 females) were enrolled on the incubation programme. It also commenced the procurement process for the start-up equipment needs for 71 promising graduate business incubates and procured learning materials and equipment to LUANAR and the Polytechnic business centres. It continued the internship program by recruiting 901 interns of and placing them in the host organizations with the majority (886) of these placed by TEVETA and ECAM.

13.7 Sports Development

Sports is one crucial area for youth empowerment and development of the country. As such, the Government of Malawi continued implementing a number of sports programs such as development of sports talent identification program; and capacity development through trainings of coaches and other sports personnel. However, good sports infrastructure and standard sports facilities remained a challenge in Malawi. A number of initiatives were taken to address these challenges. In the financial year under review, the Ministry of Youth and Sports, through the Department of Sports, achieved the following:

i. The Ministry, through the Department of Sports, commenced the process of reviewing the National Sports Policy. The policy was outdated and was not *in tandem* with the current trends and it needs to be aligned with the MGDS III, the Vision 2063 and other current

Government policies. The reviewed policy would give strategic direction to all sport bodies and associations in the development of sport in the country.

ii. Sports had no guidelines for construction of local and international sports facilities by the private and public sectors in the country. As a remedial measure, the Department of Sports developed draft guidelines awaiting validation for the construction of sports facilities in the country. All stakeholders would be required to construct facilities that will satisfy these guidelines. Additionally, the Department would use these guidelines to accredit or not accredit private and public sports facilities.

iii. To improve capacity of sports personnel so that they administer sports offices with expertise, the Department of Sports facilitated the training of sports personnel in different fields of sports. A total of 96 community people, primary and secondary school teachers were trained in netball coaching and officiating in Balaka, Lilongwe, Mzimba and Nkhatabay, 71 athletics coaches in Lilongwe and Dowa were trained, and 9 netball tutors and umpires.

iv. The Ministry procured a contractor to commence the construction of Olympic size swimming pool at Kamuzu Institute of Sports in Lilongwe. Malawi had no 50 metre swimming pool that can host international swimming competitions. The construction of the pool will enable the country to host international swimming competitions starting with Africa Union Region five Youth Games which Malawi is hosting in 2022.

v. The Ministry commenced construction of the National Indoor Complex at area 48 near Bingu National Stadium in Lilongwe.

vi. In an effort to improve physical education in schools, the Ministry in collaboration with Ministry of Education and other stakeholders formed a technical committee on promotion of Physical Education in schools, which would carry out a situation analysis to determine the status of physical education in schools and recommend ways of incorporating and promoting physical education in schools.

vii. Following the emergence of several sports bodies in the country and lack of a coordinating body for sporting activities for public security institutions (Police, MDF, Prison, Immigration, and etc.) and the Department of Sports commenced review of sports management structure to improve coordination and implementation of sporting activities in the body.

viii. Following the poor performance of the Malawi Netball team, the Ministry facilitated the process of development of a comprehensive Netball Development Plan to address the challenges.

ix. In order to bring sporting activities to the masses, the Ministry facilitated establishment of a dedicated sports channel on local television through Kiliye Kiliye Decoder called Mpira channel. The benefit of the project is that most citizens will be able to watch live local sporting activities from the comfort of their homes and this will increase revenue through TV subscriptions, Advertising and Broadcasting rights apart from the traditional gate collections.

x. The Ministry has also facilitated the process of procuring an Electronic Revenue Management System in sports in order to improve generation and management of funds in sports. This would reduce revenue loses, attract more sponsors and also build confidence in the spectators to patronize sporting activities.

13.8 Challenges

i. Inadequate financial resources to ensure proper and timely implementation of activities;
ii. Delayed disbursement of Other Recurrent Transaction (ORT) funding for effective implementation of activities. This affects reporting of progress made.
iii. Limited mobility in terms of motor vehicles. This also affected delivery of operations of the Ministry;
iv. Most planned activities were not implemented due to the disruption of operations by the escalation of the COVID-19 transmission as well as fatality cases and also the preventative measures put in place.
v. The vetting process on the award of the civil works contract delayed signing of a number of developmental projects contracts; and
vi. Lack of cooperation from other stakeholders especially in development projects.

Chapter 14

ENVIRONMENT, NATURAL RESOURCES AND CLIMATE CHANGE

14.1 Overview

Malawi's economic development and the livelihoods of its population are largely dependent on natural resources. In order for Malawi to experience sustainable economic growth and alleviate poverty, the Country must conserve and protect its valuable environment and natural resources and promote management of climate change to enhance resilience of the vulnerable communities.

Natural Resources, both renewable and non-renewable, and ecosystem services play a critical role to the economic growth and development of the country. They contribute towards fiscal revenue, income generation and poverty reduction since they often form the basis of livelihoods in poorer communities. Despite being the foundation of economic activity and development, natural resources are often undervalued and mismanaged. This imposes costs to the economy and society, shedding off digits of annual increase from 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 the population. This chapter provides information on the performance, challenges, lessons learnt and future plans of the Environment, Natural Resources and Climate Change sector.

14.2 Performance in 2020/21

In the 2020/21 financial year, Government 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 Policy and Regulatory Frameworks

The policy and regulatory frameworks increasingly play a critical role in ensuring sustainable management of natural resources in the country. Government intensified enforcement of legislations in the Environmental and Natural Resources Management (ENRM) sector 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 the utilization of biological resources in the country. It will further provide resources for conservation and sustainable utilization of biodiversity in Malawi. Furthermore, Government strengthened the capacity of Chitedze Agricultural Research Station and Lilongwe University of Agriculture and Natural Resources on monitoring safe use of, handling and trans-boundary movement of Living Modified Organisms (LMO). The institutions were trained and provided with testing kits for LMOs.

Government further recognizes that appropriate institutions for efficient delivery of environmental and natural resources and climate change services are paramount. In this regard, Government is in the process of operationalizing the Malawi Environment Protection Authority (MEPA) in order to strengthen enforcement of ENRM related legislation. 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.

14.2.2 Mainstreaming of ENRM into Development Policies and Programmes

Government continued promoting the integration of environmental considerations into development programmes in order to address environmental degradation in the country. Various development projects in infrastructure, energy, mining, waste management, agriculture and water resources were reviewed for adherence to Environmental and Social Management Plans (ESMPs), Environmental and Social Impact Assessments (ESIAs) guidelines and environmental standards/legislations. A total of 12 Environmental and Social Impacts Assessments (ESIAs) and 25 Environmental and Social Management Plans (ESMPs) were reviewed. These include: proposed low density housing project at Area 49; proposed construction of Speedy's Msaka Poultry Farm in Chiradzulu; proposed Muloza Hydropower project in Mulanje; proposed Grand City Centre in Lilongwe; and proposed construction of schools in Lilongwe and Blantyre city by MoEST.

To ensure adherence to the ENRM legislations, Government continued monitoring implementation of various development projects in the country. A total of 25 development projects were monitored for compliance to the legislations and these included; waste transfer stations in Areas 7, 25, 13 and 24; Capital Oil Refinery Limited Wastewater Treatment Plant; Qingdao Recycling Limited; and proposed Chigodi Quarry extension site by Sinosky Limited. Companies that were found non-compliant were ordered to conduct Environmental Audits and to adhere to the principles of good environmental management. In addition, 6 potentially polluted sites were inspected and effective environmental practices were promoted.

Government continued sensitizing the general public on the importance of managing the environment, natural resources and climate change in order to promote participation and awareness. Awareness materials in various thematic areas such as waste management, bans on thin plastic bags, the phasing out of Ozone Depleting Substances, and Biodiversity Conservation and Climate Change Management were developed and disseminated. Furthermore, Government launched and implemented 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. The second Friday of every month was designated as a National Clean-Up Day.

14.2.3 Climate Change Management

Recognizing that the effects of climate change are multi-sectoral, Government continued collaborating with key stakeholders in Government, civil society, academia, youth and the private sector in developing programmes. These were aimed at improving food security and nutrition, increasing climate resilience, reducing carbon emissions into the atmosphere, increasing adaptive capacity of the people and ecosystems, as well as providing awareness on the causes and effects of climate change and climate variability. In this regard, Government has implemented various programmes and interventions to combat the climate change emergency. The policy frameworks, programmes and interventions include:

i. Revised Nationally Determined Contributions (NDC) report of 2015. The NDC highlights migitative and adaptive actions that will be implemented by key sectors of the economy to make Malawi move towards a zero carbon economy by 2050. The revised NDC runs from 2020 to 2040.
ii. Government is also formulating a National Adaptation Plan to address climate change impacts in the medium to long-term. The core objective of the NAP is to reduce vulnerability of people and ecosystems to climate change.
iii. Construction of 5 Community Based Adaptation (CBA) learning centres in Nkhatabay, Ntcheu and Zomba districts. The centres will help communities achieve resilience through knowledge sharing. Furthermore, Government conducted several analytical studies to help the nation set its priorities for intervention, It strives to build climate resilient communities in agriculture value chain focusing on pigeon pea; climate services; climate resilient road infrastructure, including guidelines for climate adaptation for road sector; climate resilient lake ecosystems; fisheries value chain for Lake Malawi, Malombe, and Chilwa; and climate resilient integrated watershed management for Linthipe, North Rukuru and Rufilya catchments.
iv. Government has further conducted a Technology Needs Assessment (TNA) in order to identify appropriate technologies that will increase Malawi's adaptive and mitigation capacity in sectors of agriculture, energy, forestry and water.
v. 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, youth and the private sector for implementation of climate change programmes. Meanwhile, Ministry of Forestry and Natural Resources is in discussion with the Ministry of Finance on how the carbon levy resources will be channelled to the Fund to support climate change actions.
vi. Government also revised the National Strategy on Climate Change Learning which highlights priority actions for individual learning and skills development; institutional capacity building; and resources mobilization. It is envisaged that the strategy will strengthen human resources and skills development for the advancement of green, low emission and climate resilient development.

14.2.4 Phase-out of Ozone Depleting Substances

Government continued implementing activities on the phasing-out of Ozone Depleting Substances (ODS) in accordance with the requirements of the Montreal Protocol on the protection of the ozone layer. In the reporting period, the Department trained 40 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 20 customs officers were trained on controlling and monitoring imports of Ozone Depleting Substances.

Furthermore, the Department continued monitoring the compliance with regulations on the management of Ozone Depleting Substances in the country in all border posts and markets.

14.2.5 Biodiversity Conservation and Protection

Malawi's biodiversity and its ecosystem services are the foundation of its wellbeing. Biological resources supply goods for consumption and production as well as providing ecosystem services such as clean air, climate regulation, water, medicine and food, which provide the underlying support for human well-being and economic growth. To sustain these benefits, Government continues implementing programmes aimed at addressing drivers of biodiversity loss, promoting conservation, and sustainable use of genetic and biological resources in the country.

Based on Section 63 of the revised EMA (2017), the Ministry developed Guidelines on Access and Benefit Sharing (ABS) of Biological Resources to respond to the increasing need for clarity in procedures for granting access and to enhance sharing of monetary and non-monetary benefits from genetic resources between Users and Providers of genetic resources. The demand for biological resources in Malawi is increasing. Since 2014 more than 1800 permits for the export of genetic resources for medicinal, pharmaceutical, cosmetic, research and other purposes have been issued from Malawi. However, there have been little or no benefits that have trickled down to communities and institutions providing these genetic resources and associated traditional knowledge. ABS contracts are being used as a tool to ensure that before an export permit is issued, there is a clear arrangement on how benefits will be shared with Malawian providers of biological resources. This is to ensure that there are economic incentives to communities and relevant government departments for conservation of biological resources.

Government is also implementing a project on enhancing sustainability of protected areas and stabilization agro-production in adjoining areas through improved Invasive Alien Species (IAS) management. The project is being implemented in Mulanje Mountain Forest Reserve and Nyika National Park. The project aims to prevent new invasions and reduce the current impacts of invasive alien species (IAS) in protected areas and adjoining agro-ecosystems in Malawi.

Government is further participating in a multi-country project on strengthening institutional capacities in living modified organisms (LMO) testing in support of national biosafety decision making. The project is being implemented in collaboration with biotechnology laboratories at Lilongwe University of Agriculture and Natural Resources (LUANAR) and Chitedze Agricultural Research Station. The project has equipped the two laboratories with modern equipment for LMO testing, trained laboratory technicians in LMO testing, quality management systems and documentation, among other improvements. Having passed the proficiency tests, the LMO testing services were officially launched for the two laboratories. Besides meeting the demand for certification of seed quality for cross border trade purposes, the service will assist compliance monitoring of the Biosafety Act (2002). Furthermore, due to diverse use of the equipment procured under this project, LUANAR biotechnology laboratory supported the testing of COVID-19 samples during the second wave of the pandemic.

14.2 Challenges

The Department encountered a number of challenges related to implementation of environment and climate change programmes in the country during the 2020/21 financial year. Some of the challenges include:

i. Inadequate and delayed funding on ORT which affected timely implementation of planned activities;

ii. The COVID-19 pandemic outbreak affected the implementation of many activities such as inspections and enforcement operations which resulted in less fines leading to inadequate revenue collection

14.3 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 Department to enable it achieve its targets.

14.4 Projected Performance for the 2021/22 Financial Year

Government intends to implement the following key activities in the 2020/21 fiscal year in the Environmental, Natural Resources and Climate Change Management Sector:

i. Facilitation, Establishment and Operationalization of Malawi Environmental Protection Authority (MEPA);

ii. Promote sustainable waste management practices, sanitation and health through, among others, conducting monthly National Clean-up initiatives and enhancing the capacity and knowledge on waste management;

iii. Intensify environmental enforcement activities to ensure compliance with the Environmental and Natural Resources Management (ENRM) legislations. This includes enforcement of the ban on production and use of thin plastics;

iv. Strengthen institutional capacity on the phase-out of Ozone Depleting Substances (ODS) through provision of targeted trainings to refrigeration technicians and enforcement officers;

v. Promote integration of environmental considerations into development projects through implementation of Environmental and Social Impact Assessments (ESIAs), Environmental and Social Management Plans (ESMP) and Environmental Audits;

vi. Enhance conservation, protection and sustainable use of biodiversity; and

vii. Upscale implementation of adaptation and mitigation measures to address the impacts of Climate Change.

Chapter 15

GENDER, DISABILITY AND SOCIAL WELFARE

15.0 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 achievement registered by the Gender, Social Welfare, Community Development and Disability subsector. 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, Welfare and Development.

15.1 Performance for 2020/21

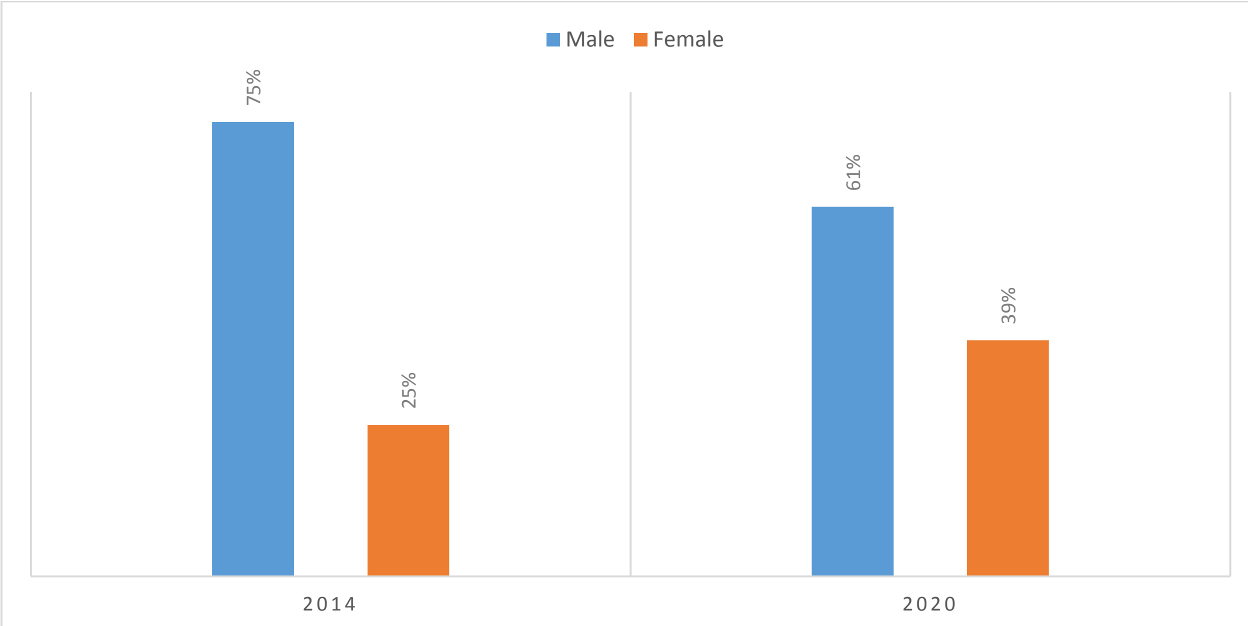
15.1.1 Gender Equality and Empowerment

Over the years, Government has been strengthening the Gender legal frameworks to promote and protect rights of vulnerable groups. To ensure that gender related laws including Prevention of Domestic Violence Act of 2006; Deceased Estates (Wills, Inheritance and Protection) Act of 2011; Gender Equality Act of 2013, Trafficking in Persons Act of 2015; Child Care Protection and Justice Act; and the Marriage, Divorce and Family Relations Act of 2015 are implemented.Government has been devising enforcement and awareness mechanisms of these laws. In the period under review, Government engaged with traditional leaders, School Management Committees and Mother Groups to build their capacity on girl's education, prevention of child marriages and reduction of early and teenage pregnancies among Adolescents, Girls and Young Women in six districts of Chitipa, Chikwawa, Mangochi,Mzimba, Machinga and Nsanje.

Having rampant increase of Gender Based Violence (GBV) incidences in the country, Government devised more focused instruments for fighting GBV. Government developed the National Male Engagement Strategy for boys and men as change agents and champions against GBV. This will increase the proportion of boys and men championing the fight against GBV in their families and communities. In additon, Government developed a Sexual and Reproductive Health Rights (SRHR), Sexual and Gender-Based Violence (SGBV), HIV and AIDS Guidelines for Health Sector. The guidelines will provide guidance to all stakeholders who are involved in the implementation of SRHR, SGBV, HIV&AIDS related issues in fighting GBV and promoting SRHR in the sector.

The Country continued to implement section 11 of the Gender Equality Act (2013) which provides for 40:60 or 60:40 gender quota of either sex in the public service recruitment. On this aspect, Government focused on ensuring that there is participation of women in political positions. Overall, Government has made tremendous progress in ensuring that women hold political positions as shown in Figure 15.1 below. For instance, Government appointed 12 women in ministerial positions, representing 39 percent of the total ministerial positions compared to 25 percent in 2014.

FIGURE 15.1: PERCENTAGE OF WOMEN IN MINISTERIAL POSITIONS



Source: Ministry of Gender

15.1.1.1 Community Development and Functional Literacy

Community development is vital for wealth creation 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 2020, 1,500 care givers in 150 CBCCs in 10 districts were mobilised to form VSL Groups. The VSL Groups were formulated to support businesses run by Caregivers who are currently working as volunteers.

In the period under review, majority of community development related interventions were affected by the COVID-19 pandemic. In that regard, Government focused its attention towards implemanting prevention measures in all community development service provision points. For instance, the Government supported and oriented Community Development Officers in the implementation of COVID-19 measures in their communities.

Government recognises the problem of high adult illiteracy rates in the country where 14.2 percent of the adult population aged 16 years and above are illiterate translating into 2.1 million individuals (NSO, 2018). With the National Adult Literacy and Education Policy in place, Government developed Adult Literacy and Education (ALE) Strategy to facilitate implementation of the policy. Since the development of the National Adult Literacy and Education (NALE Policy), Government revamped rolling out of Adult Literacy classes where learners have been equipped with reading and numeracy skills and 237,600 learners have graduated. Further, Government integrated Nutrition and Home Management in Adult Literacy and Education and so far 13 District Councils have rolled out home management and nutrition lessons in the adult literacy classes.

15.1.2 Child Development and Protection

15.1.2.1 Early Childhood Development

Early Childhood Development (ECD) is anchored in the National ECD Policy and the National Strategic Plan for Integrated Early Childhood Development. The two policy frameworks were developed on foundation of the prospect of investing in early years of human life which has far reaching impact of country’s development. In view of this, Government is building foundations for institutionalisation of ECD in Malawi. In 2020, over 2,240,000 children were enrolled in ECD representing 45 percent of children in eligible for ECD education in Malawi. To ensure that all children eligible for pre-primary education access ECD services, Government continued to construct and upgrade Community Based Care Centres (CBCCs) across the country. In the period under review, Government constructed 60 CBCCs and is in the process of constructing additional 50 Model ECD Centres. In addition to construction of CBCCs, Government endeavoured to enhance the capacity of caregivers through training of 1,300 caregivers adding to 840 caregivers who were trained in 2019.

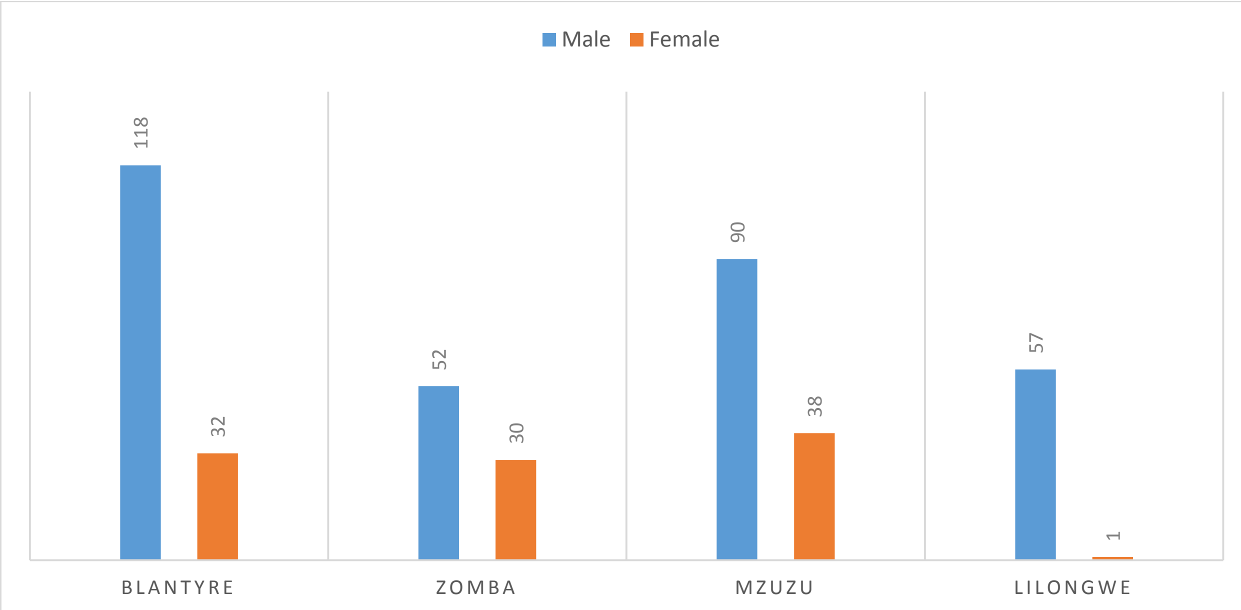
15.1.2.2 Child Protection

Government recognises the need to protect children from violence, abuse, exploitation and neglect. In the period under review, Government continued to implement various child protection interventions including reintegration of street connected children, nullification of child marriages and facilitation of prosecution of child protection cases. Having realised that street connected children return to streets after reintegration, Government identified and oriented 100 mentors who were once street children but are now excelling in their careers to assist in Government efforts on reintegration of street connected children.

As part of its commitment to enhancing child protection structures at community level, Government trained and deployed 85 Community Child Protection Workers (CCPWs) from all the 28 districts. Their recruitment will lessen human capacity challenges and also strengthen child protection structures including Community Victim Support Units, Village Child Protection Committees and Children’s Corners.

In 2020, Government rehabilitated and reintegrated 418 street connected children from the cities and townships of Blantyre, Zomba, Lilongwe and Mzuzu into their communities, representing an increase of 62 percent from 156 street connected children rehabilitated in 2019. Figure 15.2 below shows the number of street connected children that were reintegratad from streets to communities. Rehabilitation of the street connected children involved assessing their original homes, provision of psychosocial and financial support and linking them with education, nutrition and health services. Reintegration of street connected children into their respective communities will reduce the incidences of abuse and homelessness that affect the children as well theft and other crimes committed by street connected children.

FIGURE15.2: NUMBER OF STREET CONNECTED CHILRDEN REINTEGRATED FROM STREET INTO COMMUNITIES



Source: Ministry of Gender

Following reports of high incidences of child marriages in the early stages of COVID-19 which coincided with closure of schools, Government commissioned a rapid assessment of child marriages and early pregnancies. The report established that a total of 20,109 incidences of child marriages were registered across the country. To address the rise of child marriage cases, Government escalated nullification of chid marriages and nullified 49 percent of the cases. The survivors of child marriages were provided with psychosocial and education support as well as education support.

Unlike other children, children that are in conflict with the law require special rehabilitation services. As such, Government established Mpemba and Chilwa Reformatory Centres with the aim of protecting and rehabilitating children in conflict with the law. In 2020, Government released 80 young offenders from the two reformatory centres through the Child Review Board, representing an increase of 25 percent from 60 children in 2019 and diverted 45 children (boys only) from criminal justice system, 14 boys in Rumphi, 2 in Ntcheu, 25 in Lilongwe and two from Mwanza.

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 the child parliaments shall be submitted to relevant MDAs for further action.

15.1.3 Social Protection and Development

Social welfare service provision in the country is the main pillar of the National Social Welfare policy (2015) which was developed to promote access to social justice and improved wellbeing of the vulnerable and disadvantaged groups. Due to socio-economic hardships experienced by the Malawian population as a result of COVID-19 Pandemic, Government Social Welfare Service providers focused on providing Mental health and psychosocial support to relieve pain and suffering by the affected individuals. Firstly, Government provided Community Mental Health and psychological aid and referral pathways to 43,123 people of which 15.8 percent were children. In the same period, Government provided alternative care to 426 children without parental or family care from the districts of Blantyre, Zomba, Dedza, Mchinji, Ntcheu and Lilongwe.

15.1.4 NGO Regulation

Non-Governmental Organisations (NGOs) and the civil society play a critical role in the development of the country through implementation of various development programmes at community level and contribution towards the countries policy direction. To ensure that the NGO Sector is aligned with Government development agenda, Government has been enhancing capacity of the NGO Board of Malawi through establishment satellite offices and impending awareness campaigns on the role of the Board. The Board satellite offices increased from 6 Districts Offices in 2019/20 financial year to 27 in 2020/21. The Board also developed a Management Information System, Myngo, which currently has 6 modules. The system will provide timely access to reliable information on the operations of NGOs including their contribution to national development. As a result of the above efforts, the number of NGOs registered with the Government through the NGO Board increased from 766 in 2019/20 to 819 NGOs in 2020/21 representing 6.9 percent increase.

Regulation of NGOs in Malawi is enshrined in the NGO Act of 2001 of which requires NGOs to submit progress and financial reports to the NGO Boards of Malawi on annual basis. In 2020/21, only 181 NGOs submitted progress and audited financial reports out of 697 NGOs that were required to submit the reports. This implies that only 26 percent of the NGOs complied with the provision of the NGO Law on reporting and hence a reduction in compliance levels from 27 percent in 2019/20 financial year.

Audited financial statement and annual returns for the 181 NGOs revealed that the NGO sector employed 14,652 people compared to 11, 209 in 2019/20 financial year, representing an increase of 31percent out of 14652 employees 4,733 were volunteers, 9,710 permanent employees and 209 expatriates. In 2020, the sector’s revenue contribution to the economy declined by 45.5percent from 2019/20. The NGO sector contributed to the national economy a total revenue of MK247 billion in 2020/21 as compared to a total income of MK453 billion injected into the economy in 2019/20.

The NGO sector primarily focuses on serving rural masses whose development is coordinated by Local Authorities. To ensure that Local Authorities have adequate knowledge on the distribution of NGOs in their jurisdiction, Government began a mapping exercise of all NGOs in Malawi. As of 2020, Mapping of NGOs at Area Development Committee level was done in 27 out of 28 Districts and maps depicting distribution of NGOs at ADC level were produced and distributed.

15.1.5 Disability and Elderly

Government continue to prioritise the protection and empowerment of persons with disabilities and the elderly. In the period under review, Government enrolled 39 visually impaired persons at Mulanje Vocational Training Centre for the Blind. This is a way of empowering them through provision of technical skills to enable them to become economically self-reliant and productive in their communities. Further, Government provided assistive devices to persons with disabilities including glasses to 194 learners with albinism in Lilongwe district. Government also trained 70 Health Workers (23 nurses and 47 Health Surveillance Assistants) on inclusive service delivery in Mchinji and Chikwawa.

15.2 Challenges

i. Limited financial and human resource to address emerging issues in the disability and elderly sectors.
ii. The emergence of COVID-19 slowed down the implementation of some of the planned activities.
iii. 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.
iv. Low ORT funding for Magomero College is compromising progress of most activities. The College has this year received the lowest allocation since 2017.
v. Inadequate resources for employing community child protection workers.

15.3 Recommendations

There should be an increase of resources for the gender sector to be able to implement mental health and psychosocial support interventions as well as Family and child welfare.

15.4 2021/22 Projections

15.4.1 Community Development

In 2021, Government is going to introduce Online and Distance Learning and block release programs in addition to regular academic calendar at Magomero Training Centre. The two models of teaching will target serving officers including Community Development Assistant (CDAs) and Social Welfare Assistant (CDAs) to upgrade their qualifications to Diploma within one year. The college is in the process of developing Diploma Curricular for three academic programmes of Diploma in Agro-food Processing, Diploma in Integrated Social Protection and Diploma in Early Childhood Development. The three programmes will enhance the capacity of the Social Protection and Nutrition sector in service delivery.

15.4.2 Child Protection and Development

15.4.2.1 Early Childhood Development

Government plans to continue the enhancement of Early Childhood Development (ECD) service delivery. Taking advantage of the CBCCs constructed and established in 2020, Government plans to increase the enrolment of children in Early Childhood Education from 2,464,000 in 2020 to 2,710,400 in 2021 representing 10 percent increase. Since ECD is still in its foundation stage, Government recognises the need to continue increasing access to ECD services through construction and upgrading of ECD centres. In 2021, Government plans to construct 110 ECD centres and train 1,000 caregivers who will be deployed in these centres.

15.4.2.2 Child Protection

Government child protection structures at community and district level continue to face capacity challenges, as such not all cases are resolved through these channels. In 2021, Government plans to increase uptake of child protection through capacity enhancement interventions including training of 101 Community Child Protection Workers. As a result, Government expects to increase uptake of cases from 7,735 in 2020 to 8,347 in 2021, representing 8 percent increase. In addition, with COVID-19 continuing to impact the livelihood of Malawians, Government projects with psychological aid and referral pathways will be provided to 5,1870 children in 2021, an increase from 4,7435 in 2020.

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 Social Cash Transfer Programme

Government continued to register progress in the period under review through the implementation of the Social Cash Transfer Programme (SCTP), which supports ultra–poor and labour constrained households with monthly transfers averaging MK10,000 per month. The progarm is reaching approximately 293,000 households in all the 28 districts. Government also provided lean season top-ups to 24,000 SCTP households in Balaka, Nsanje, Neno and Ntcheu with the support of Irish Aid and EU.

As part of the response to the COVID-19 pandemic and its impact, beneficiaries of the SCTP also received a temporary top-up of MK5,000 for four months once-off in December 2020.

Government implemented a COVID-19 Urban Cash Intervetion targeting the four cities of Blantyre, Lilongwe, Zomba and Mzuzu during the period under review. The aim of the intervention was cushioning livelihoods of the urban poor working in the informal sector, with no job security, and often depending on a daily wage or petty trading to survive. Approximately 160,000 households received a transfer amount of MK35,000 per month for a period of three months between January and April 2021.

In addition, seven district councils of Salima, Neno, Nsanje, Mangochi, Machinga, Dedza, Balaka and Zomba were also targeted under the Boma response reaching out to 53,000 households between December 2020 and March 2021.

16.3 Ehanced Public Works Programme

Government recognises the important role Public Works Programme (PWP) plays in providing temporally employment while at the same time supporting households to meet their daily needs through the cash transfers. Government is therefore implementing the Enhanced Public Works Programme (EPWP) pilot in 10 districts of Phalombe, Chiradzulu, Karonga, Nkhotakota, Rumphi, Blantyre, Lilongwe, Dowa, Kasungu and Ntchisi. EPWP aims to provide consumption support to the ultra-poor and vulnerable beneficiary households with labour capacity to enhance their food security needs and income generating opportunities, in addition to creating productive assets through natural resource conservation in selected micro-catchments. Participants receive MK900/day working 12 days per month. The EPWP is implemented by the National Local Government Finance Committee (NLGFC) under MASAF 4 and reaching 10,000 households. The lessons learnt from the pilot will feed into the design of a reformed PWP.

16.4 Graduation Pathways

As part of the efforts to get the poor out of poverty, in the year under review, the sector had been promoting graduation pathways interventions as part of building resillient livehoods. This is a comprehensive, time-bound, and sequenced set of interventions specifically designed to build participants' capacity to move out of extreme poverty and into secure, sustainable and resilient livelihoods. One of the graduation programmes that is being implemented is the Financial Access for Rural Markets, Smallholders and Enterprise (FARMSE) Programme. This is a seven-year nationwide development programme implemented by the Ministry of Finance which supports household economic development through access to financial services that are appropriate to each socioeconomic level of poverty. The programme goal is to reduce poverty, improve livelihoods and enhance resilience of rural households on a sustainable basis. A total of 20,800 households have been supported with investment grants under the program. The total cost of the programme is USD57.7 million and is financed by the Government of Malawi and the International Fund for Agricultural Development (IFAD).

Regarding the livelihoods and skills development, a total of MK691,200,000 million was mobilized and 72 new groups were formed with support from COMSIP.

16.5 Shock Sensitive Social Protection Pillar

Government places great emphasis on the shock-sensitive social protection to ensure that any progress made in provision of social support is protected from predictable seasonal food insecurity and from frequent shocks. A successful shock-sensitive social protection system would, over time, reduce the need for year-on-year emergency response and reduce the scale of emergency responses that are needed. During the period under review, 48,000 households in Balaka, Nsanje, Neno, Dedza and Machinga were reached with cash amounting to MK23,100 per household for a period of three to four months (December to March) to deal with exceptional periods of acute food insecurity that resulted from unanticipated weather events.

16.6 System Strengthening Pillar

16.6.1 The Unified Beneficiary Registry

Government has continued to roll out the Unified Beneficiary Registry (UBR) in additional districts of Dedza and Nkhatabay to support the processes of outreach, intake and registration. The UBR is being supported by Irish Aid, KfW, EU, and the World Bank. Plans are underway to deepen integration of the UBR with various programme management information systems (MIS) and the NRB, among others, to enable wider stakeholders utilise the UBR.

16.6.2 E-Payment

In the year under review, Government also commenced the process of scaling up e-payment for social protection in Malawi by endorsing an Integrated Electronic Payment Solution for Social Protection as the preferred system to effectively deliver cash transfers to beneficiaries of social protection in Malawi and support digitization of Government to People (G2P) payments policy. The E-Payment Solution is a beneficiary focused system that offers recipients a single, multipurpose and user-friendly card that effectively works on banks and Mobile Money Operators (MMOs) infrastructure. The system will allow beneficiaries to access multiple cash points thereby empowering them to choose which outlet to use in cashing their transfers depending on convenience, cost and quality of service.

Chapter 17

PUBLIC ENTERPRISES

17.1 Overview

This chapter highlights the performance of the 28 commercial public enterprises during the 2019/20 financial year and it also provides an overview of the 2020/21 mid-year performance (unaudited results) up to December 2020 and financial projections up to 30th June 2021. In 2020, the economy was generally subdued as companies and countries deliberately minimized social and economic activity in a bid to contain the COVID-19 pandemic, hence the slowing down of economic growth to 0.9 percent. On prices, the country registered a progressive easing of inflation to an annual average of 8.6 percent in 2020 which was further projected to ease down to 7.5 percent at the close of 2021. This was largely due to the relative stability of the exchange rate of the Malawi Kwacha against major trading currencies in the first half of the financial year and the reduction in food inflation due to the improved availability of food. The slowdown in businesses for most public enterprises led to declining profitability with some registering losses.

On the monetary side, although policy rate has been declining to 12 percent as at December 2020, financing still remained unaffordable with most commercial banks' lending rate hovering around 19 percent. These high interest rates continued to impact the level of new investments and indebtedness of the statutory bodies. However, stability in the exchange rate of the Kwacha against major trading partners contributed positively to those statutory bodies doing international transactions. In addition, stability in fuel prices on the domestic market made positive contribution towards containing operational expenditures in various public enterprises.

Overall, the developments in the macroeconomic fundamentals, market and operating environment resulted in the downward revisions of the anticipated turnover for most public enterprises, thereby reducing their profitability for the financial year ending 30th June 2021. On average, public enterprises generated less than half of the overall approved revenues as at mid-year for various reason. These include non-cost reflective tariffs for some public enterprises especially public utility companies. Expenditures, though slightly following similar trends, generally remained high due to fixed nature of some expenditure lines. In terms of investments, most of the capital expenditure budget was not utilized largely due to cash flow challenges.

Build-up of 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 ease the pressure, an increased number of companies resorted to obtaining bank overdrafts to cushion their cash flows. In other circumstances, some companies resorted to differing payment of tax obligations, pensions and other trade payables. Financing through borrowing from commercial banks also increased leading to high gearing positions.

Looking ahead to the close of the financial year, in June 2020, the prospects among the commercial parastatals suggest slight improvement in profitability. However, these projections are likely to be subdued in the face of the threats of a third wave of COVID-19 and the slowdown in business operations for the enterprises. Going forward, government will continue to strengthen monitoring of the statutory bodies in order to safeguard and minimize fiscal risks that may arise from the impact of the pandemic.

17.2 Financial Performance

17.2.1 Water Portfolio

17.2.1.1 Blantyre Water Board

Table 17.1 shows the financial performance of Blantyre Water Board (BWB) as at 31st December 2020.

TABLE 17.1: SELECTED PERFORMANCE STATISTICS FOR BWB

Financial Performance Indicator	2017 (Audited) MK' million	2018 (Audited) MK' million	2019 (Audited) MK' million	2020 (Audited) MK' million	2020/21 Mid-year Actuals MK' million	Outlook to 30 June 2021 MK' million
Income,	13,018.0	15,738.8	18,233.6	16,877.8	8,935.2	18,577.6
Change in Income,	35%	21%	16%	(7%)	(31%)	10%
Expenditure,	(14,361.1)	(16,087.9)	(20,250.1)	(22,309.9)	(11,743.8)	(24,978.0)
Change in expenditure,	19%	12%	26%	10%	(47%)	12%
Profit After Tax,	(4,111.8)	(2,337.4)	(4,506.2)	(9,256.8)	(4,707.3)	(10,197.6)
Change in PAT,	18%	(43%)	93%	105%	(49%)	10%
Profit Margin	(11.07)	(2.53)	(11.68)	(33.66)	(33.04)	(36.48)
Return on Assets	(11.20)	(5.68)	(8.44)	(14.49)	(8.08)	(17.82)
Working Capital,	(13,040.1	(9,566.4)	(14,209.9)	(18,862.6)	(24,216.6)	(31,422.4)
Current Ratio	0.26	0.44	0.34	0.30	0.27	0.19
Liquid Ratio	0.21	0.42	0.25	0.25	0.24	0.16
Debt Ratio,	106%	112%	115%	127%	135%	146%
Trade Receivable Days	51.52	102.49	57.11	130.66	292.65	128.43
Capital Employed	19,111.0	24,023.1	31,829.2	30,874.3	25,118.4	18,363.7

Source: BWB Audited Accounts and 2020/21 Performance Management Plans and Budget

Blantyre Water Board's financial performance further deteriorated in the 2019/20 financial year with the audited accounts indicating a loss of MK9.2 billion compared to the MK4.5 billion loss reported in 2018/19 financial year. As at mid-year of the current financial year, the Board also registered a net loss of MK4.2 million. Overall, the performance of the Board worsened largely due to non-implementation of the cost reflective tariffs which had not been adjusted in the last three years, high non-revenue water (NRW) levels due to dilapidated pipeline systems and very high electricity costs. These challenges have significantly compromised the operations of the Board. Based on the mid-year performance, the Board revised downwards the budgeted revenues and expenditure resulting in projecting a further loss of MK10.2 billion by the end of the 2020/21 financial year.

The Board continues to face serious challenges to finance its operations as Board's monthly operating expenses continue to increase with 65 percent committed to settling of electricity bill (averaging K1 billion per month). NRW was still very high at an average of 53 percent in December 2020. However, the Board's plan was to slightly reduce the NRW to 50 percent by June 2020 through conducting water balancing, timely reparation of all leaks in the transmission and distribution network, and uprooting all illegal connections, among others. In an effort to reduce electricity bills, the Board has begun the process of developing an alternative technology to pump water to maximize the pumping from Nguludi plant which uses gravitational force.

Overall, the Board's profitability was still poor as indicated by the operating profit margin of negative 33.04 percent as at December 2020. This means that for every Kwacha sale, the Board loses MK33.04 after tax. BWB's working capital position worsened and continued to be in the negative putting the Board at a disadvantage including lower creditability in banks as well as creating poor supplier relationships.

The liquidity position of BWB continued to be weak as demonstrated by a current ratio of below desirable levels (more than 1). This is also demonstrated by the insolvent state of the Board as it continued reporting worsening negative working capital over the years. As at 31st December 2020, the Board reported a liquidity ratio of 0.27:1 meaning that it was still unable to cover its current liabilities as they fall due. As at mid-year, trade payables had worsened to MK33.2 billion from MK27.0 billion in 2019/20 of which electricity payment arrears constituted 49 percent. On the other hand, trade debtors had worsened to MK10.1 billion comprising of MK5.9 billion as public institutions arrears while K4.1 billion were for private customers. This shows that the Board was still struggling with its receivables management with debt receivable days at 292 days as at 31st December, 2020 hence the worsening in the liquidity position.

Going forward, the Board has intensified debt collection by conducting periodic mass disconnection campaigns on all overdue accounts over 30 days and cleaning up of customer database 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 debt receivables.

In terms of efficiency in asset use, the Board has a very weak financial leverage position which is too vulnerable to any downturn.This was revealed by a high debt ratio which stood at 135 percent in December 2020 meaning that the Board was fully financed by debt rather owner's equity.

17.2.1.2 Southern Region Water Board

Table 17.2 shows the financial performance of the Southern Region Water Board (SRWB) as at 31st December 2020.

TABLE 17.2: SELECTED PERFORMANCE STATISTICS FOR SRWB

Financial Indicator	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 (Audited) MK'million	2020/21 Mid-year Actuals MK'million	Outlook to 30 June 2021 MK'million
Income	7,005.6	7,123.6	8,176.6	8,270.0	3,630.7	10,064.6
Change in Income,	58%	(35%)	78%	1%	(18%)	22%
Expenditure	(4,372.7)	(4,587.5)	(6,878.7)	(6,192,6)	(4,022.2)	(9,962.9)
Change in expense,	58%	5%	23%	10%	46%	61%
Profit After Tax	596.7	2,966.8)	649.9	88.8	(391.5)	101.7
Change in PAT,	36%	(28%	51%	(86%)	(541%)	15%
Profit Margin	38%	36%	17%	25%	(11%)	1%
Return on Assets	218%	982%	194%	26%	(118%)	34%
Net current assets	2,099	3,429	4,798	4,193.3	6,377.3	3,897.2
Current Ratio	1.5	1.6	1.6	1.5	1.9	2.2
Liquid Ratio	1.4	1.6	1.5	1.4	1.8	1.9
Debt Ratio	32%	36%	40%	41%	39%	30%
Debt-to-Equity	48%	56%	66%	70%	64%	43%
Trade Receivable Days	295	423	569	577	1,291	221
Capital Employed	23,327	24,762	25,413	25,447.4	25,921.5	26,914.5

Source: SRWB Audited Accounts and 2020/21 Performance Management Plans and Budget

Southern Region Water Board (SRWB) registered a profit after tax of K88.8 million in the 2019/20 financial year, a significant decline from the previous year's profit after tax of MK649.9 million in 2018/19 financial year. As at 31st December 2020, the Board's financial position worsened with a loss of MK391. 5 million. This downturn was due to reduced volumes of water produced as a result of drying of water sources in Mwanza, Chiradzulu and Balaka which negatively affected the capacity of the Board to supply water to its customers. The situation was exacerbated by frequent pump breakdowns in Liwonde, non-availability of materials for new connections, and proliferation of boreholes.

As at 31st December 2020, SRWB had a net worth of MK25.6 billion financed by loans amounting to MK5.6 billion, leasing facility of MK183.4 million and grants proceed from the International Development Association (IDA), among others. However, receivables continued to increase mainly on account of public institutions which continued accumulating unpaid water bills increasing from MK9.7 billion as at June 2020 to MK10.1 billion as at December 2020. Overall, the trade debtors for the Board stood at over MK13.3 billion as at 31st December, 2020 resulting in trade receivable days increase to 1,291 days as of December 2020, hence the negative cash flow position as the cash was locked up in debtors forcing the Board to operate a bank overdraft. Due to the poor cash flow position, the trade payable increased from K5.8 billion in June 2020 to K7.2 billion in December 2020.

However, trade receivable days are expected to improve to 221 days by June 2021 as Government has settled all public institution's water bills arrears up to June 2020. The liquidity position of the Board was still good at 1.5:1 as at June 2020. The position further improved to 1.9:1 at mid-year and it is projected to further improve to 2.2:1 by June 2021, indicating an improved capacity of the Board to meet its debt obligations as they fall due.

The Board also demonstrated efficiency in generating revenue through its assets with a working capital turnover ratio of 2.0:1 indicating its effectiveness in using its working capital. SRWB, further maintained its solvency with a positive working capital of MK4.2 billion as of December 2020 which is expected to slightly reduce to MK3.8 billion by June 2021.

However, the Board missed on its target to contain NRW at 26.5 percent as it registered 29.4 percent as at 31st December 2020 owing to lack of maintenance materials which affected the Board's responsiveness to pipeline breakdowns.

17.2.1.3 Central Region Water Board

Table 17.3 shows the financial performance of Central Region Water Board (CRWB) as at 31st December, 2020.

TABLE 17.3: SELECTED PERFORMANCE STATISTICS FOR CRWB

Financial Indicator	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 (Audited) MK'million	2020/21 Mid-year Actuals MK'million	Outlook to 30 June 2021 MK'million
Income	3,103.9	3,742.9	3,936.4	4,070.6	2,225.8	4,566.3
Change in Income,	22%	21%	5%	3.41%	(28.29%)	12%
Expenditure	(2,464.2)	(2,626.5)	(3,083.6)	(3,600.5)	(1,941.0)	(5,452.2)
Change in expense,	14%	7%	33%	2.82%	(21.23%)	51%
Profit after Tax (PAT)	163.2	(160.5)	(405.7)	(2,281.1)	(502.6)	(2,441.4)
Change in PAT	2772%	(198%)	813%	56%	(78%)	7%
Profit Margin	20.61	40.31	22.53	12.12	12.80	(19.40)
Return on Assets	54%	(35%)	(2.75)	(4.64)	(2.03)	(11.62)
Working Capital (WC)	211.9	(1,174.0)	(4,079.7)	(4,512.4)	(4,408.5)	(4,877.6)
Current Ratio	1.10	0.73	0.34	0.40	0.46	0.41
Liquid Ratio	1.04	0.70	0.32	0.38	0.42	0.38
Debt ratio	65%	103%	131%	124%	125%	133%
Debt to equity	183%	(2972%)	(427%)	(512%)	(494%)	(399%)
Trade Receivable Days	246	373	177	249	546	243
Capital Employed	12,436.6	11,425.5	8,562.7	10,677.9	10,808.3	11,043.9

Source: CRWB Audited Accounts and 2020/21 Performance Management Plans and Budgets

Central Region Water Board's financial performance worsened in the 2019/20 financial year as it registered an increased loss of K2.3 billion in the 2019/20 financial year compared to a loss of K405.7 million in 2018/19. Furthermore, as at 31st December 2020, the Board recorded a net loss of K502.6 million. Thus, despite achieving its sales volume targets as of December 2020, the Board still had major challenges affecting sales period. These include high NRW, which was at 31 percent due to the frequent pipe bursts; the presence of a high number of stuck and aged meters which were under-registering sales volumes; leakages of old tanks such as Dwangwa, Kaphatenga and Kochilira: frequent breakdown of aged water distribution infrastructure, low response to preventative maintenance due to financial constraints, and illegal water connections.

Based on the mid-year out turn, the annual sales volumes targets were revised upwards and NRW is also expected to reduce to close at 29 percent resulting in an upward revision of revenues to MK4.6 billion from MK4.4 billion. However, the Board is still projecting a loss by the close of the financial year of K2.2 billion. This is largely due to the fact that expenditure was still higher than revenues being generated at K5.5 billion signifying that the Board was operating below cost recovery due to subdued tariffs.

However, the Board continued to face liquidity challenges as demonstrated by current ratio deteriorating to 0.40:1 in 2019/20 financial year. As at 31st December 2020, current ratio stood at 0.46:1 which is projected to close at 0.41:1 by June 2021. The worsening liquidity position points to the fact that the Board has insufficient cash flows; hence, it is unable to meet its obligations as they fall due. These include remittance of taxes, pension and suppliers of goods and services. The Board was cushioning the cash squeeze through bank overdrafts.

This liquidity squeeze largely arose from delayed bill payment by public institutions and the slow recovery of water bills from private customers which affected cash inflow. Total trade debtor's days as at 31st December, 2020 were 546. The public institutions alone were 898 days while private debtors were 98 days. Total debtors were MK5.3 billion of which MK4.7 billion was from public institutions while MK617 million was from private. This resulted in ineffective infrastructure maintenance and renewal and low investment in new water supply systems, and delays in developing new water sources at Bunda which had inadequate capacity to meet demand.

The Board's continued loss position since 2018 is projected to dip further by June 2020 as shown by the negative operating profit margin of 19.4 percent. This means that for every Kwacha sale, the Board will be losing MK19.40 after tax. In addition, the continued negative working capital position of the Board puts the Board at a disadvantage including lower creditability in banks as well as creating poor supplier relationships.

Similarly, the Board continues to have a very weak financial leverage with a debt ratio at 125 percent as at 31st December 2020. This shows that the Board's activities are to a higher degree financed by creditor's funds as compared to owner's equity. 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.

17.2.1.4 Lilongwe Water Board

Table 17.4 shows the financial performance of the Lilongwe Water Board (LWB) as at 31st December, 2020.

TABLE 17.4: SELECTED PERFORMANCE STATISTICS FOR LWB

Financial Indicator	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 (Audited) MK'million	2020/21 Mid-year (Actuals) MK'million	Outlook to 30 June 2021 MK'million
Income	16,294.3	18,210.3	22,893.2	22,136.3	11,100.7	27,180.8
Change in Income,	24%	12%	26%	1%	(50%)	23%
Expenditure	(8,723.9)	(13,394.7)	(14,492.5)	(19,615.5)	(8,878.7)	(24,361.8)
Change in expense,	(1%)	54%	8%	35%	(55%)	24%
Profit after Tax (PAT)	3,553.3	2,458.3	4,773.2	2,502.7	644.0	447.5
Change in PAT,	41%	(31%)	94%	(48%)	(74%)	(82%)
Profit Margin	46%	28%	38%	17%	21%	11%
Return on Assets	997%	1217%	315%	231%	71%	53%
Working Capital (WC)	7,627.1	9,660.1	30,023.4	33,809.8	17,168.8	6,426.1
Current Ratio	3.39	3.44	7.64	5.07	2.28	1.56
Liquid Ratio	2.97	3.12	7.27	4.59	1.99	1.21
Debt Ratio	7%	49%	60%	67%	68%	69%
Debt-to-Equity	7%	98%	152%	207%	209%	222%
Trade Receivable Days	1,618	208	198	217	459	164
Capital Employed	45,767.9	50,298.4	81,730.6	105,258.8	115,277.9	110,123.6

Source: LWB Audited Accounts and 2020/21 Performance Management Plans and Budgets

LWB registered a profit after tax of MK2.5 billion in the 2019/20 financial year which was a 48 percent lower than the MK4.8 billion profit after tax registered in 2018/19. This was as a result of higher expenditure growth of 35 percent in 2019/20 relative to only 1 percent increase in revenues in the same year. The indication to the end of the 2020/21 financial year is a further 82 percent reduction in profitability over 2019/20 financial year to MK0.4 billion.

The declining performance of LWB is largely attributed to increase in losses due to a high NRW level at 41.4 percent in December 2020 compared to the target of 35 percent, and the impact of unrevised water tariffs against increased production costs, coupled with the COVID-19 Pandemic impacts particularly on water sales volume, due to reduced water consumption particularly amongst the commercial and institutional customer categories.

Generally, water production volume declined in 2019/20 compared to the 2018/19 financial year. The total production capacity for 2020/21 was projected at 39,230,000 m^3 with production for December 2019 estimated at 19,162,500 m^3. However, the actual production for December 2020 was 19,984,538 m^3 representing a 104 percent attainment rate at mid-year and 51 percent of the total annual projected production capacity.

On the other hand, the total sales volume for the 2020/21 fiscal year was projected at 25,241,203 m^3 taking into account a projected twelve-month NRW rolling average of 35 percent. The projected sales volume in December 2020 was 12,445,625 m^3. The actual sales volume to December 2020 was 12,091,970 m^3, with an actual twelve months NRW rolling average to December 2020 of 41.4 percent. This sales volume represented 97 percent of the targeted sales volume to December 2020.

The liquidity position for LWB was still good though it declined from the 2018/19 financial year position of 7.64:1 to 5.07:1 in 2019/2. However, this position further declined at mid-year to 2.28:1 and it is projected to further reduce significantly to 1.56:1 at the close of the 2020/21 financial year. Though liquidity has reduced, the Board is still able to cover its current liabilities when they fall due. As at mid-year, the Board still had a challenge with high trade debtors of MK12.8 billion, which contributed to the decline in the liquidity position. The debt collection days remained high at 459 days as at 31st December 2020 with prospects of further improving to 164 days by the end of the financial year. To improve the situation, the Board is installing prepaid meters in both Government institutions and private customers.

In terms of financial leverage, the Board's debt ratio steadily increased to 67 percent in 2020 from 60 percent in 2019 financial year. This position slightly worsened to 68 percent at mid-year and is expected to remain the same until the end of the financial year.

Going forward, the Board plans to continue implementation of water improvement projects, pipe rerouting, lowering and replacement, reticulation and other development projects which would improve water supply to the City of Lilongwe in view of increasing demand.

17.2.1.5 Northern Region Water Board

Table 17.5 shows the financial performance of the Board as at 31st December, 2020

TABLE 17.5: SELECTED PERFORMANCE STATISTICS FOR NRWB

Financial Indicator	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 (Audited) MK'million	2020/21 Mid-year Actuals MK'million	Outlook to 30 June 2021 MK'million
Income	6,630.8	7,462.5	8,588.8	8,963.7	4,283.4	8,436.6
Change in Income,	(100%)	13%	15%	4%	(52%)	(6%)
Expenditure	(4,996.6)	(5,863.6)	(6,626.2)	(8,397.9)	(3,433.9)	(7,335.1)
Change in expense,	(100%)	17%	13%	27%	(59%)	(13%)
Profit after Tax (PAT)	66.5	185.5	323.9	(3,778.2)	74.9	(1,448.5)
Change in PAT,	(100%)	179%	75%	(1267%)	(102%)	(62%)
Profit Margin	27%	23%	24%	7%	21%	13%

Return on Assets	118%	69%	104%	(252%)	17%	(262%)
Net current assets	1,101.3	132.9	(5,069.4)	(6,526.2)	(4,748.1)	451.8
Current Ratio	1.2	1.0	0.5	0.5	0.7	1.1
Liquid Ratio	1.0	0.8	0.4	0.4	0.5	0.9
Debt Ratio	73%	70%	86%	96%	93%	91%
Debt-to-Equity	266%	235%	627%	2706%	1237%	1039%
Receivable Days	277	250	141	150	765	219
Capital Employed	22,244.1	33,621.3	34,508.8	41,810.5	48,675.2	50,421.6

Source: NRWB Audited Accounts and 2020/21 Performance Management Plans and Budgets

The financial performance of the Northern Region Water Board (NRWB) deteriorated as at June 2020 with a loss of MK3.8 billion down from a profit of K323.9 million in the 2018/19 financial year. Looking forward to June 2021, the revenue for the Board is projected to decline by 6 percent to MK8.4 billion compared to MK7.5 billion in 2017/18. Similarly, expenditure increased by 27 percent in 2019/20 resulting in a loss. This position is expected to remain to the end of the 2020/21 financial year resulting in a loss of MK1.4 billion.

Northern Region Water Board's 2020-21 half year performance was largely hampered by the economic slowdown as a result of COVID-19 which was characterized by low volumes mainly from Commercial and Institutional customers. Water sales volumes declined by 11 percent below the breakeven position of the previous year. On the other hand, water debtors continued to surge. Water sales revenues also declined by 9 percent on account of lower than planned volumes, a factor which continued to negatively affect both the profitability and the cash flow.

The 2020/21 Revised Budget seeks to sustain cost reduction as a mitigating measure to the effects of the COVID-19 pandemic whilst intensifying debt management amidst the economic slowdown. Therefore, the Board revised the 2020/21 budget to reflect MK1.45 billion loss on account of reduced revenues (due to low sales volumes); increased depreciation provision to correct under-statement in the budget as well as upward revision on interest cost to cater for the MK600 million anticipated financial loss on discounting of zero-coupon promissory notes that Government intends to issue as settlement of Public Institutions' water bill arrears.

Although still below the desired level, the liquidity position for NRWB slightly improved to 0.7:1 at mid-year and it is projected to further improve to 1.1:1 at the end of the 2020/21 financial year. As at mid-year, trade debtors' position stood at MK8.7 billion of public institutions constituting a significant proportion of the receivables. Similarly, debt collection days remained very high at 141 days in June 2020 but deteriorated to 765 days at mid-year mainly due to delays in payment by public and private institutions. As a result of the accumulation of debtors, the ability of the Board to pay its obligations has remained weak.

The NRWB continued to be highly geared with the debt (1.237 percent in December 2020) ratio growing to 96 percent in June 2020 from 86 percent in June 2019. The debt to equity ratio of the Board shows that the company is more heavily financed by debt than the shareholder's equity.

17.2.2 Construction, Property Development and Management

17.2.2.1 Malawi Housing Corporation

The financial performance of the Malawi Housing Corporation (MHC) slightly improved in the 2019/20 financial year with revenues increasing by 32 percent to MK4.9 billion from MK3.7 billion in 2018/19. However, MHC's expenditure was still higher than revenues at MK5.2 billion, hence the loss of MK259.9 million as of June 2020. The 2020 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 construction of 254 houses and low income from plot sales due to delays in plot development and slow regularisation of encroached areas during the first half when only 12 percent of the budgeted revenue was generated.

Looking forward to June 2021, the Corporation expects to realise MK6.4 billion with expenditure at MK6.3 billion, thereby making a profit of MK69.8 million largely due to rentals from new houses expected to be ready by 1st April 2021.

Table 17.6 shows the financial performance of the Corporation as at 31st December 2020.

TABLE 17.6: SELECTED PERFORMANCE STATISTICS FOR MHC

Financial Indicator	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 (Audited) MK'million	2020/21 Mid-year Actuals MK'million	Outlook to 30 June 2021 MK'million
Income	4,098	5,126	3,727	4,946.4	2,112.9	6,412.5
Change in Income,	24%	25%	(27%)	32.73%	(57%)	30%
Expenditure	(3,600.7)	(4,722.7)	(5,135.1)	(5,192.4)	(2,363.2)	(6,312.7)
Change in expense,	22%	31%	9%	1%	(54%)	22%
Profit after Tax (PAT)	183.7	257.4	(1,545.0)	(1,492.5)	(250.4)	69.8
Change in PAT,	(150%)	(233%)	(40%)	(700%)	(83%)	(4%)
Profit Margin	13%	12%	(40%)	(42%)	(14%)	3%
Return on Assets	0.4%	0.4%	(1.3%)	(0.2%)	(0.2%)	0.1%
Working Capital (WC)	(557.7)	(1,414.0)	(471.4)	(1,093.4)	5,265.5	(1,509.6)
Current Ratio	0.88	0.70	0.81	0.70	2.33	0.58
Liquid Ratio	0.84	0.66	0.74	0.65	2.27	0.52
Debt Ratio	6%	5%	6%	8%	9%	10%
Debt-to-Equity	6%	5%	6%	9%	10%	11%
Trade Receivable Days	136	193	84	111	416	161
Capital Employed	76,236.0	88,725.0	102,746.7	126,936.8	127,828.3	131,398.3

Source: MHC Audited Accounts and 2020/21 Performance Management Plans and Budgets

The Corporation continued to incur liquidity challenges with a negative working capital of MK1.1 billion as a result of low current assets at MK2.5 billion against MK3.9 billion liabilities, resulting in a low liquid ratio of 0.65: 1 at the close of 2019/20 financial year. Trade receivables included unpaid rentals for Government Institutions of MK436 million by June 2020. Government institutions occupies 85 percent of the Corporation's houses and had an average collection days of 111 days in the 2019/20 financial year. Current liabilities included arrears on statutory obligations such as pension and taxes pay as you earn, Withholding Tax and Corporate Tax), insurance, deposits for plots and house rent and amounts owing to creditors and other service providers. The Corporation plans to clear tax arrears gradually as cash flow improves.

On the other hand, the debt-equity ratio was still very low at 10 percent as at mid year 2020/21 with prospects of a slight increase to 11 percent by June 30, 2021 signifying that the Corporation is, to a large extent, financed by owner's equity compared to debt.

17.2.2.2 National Construction Industry Council

The financial and operational performance of the National Construction Industry Council (NCIC) has been reasonable over the years with surpluses registered throughout. There was a slight increase in surplus recorded in June 2020 compared to the previous year. However, the projection to June 2021 is a further increase in surplus by 28 percent from MK55.3 million to MK61.0 million 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. Table 17.7 shows the financial performance of NCIC as at 31st December 2020.

TABLE 17.7: SELECTED PERFORMANCE STATISTICS FOR NCIC

Financial Indicator	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 (Audited) MK'million	2020/21 Mid-year Actuals MK'million	Outlook to 30 June 2021 MK'million
Income	1,548.1	1,925.7	2,439.8	2,558.3	1,276.1	3,242.8
Change in Income,	30%	25%	27%	7%	(50%)	27%
Expenditure	(1,543.0)	(1,893.9)	(2,399.0)	(2,364.8)	(1,186.0)	(3,015.4)
Change in expense,	24%	23%	20%	4%	(50%)	28%
Profit after tax (PAT)	4.4	43.3	54.1	55.3	32.0	61.0
Change in PAT,	(102%)	893%	25%	2%	(42%)	10%
Profit Margin	0.3%	2%	2%	8%	7%	8%
Return on Assets	0.4%	3%	3%	3%	2%	4%
Working Capital WC)	319.7	273.0	56.2	48.2	104.5	(158.4)
Current Ratio	3.90	3.21	1.27	1.20	1.71	0.31
Liquid Ratio	3.90	3.21	1.27	1.20	1.71	0.31
Debt Ratio	10%	19%	22%	24%	19%	22%
Debt-to-Equity	12%	23%	29%	32%	23%	28%
Receivable Days	83	50	34	20	42	5
Capital Employed	944.2	1,340.4	1,378.6	1,381.4	1,413.5	1,492.4

Source: NCIC Audited Accounts and 2020/21 Performance Management Plans and Budgets

The liquidity position of NCIC remained healthy at 1.20:1 as of June 2020. However, this is projected to plummet to 0.31:1 by close of the financial year indicating that the Council would have challenges in managing its working capital as there will be insufficient resources to pay its debt obligations as they fall due.

On the other hand, at 23 percent as at mid-year 2020/21, the debt/equity ratio was still very low with prospects of a slight increase to 28 percent by June 30 2021 signifying that the Corporation is, to a large extent, financed by owner's equity compared to debt.

17.2.3 Energy Portfolio

17.2.3.1 Electricity Supply Corporation of Malawi

Table 17.8 shows the financial performance of the Electricity Supply Corporation of Malawi (ESCOM) as at 31st December 2020.

TABLE 17.8: SELECTED PERFORMANCE STATISTICS FOR ESCOM

Financial Indicator	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 Unaudited MK'million	2020/21 Mid-year Actuals MK'million	Outlook to 30 June 2021 MK'million
Income	84,695.3	97,400.0	95,396.3	162,420,000	79,500,000	161,780,000
Change in Income,	13%	15%	(2%)	70%	(51%)	0%
Expenditure	(78,151.8)	(115,400.0)	(114,400.5)	(157,400,000)	(77,490,000)	(175,500,000)
Change in expense,	25%	48%	(1%)	38%	(51%)	11%
Profit after tax (PAT)	6,026.9	(18,700.0)	(12,963.4)	3,920,000	(3,170,000)	(17,920,000)
Change in PAT	(24%)	(410%)	(31%)	(130%)	(181%)	(557%)
Profit Margin	8%	(19%)	(21%)	2%	3%	(9.0%)
Return on Assets	6%	(13%)	(10%)	0%	0%	(4.4%)
Working Capital	21,423.0	(6,000.0)	(8,115.0)	(2,000.0)	(19,390.0)	(29,140.0)
Current Ratio	1.88	0.85	0.85	0.98	0.76	0.64
Liquid Ratio	1.19	0.48	0.62	0.64	0.61	0.44
Debt Ratio	64%	79%	75%	86%	98%	99%
Debt-to-Equity	181%	375%	302%	636%	5565%	16201%
Receivable Days	98	74	118	140	204	75
Capital Employed	97,501.3	103,800.0	121,172.1	330,400.0	202,810.0	324,160.0

Source: ESCOM Audited Accounts and 2020/21 Performance Management Plans and Budgets

Performance of the Electricity Supply Corporation of Malawi in the 2019/20 financial year (unaudited accounts) registering a profit after tax of MK3.2 billion, an improvement from a loss of MK12.9 billion registered in the 2018/19 financial year. Overall, operating revenue grew by 70 percent over the 2018/19 financial year. On the other hand, expenditure grew by 38 percent over the same period resulting in the Corporation registering a profit.

The projected level of profitability will largely be attained with a total energy purchased at 2,132 GWh from independent power producers (IPP). However, taking into account transmission and distribution losses projected at 18.8 percent, 1,732GWh is projected to be sold to the end users. ESCOM further projects to connect 60,000 new prepaid customers translating to 12 percent of population with access to electricity. In order to enhance collection efficiency, ESCOM projects to migrate the remaining 13 percent of the domestic and general tariff customers and 900 Maximum Demand customers to prepaid metering to enhance revenue management and attain the projected 90 percent collection efficiency. ESCOM maintained the average end user tariff of MK92.44 per kilowatt hour following a 20 percent base tariff adjustment in the 2018/19 financial year.

The liquidity position of the Corporation was weak as indicated by current ratio of 0.98:1 in 2019/20 financial year. However, this position is expected to plummet to 0.64:1 by June 2021 which is still below the required benchmark of above 1. This is largely attributed to the inability to convert sales into cash as Government institutions and Quasi-Government institutions owed ESCOM MK25.6 billion in electricity bills as at 31st December 2020. This contribute to the high debt collection days of 140 days as at December 2020. The low liquidity level poses a serious challenge to the operations of the Corporation as most suppliers' accounts fall to over 200 payable days due to insufficient cash flow. ESCOM continues to owe its major suppliers namely EGENCO Ltd, NOCMA and Aggreko International Projects Ltd. These suppliers, make up 90 percent of the payables. Other challenges faced by the ESCOM include inadequate working capital and cash; limited capacity supply from the IPPs to meet the nation's electricity demand; low access to electricity by the general public; and negative publicity arising from the inadequate service delivery.

Looking forward to June 2021, the Corporation expects an improvement with the implementation of the turnaround strategy which include the migration of the remaining postpaid customers, including Government institution, to pre-paid meters which will improve the liquidity position of the organisation.

17.2.3.2 National Oil Company of Malawi (NOCMA)

Table 17.9 shows the financial performance of NOCMA as at 31st December, 2020.

TABLE 17.9: SELECTED PERFORMANCE STATISTICS FOR NOCMA

Financial Indicator	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 (Audited) MK'million	2020/21 Mid-year Actuals MK'million	Outlook to 30 June 2021 MK'million
Income	620.0	102,574.2	165,353.3	5,903.0	2,284.8	5,408.2
Change in Income,	(59%)	16444%	61%	(96%)	(61%)	(8%)
Expenditure	(1,513.5)	(104,141.5)	(165,632.3)	(4,298.0)	(1,717.1)	(4,021.3)
Change in expense,	21%	6781%	59%	(97%)	(60%)	(6%)
Profit after Tax (PAT)	(893.4)	(1,206.0)	732.7	359.0	46.9	50.5
Change in PAT,	(660%)	(35%)	(161%)	(51%)	(87%)	(86%)
Profit Margin	(586%)	(2%)	0%	27%	25%	26%
Return on Assets	(539%)	(188%)	(21%)	120%	35%	91%
Working Capital (WC)	3,718.2	87.8	1,167.7	198.7	1,062.6	(1,583.7)
Current Ratio	1.45	1.00	1.01	1.00	1.01	0.99
Liquid Ratio	0.36	0.69	0.91	0.84	0.86	0.79
Debt Ratio	50%	92%	94%	93%	91%	90%
Debt-to-Equity	100%	1103%	1590%	1435%	1023%	909%
Receivable Days	2,785	121	155	4,287	15,864	3,574
Capital Employed	8,294.0	29,150.7	30,166.2	30,287.4	32,158.3	32,717.7

Source: NOCMA Audited Accounts and 2020/21 Performance Management Plans and Budgets

Though NOCMA maintained its profitability in the 2019/20 financial year, the performance was a decline over 2018/19 with profit declining by 51 percent from MK733 million to MK359 million. This trajectory is projected to continue to the close of the 2020/21 financial year where a further decline to MK50.5 million in profit is expected. This is mainly due to reduced fuel imports due to the impact of the COVID-19 pandemic on the demand for fuel products. In the 2020/21 financial year, the forecast was that national demand for fuel would be about 598 million litres of which NOCMA was expected to import 325 million litres and sell 299 million litres. However, about 170 million of litres of fuel were imported during the first six months and 156 million litres are expected to be imported in the second half of the year, bringing total imports to 326 million litres.

NOCMA maintained a healthy liquidity position with a current ratio of 1.01:1 in December 2020 while a forecast to the close of the financial year shows a slight decline to 0.99:1 meaning that NOCMA is just on the margins of its ability of meeting its short term liabilities, hence the need to be cautious and work on further improving the cash flow position. Although the working capital for NOCMA was good at mid-year, it projects to close the 2020/21 financial year with a negative working capital.

Looking ahead, with the 50-50 fuel import arrangements supported by the various fuel importation facilities, NOCMA has good prospects for future growth and profitability.

17.2.3.3 Malawi Energy Regulatory Authority (MERA)

Table 17.10 shows the financial performance of MERA as at 31st December, 2020.

TABLE 17.10: SELECTED PERFORMANCE STATISTICS FOR MERA

Financial Indicator	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 (Audited) MK'million	2020/21 Mid-year Actuals MK'million	Outlook to 30 June 2021 MK'million
Income	5,464.5	6,802.3	7,513.4	7,902.1	6,676.3	13,133.3
Change in Income,	39%	24%	10%	5%	(16%)	66%
Expenditure	(3,248.5)	(3,633.3)	(4,668.5)	(5,937.2)	(3,395.4)	(7,236.6)
Change in expense,	37%	12%	28%	27%	(43%)	22%
Surplus	2,216	3,169	2,845	1,964.9	3,280.9	5,896.7
Change in surplus,	15%	43%	(10%)	(31%)	67%	200%
Return on Assets	13%	7%	4%	5%	7%	14%
Profit Margin	47%	51%	38%	25%	50%	46%
Net current assets	5,172	20,944	22,815	16,685.9	13,459.6	6,985.5
Current Ratio	1.78	1.94	1.65	2.03	1.57	1.34
Liquid Ratio	1.78	1.94	1.65	2.02	1.57	1.34
Debt Ratio	40%	48%	83%	76%	50%	50%
Debt-to-Equity	68%	92%	496%	312%	100%	100%
Receivable Days	21	1,331	1,562	677	1,297	690
Capital Employed	9,780	24,251	29,830	26,555.7	23,664.7	20,549.9

Source: MERA Audited Accounts and 2020/21 Performance Management Plans and Budgets

The performance of Malawi Energy Regulatory Authority (MERA) was a slight growth in revenues in 2020 with revenues registering a 5 percent growth to MK7.9 billion in 2020 from MK7.5 billion in 2019. However, expenditures grew by 27 percent to MK5.9 billion in 2020 from MK4.7 billion in 2019. Thus, due to the increase in expenditure which was higher than the increase in income, the surplus for the Authority for the year 2019/20 reduced by 31 percent to MK1.9 billion from a surplus of MK2.8 billion attained in the 2018/19 financial year. The Authority used most of the surplus to invest in construction of the office complex that was still under way during the 2019/20 financial year.

The liquidity position for the Authority was good with current ratio at 2.03:1 in the 2019/20 financial year. Unfortunately this reduced to 1.57:1 as at 31st December 2020 and is projected to further reduce to 1.34:1 by 30th June 2021. This reduction is largely on account of a significant reduction in current assets from MK32 billion in 2020 to MK27 billion in 2021 against a significant increase in current liabilities from MK16.3 billion in 2020 to MK20.5 billion in 2021. Consequently, the working capital is also projected to significantly decline from MK16.7 billion in 2020 to MK6.9 billion in 2021.

17.2.3.4 Electricity Generation Company (EGENCO)

Table 17.11 shows the financial performance of EGENCO as at 31st December 2020.

TABLE 17.11: SELECTED PERFORMANCE STATISTICS FOR EGENCO

Financial Indicator	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 (Audited) MK'million	2020/21 Mid-year Actuals MK'million	Outlook to 30 June 2021 MK'million
Income	14,875.9	44,716.8	64,711.2	65,127.3	34,682.9	70,335.4
Change in Income,		190%	31%	1%	(47%)	103%
Expenditure	(9,859.2)	(29,154.6)	(42,495.3)	(55,052.9)	(27,547.7)	(59,364.2)
Change in expense,		196%	46%	89%	(35%)	115%
Profit after Tax (PAT)	2,824.6	11,034.7	16,282.6	(5,082.1)	2,536.7	2,033.2
Change in PAT,		291%	48%	(131%)	(150%)	(20%)
Operating Profit Margin	34%	36%	39%	16%	21%	16%
Return on Assets	10%	21%	10%	4%	1%	1%
Net current assets	9,223	12,445	45,382	41,866.2	43,194.0	33,329.0
Current Ratio	1.99	1.60	6.28	4.36	3.97	2.7
Liquid Ratio	1.78	1.48	5.51	3.61	3.33	2.4
Debt Ratio	21%	40%	37%	41%	39%	43%
Debt-to-Equity	27%	66%	59%	70%	65%	76%
Trade Receivable Days	195	218	238	210	422	248.5
Capital Employed	35,684	52,306	224,501	227,019.5	229,859.7	232,308.1

Source: EGENCO Audited Accounts and 2020/21 Performance Management Plans and Budgets

Since its inception in 2017/18 financial year, the Electricity Generation Company has maintained its profitability. However, in 2020, EGENCO registered a loss of MK5.1 billion largely on account of a huge tax outlay of MK15.1 billion which was paid out in 2020 arising from reversals of capital allowances recognized during the setting up of the company. However, as at 31st December 2020, the company registered a profit of MK2.5 billion and projection to 30th June 2021 indicates a profit of MK2.0 billion. This performance is on account of increase in total energy units generated for the 6 months to December 2020 which was at 1,035.153GWh due to increased water level in the Lake which increased water flow in the Shire River thereby contributing to high units generated than expected.

On the other hand, debtor days, at 210 days, were still very high in 2019/20. Debtor days are projected to increase to 249 days by close of the financial year in June 2021 which is way above the agreed level of 30 days in the power purchase agreements. As at 31st December 2020, electricity debtors were at MK37.2 billion but the Company projects to close the financial year with MK46.2 billion in debtors. Despite this challenge, the liquidity position for EGENCO was healthy with current ratio of 3.9:1 as of December 2020. Looking forward, current ratio is projected to close at a reduced level of 2.7:1 which is still a good indication of the Company's ability to meets its obligations as they fall due.

17.2.4 Communication Portfolio

17.2.4.1 Malawi Posts Corporation

Table 17.12 shows the financial performance of MPC as at 31st December, 2020.

TABLE 17.12: SELECTED PERFORMANCE STATISTICS FOR MPC

Financial Indicator	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 (Audited) MK'million	2020/21 Mid-year Actuals MK'million	Outlook to 30 June 2021 MK'million
Income	4,463.2	4,153.5	3,591.6	4,363.2	2,537.4	4,692.7
Change in Income,	30%	(7%)	(14%)	21%	(42%)	8%
Expenditure	(4,755.5)	(4,676.6)	(4,792.4)	(4,559.7)	(2,614.4)	(4,686.9)
Change in expense,	24%	(2%)	2%	(5%)	(43%)	3%
Profit after tax (PAT)	(292.3)	(523.1)	(1,200.7)	(165.5)	(77.0)	4.1
Change in PAT,	(2%)	(137%)	130%	(86%)	(53%)	(1.0)
Profit Margin	(7%)	(13%)	(38%(	(5%	(3%)	0%
Return on Assets	(2%)	(4%)	(9%)	(12%)	(4%)	0%
Working Capital (WC)	(1,369.7)	(1,629.1)	(2,273.2)	127.5	78.8	78.2
Current Ratio	0.66	0.58	0.49	1.12	1.06	1.06
Liquid Ratio	0.62	0.58	0.47	1.12	1.06	1.06
Debt Ratio	44%	28%	32%	67%	76%	72%
Debt-to-Equity	80%	40%	48%	206%	311%	255%
Receivable Days	126	171	167	89	168	94
Capital Employed	10,078.0	10,069.0	9,288.0	521.8	444.9	527.7

Source: MPC Audited Accounts and 2020/21 Performance Management Plans and Budgets

The performance of Malawi Posts Corporation (MPC) remained poor in the year 2019/20 though with some improvements compared to the position reported in 2018/19. The revenues increased by 21 percent to MK4.4 billion in 2019/20 from MK3.6billion in 2018/19. On the other hand, expenses slightly decreased by 5 percent in 2019/20 to MK4.6 billion from MK4.8 billion during the same period. These developments resulted in reduction in the loss to MK165.5 million from MK1.2 billion loss registered in the 2018/19 financial year. As at December 2020, the Corporation also posted a Loss After Tax of K76.9 million however, projections to end of June 2021 shows a profit of MK4.1 million.

MPC's liquidity position improved with a current ratio of 1.12:1 reported in 2019/20, an improvement from the 2019 position of 0.49:1. This position is projected to be maintained to the end of the 2020/21 financial year signifying that MPC was barely able to meet its current debt obligations as they fall due. Furthermore, the working capital had improved from the negative side to K127.5 portraying an improved working capital position to finance its day-to-day operations. The current liabilities for the Corporation significantly increased to MK9.7 billion in 2019/20 from MK6.9 billion reported in the 2018/19 financial year. Projection to June 2021 is a reduction to MK5.2 billion in current liabilities while trade receivables projection to June 2021 are estimated to close at MK1.5 billion from MK2.9 billion in December 2020. Trade payables, which mostly comprise tax arrears and pension arrears, were at MK8.3 billion as at 30th June 2020 and are anticipated to close at MK5.2 billion by June 2021. These arrears arose due to the running of 120 loss making post offices as a social service. Government has since included a subvention to MPC to cover the social services offered by MPC while the Universal Service Fund will be used to offset these occurrences in the near future.

The trade receivable days' position of 168 days was recorded in December 2020 with prospects of improving this position to 94 days by close of the financial year. This requires the Corporation to employ more efforts to collect resources from their debtors. The debt-to-equity position, however, increased to 311 percent in December 2020 from 89 percent in June 2020. This was largely due to loans and overdrafts acquired by MPC to finance working capital requirements.

17.2.4.2 Malawi Communications Regulatory Authority (MACRA)

Table 17.13 shows the financial performance of MACRA as at 31st December, 2020.

TABLE 17.13: SELECTED PERFORMANCE STATISTICS FOR MACRA

Financial Indicator	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 (Audited) MK'million	2020/21 Mid-year Actuals MK'million	Outlook to 30 June 2021 MK'million
Income	17,055.9	18,219.7	18,106.8	19,140,8	8,905.9	17,661.8
Change in Income,	19%	7%	(1%)	6%	(53%)	(8%)
Expenditure	(11,160.8)	(6,970.1)	(10,780.2)	(12,723.2)	(5,873.1)	(13,486.6)
Change in expense,	16%	(38%)	55%	18%	(54%)	6%
Surplus	6,119.9	11,284.0	7,326.6	5,436.4	2,676.2	3,411.2
Change in surplus,	19%	50%	(10%)	(26%)	(51%)	(37%)
Profit Margin	35%	62%	42%	36%	35%	24%
Return on Assets	43%	58%	32%	25%	12%	18%
Working Capital (WC)	8,148	3,562	4,107	2,804.2	4,095.6	3,258.2
Current Ratio	3.83	1.57	1.44	1.27	1.43	1.47
Liquid Ratio	3.81	1.56	1.43	1.27	1.43	1.47
Debt Ratio	35%	41%	49%	53%	49%	41%
Debt-to-Equity	53%	71%	96%	114%	96%	69%
Receivable Days	106	91	161	98	190	101
Capital Employed	11,426	13,072	13,334	11,677.5	12,371.7	12,438.3

Source: MACRA Audited Accounts and 2020/21 Performance Management Plans and Budgets

Malawi Communications Regulatory Authority (MACRA) continued to report increases in surpluses over the past five years though with declining trends due to a continuous drop in incoming international call minutes which is a basis for circulation of international call termination fees. The other reason for the decline was 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 2019/20, revenues grew by 6 percent over and above the 2018/19 position to K19.1 billion, while prospects for June 2021 are a further decline of 8 percent to K17.7 billion. However, expenditures grew by 28 percent in the 2019/20 financial year and are projected to grow by 6 percent by June 2020 leading to a 37 percent decline over 2019/20 financial year whereby K5.4 billion was recorded against K3.4 billion expected by June 2021.

Although the liquidity of the Authority is on a declining trend, the organisation remains healthy and capable of meeting short term obligations as they fall due. Additionally, the Authority’s working capital is adequate to support its day-to-day operations.

17.2.5. Agriculture Portfolio

17.2.5.1 National Food Reserve Agency (NFRA)

Table 17.14 shows the financial performance of NFRA as at 31st December 2020.

TABLE 17.14: SELECTED PERFORMANCE STATISTICS FOR NFRA

Financial Indicator	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 (Audited) MK'million	2020/21 Mid-year Actuals MK'million	Outlook to 30 June 2021 MK'million
Income	10,080	9,393	1,887	3,642.6	1,333.1	3,556..
Change in Income,	857%	(7%)	(80%)	21%	(55%)	(2%)
Expenditure	(9,391)	(3,057)	(1,657)	(4,067.6)	(1,617.4)	(3,189.9)
Change in expense,	630%	(67%)	(46%)	57%	(63%)	(21%)
Surplus	688.8	6,335.8	230.8	(896.1)	(438.6)	21.9
Change in surplus,	(394%)	820%	(96%)	(238%)	(90%)	(85%)
Profit Margin	7%	71%	16%	(12%)	(23%)	11%
Return on Assets	4%	23%	1%	(18%)	(8%)	0%
Net current assets	11,913	18,332	18,469	(121.7)	(621.3)	(288.8)
Current Ratio	10.67	4.15	6.12	0.91	0.71	0.79
Liquid Ratio	7.59	1.54	4.68	0.88	0.71	0.79
Debt Ratio	30%	35%	28%	28%	40%	27%
Debt-to-Equity	43%	53%	39%	38%	67%	38%
Trade Receivable Days	7	12	64	46	50	54
Capital Employed	14,957	21,159	21,255	3,640.6	3,201.9	3,662.5

Source: NFRA Audited Accounts and 2020/21 Performance Management Plans and Budgets

Performance of the National Food Reserve Agency (NFRA) in the 2019/20 financial year declined from the 2018/19 position. NFRA reported a net loss of MK896.1 million as compared to the net surplus of MK230.6 million in 2019. However, as of December 2020, the Agency registered a net deficit of MK438.13 million and projects to close the 2020/21 financial year with a net surplus of MK21.9 million. This performance was largely due to high handling charges incurred of USD27/metric tonnes (MT) per annum (MK21,411) compared to the planned USD21/MT per annum (MK16, 653/MT per annum). The other reason for a decline in performance was depreciation and stock losses incurred in storage (at 0.10 percent which significantly below the internationally accepted storage loss of 2 percent).

The Agency received, recycled and released 57,19 1metric tonnes (MT) of maize on 31st December 2020 and is expected to handle 230,000 metric tonnes compared to 96,987 metric tonnes handled in the 2019/2020 financial year.

The liquidity position for NFRA decreased to 0.91 in the 2019/20 financial year compared to 6.12:1 in the 2018/19 financial year. However, the situation plummeted at mid-year where a current ratio was at 0.71:1 but prospects indicate improvement by the close of the 2019/20 financial year to 0.79. The debt-to-equity position also improved to 33 percent in 2019/20 from 39 percent in 2018/19 financial year and as at mid-year 2019/20 it registered the debt ratio of 13 percent. This indicates that the Agency was, to a large extent, being financed through owner's equity.

17.2.5.2 ADMARC Limited

Table 17.15 shows the financial performance of Agricultural Development and Marketing Corparation (ADMARC) as at 31st December 2020.

TABLE 17.15: SELECTED PERFORMANCE STATISTICS FOR ADMARC LIMITED

Financial Indicator	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 (Audited) MK'million	2020/21 Mid-year Actuals MK'million	Outlook to 30 June 2021 MK'million
Income	9,655	42,669	31,978	33,029.3	1,405.9	20,890.1
Change in Income,	(55%)	342%	(25%)	3%	(96%)	(37%)
Expenditure	(33,037)	(28,324)	(27,324)	(29,253.1)	(5,166.4)	(22,942.6)
Change in expense,	17%	(14%)	(4%)	7%	(82%)	(22%)
Profit after tax (PAT)	(23,383)	14,330	1,961	3,776.3	(3,760.6)	(2,052.5)
Change in PAT,	497%	(154%)	(86%)	93%	(200%)	(154%)
Profit Margin	(3.19)	1.00	0.22	29%	(340%)	(16%)
Return on Assets	(24%)	13%	5%	4%	1%	(3%)
Net current assets	(33,566)	311	4,481	10,553.7	2,823.5	(8,756.2)
Current Ratio	0.48	1.01	1.16	1.37	1.07	0.76
Liquid Ratio	0.11	0.64	1.00	0.98	0.56	0.54
Debt Ratio	79%	50%	42%	39%	48%	45%
Debt-to-Equity	368%	101%	72%	65%	93%	83%
Trade Receivable Days	335	582	266	709	4,497	464
Capital Employed	32,255	66,486	70,934	76,540,697	70,828,468	68,173,085

Source: ADMARC Limited's Audited Accounts and 2020/21 Performance Management Plans and Budgets

The performance of ADMARC Limited over the last five years varied due to unique circumstances that prevailed in each respective year. Revenues in the 2019/20 financial year increased over the 2018/19 position with MK31.98 billion recorded against MK33 billion reported in 2019/20. Of these revenues, actual sales were MK13.2 billion and total expenditures were MK29.3 billion, translating into a gross profit of MK3.8 billion. ADMARC reported MK19.8 billion as revenues in 2020 whose large proportion was invoiced to Government for undertaking social obligations on its behalf.

As at half year of the 2020/21 financial year, ADMARC recorded a net loss after tax of K3.7 billion, mainly because ADMARC did not secure funding for commodity purchases in time. In addition, there were no commodities in stock for most parts of the period. As such, ADMARC was exposed to consecutive months of low sales and low purchases on one side and high overhead costs on the other. The company survived through overdrafts and loans to meet its obligations during this period.

The liquidity position of ADMARC in the 2019/20 financial year was barely on the margins at a current ratio (1.37:1) while leverage was at 65 percent as measured by debt/equity proportions. However, at mid-year, the current ratio had worsened to 1.07:1 and it is projected to further worsen to 0.76:1 by June 2020 indicating that the Corporations will struggle to meet short term obligations as they fall due.

17.2.5.3 Tobacco Commission (TC)

Table 17.16 shows the financial performance of TC as at 31st December 2020.

TABLE 17.16: SELECTED PERFORMANCE STATISTICS FOR TC

Financial Indicator	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 (Audited) MK'million	2020/21 Mid-year Actuals MK'million	Outlook to 30 June 2021 MK'million
Income	3,525.1	2,653.5	3,193.3	3,642.6	1,333.0	3,556.4
Change in Income,	59%	(25%)	20%	12%	(63%)	2%
Expenditure	(2,550.9)	(2,769.5)	(3,505.6)	(4,067.6)	(1,617.4)	(3,189.9)
Change in expense,	31%	9%	27%	36%	(60%)	22%
Surplus	1,306.40	305.49	89.18	(896.1)	(438.6)	21.9
Change in Surplus,	497%	(100%)	894%	495%	(51%)	(102%)
Profit Margin	28%	(4%)	(10%)	(12%)	(23%)	11%
Return on Assets	28%	6%	2%	(18%)	(8%)	0%
Working Capital (WC)	516	405	3	(121.7)	(621.3)	(288.7)
Current Ratio	1.66	1.31	1.00	0.91	0.71	0.79
Liquid Ratio	1.66	1.30	0.99	0.88	0.71	0.79
Debt Ratio	17%	33%	27%	28%	40%	27%
Debt-to-Equity	20%	49%	36%	38%	67%	38%
Trade Receivable Days	56	90	55	46	50	54
Capital Employed	3,838	3,950	3,646	3,640.6	3,201.9	3,662.5

Source: TC Audited Accounts and 2020/21 Performance Management Plans and Budgets

The overall performance of the Tobacco Commission in the 2019/20 financial year declined over the 2018/19 financial year. The Commission reported a 12 percent increase in revenues to MK3.6 billion compared to MK3.2 billion reported in 2018/19 financial year. On the other hand, expenditure grew by 36 percent to MK4.1 billion from MK3.5 billion resulting into a loss of MK562 million compared to a loss of MK150.5 million reported in 2018/19.

Liquidity level for the Commission was barely on the margins in 2019/20 as measured by the current ratio of 0.9:1, however at midyear of 2020/21, the position further deteriorated to 0.71:1 and it is anticipated to be at 0.79:1 by the close of the financial year. This indicates that current assets of the Commission would not be enough to meet the current liabilities.

The leverage position of the Commission has improved over the years as measured by debt/equity ratio which is expected to close at 38 percent, signifying that the Commission's assets are, to a large extent, funded by owner's equity than debt.

17.2.6 Health Portfolio

17.2.6.1 Pharmacy and Medicines Regulatory Authority (PMRA)

Table 17.17 shows the financial performance of the Board as at 31st December, 2020.

TABLE 17.17: SELECTED PERFORMANCE STATISTICS FOR PMRA

Financial Indicator	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 (Audited) MK'million	2020/21 Mid-year Actuals MK'million	Outlook to 30 June 2021 MK'million
Income	1,159.9	1,300.4	1,216.8	2,151.6	2,093.5	2,057.0
Change in Income,	(13%)	12%	(6%)	6%	(3%)	(2%)
Expenditure	(907.4)	(1,192.3)	(1,303.9)	(1,306.2)	(741.3)	(1,534.3)
Change in expense,	61%	31%	9%	0.2%	(43%)	107%
Surplus	306.17	161.78	(74.14)	53.6	(8.2)	10.2
Change in Surplus,	(93%)	(115%)	(224%)	(172%)	(115%)	(224%)
Profit Margin	23%	8%	(10%)	6%	(1%)	1%
Return on Assets	15%	7%	(3%)	2%	0%	0%
Working Capital (WC)	624	150	(85)	(191.8)	247.2	(144.5)
Current Ratio	4.4	1.7	0.7	0.7	1.8	0.8
Liquid Ratio	3.8	1.6	0.7	0.7	1.7	0.8
Debt Ratio	9%	10%	14%	26%	12%	25%
Debt-to-Equity	10%	11%	16%	37%	17%	33%
Trade Receivable Days	49	37	10	18	29	7
Capital Employed	1,908	2,028	1,954	1,959.9	2,340.8	1,912.5

Source: PMPA Audited Accounts and 2020/21 Performance Management Plans and Budgets

The performance of the Pharmacy and Medicines Regulatory Authority improved during the 2019/20 financial year as it registered a surplus of MK53.6 million from a deficit of MK74.1 million recorded in the 2018/19 financial year. As at 31st December 2020, the Authority registered a loss MK8.2 million and projections show that it will close the 2020/21 financial year with a surplus of K10.2 million. The major reason for the downturn at mid-year was the low level of regulatory fees and fees under-collection. As at mid-year, PMRA had only collected about 63% of the budgeted regulatory fees even though in practice, licence holders who are supposed to renew their licences by 30th June but compliance to the collection policy on fees was weak.

Due to the poor financial performance, the liquidity position of the Commission remained weak with current ratio of 0.7:1 in 2019/20 the financial year resulting in failure to meet some cash flow requirements. This position is projected to slightly improve to 0.8:1 by the close of the financial year. To address this challenge, the Authority will continue with the efforts to fully start implementation of the new PMRA Act. Currently, the Authority is developing Regulations. In addition, the regulatory fees have been revised and approved by the Board awaiting to be gazetted before implementation. In the revised fees, PMRA will introduce penalties to enforce prepayment of regulatory fees. These interventions will help to improve the financial performance of the Authority.

17.2.7 Labour and Manpower development

17.2.7.1 Technical, Entrepreneurial and Vocational Education and Training Authority (TEVETA)

Table 17.18 shows the financial performance of TEVETA as at 31st December, 2020.

TABLE 17.18: SELECTED PERFORMANCE STATISTICS FOR TEVETA

Financial Indicators	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 (Audited) MK'million	2020/21 Mid-year Actuals MK'million	Outlook to 30 June 2021 MK'million
Income	6,035.8	6,039.8	10,489.2	13,343.8	4,756.6	7,221.2
Change in Income,	(3%)	0%	74%	27%	(64%)	(46%)
Expenditure	(6,343.8)	(5,697.0)	(10,327.3)	(12,658.4)	(2,276.9)	(6,718.2)
Change in expense,	46%	(10%)	81%	23%	(82%)	(47%)
Surplus	(307.9)	342.8	161.9	685.4	2,375.1	273.8
Change in surplus,	(116%)	(211%)	(53%)	323%	247%	(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	4,343.8	4,525.9	4,313.9
Current Ratio	2.70	3.27	1.94	2.42	4.52	2.69
Liquid Ratio	2.69	3.27	1.93	2.42	4.49	2.69
Debt Ratio	33%	25%	34%	38%	24%	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	6,597.3	6,612.3	9,267.0

Source: TEVETA Audited Accounts and 2020/21 Performance Management Plans and Budgets

TEVETA continued to register a good performance with a surplus of MK685.4 million in the 2019/20 financial year. Despite registering a 27 percentage increase in the total revenues of the Authority, there was a corresponding 23 percent increase in the expenditure which resulted in a surplus increase above the previous financial year. As at mid-year, the Authority posted a surplus of MK2.3 billion. However, the prospects to the close of the financial year are a decline in the net surplus to MK278.3 million.

The Authority's current ratio improved in the 2019/20 financial to 2.42:1 from 1.94:1 in 2018/19 financial year. Although this was the case, it still shows that the Authority is able to meet its short-term obligations as they fall due. As at mid-year, the current ratio had increased to 4.52 and is projected to close at 2.69 which is a very good position. The working capital increased to MK4.3 billion at the end of 2019/20 financial year from MK1.8 billion in 2018/19 but this is projected to remain at MK4.3 billion by the end of June 2020.

Financial leverage as measured by debt to equity ratio increased to 61 percent in 2019/20 and this quickly improved at mid-year of 2019/20 to 32 percent and is projected to moderate to 34 percent by the close of the 2020/21financial year. This indicates that, mostly, the Authority will be using its own resources compared to external resources to finance its assets.

17.2.7.2 Malawi Institute of Management (MIM)

Table 17.19 shows the financial performance of MIM as at 31st December 2020.

TABLE 17.19: SELECTED PERFORMANCE STATISTICS FOR MIM

Financial Indicator	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 (Audited) MK'million	2020/21 Mid-year Actuals MK'million	Outlook to 30 June 2021 MK'million
Income	1,017.0	985.2	1,466.7	1,230.7	623.0	1,147,1
Change in Income,	(3%)	(3%)	49%	(16%)	(49%)	84%
Expenditure	(1,390.7)	(1,301.9)	(1,667.9)	(1,670.2)	(708.9)	(1,604,.4)
Change in expense,	23%	(6%)	28%	0.1%	(58%)	126%
Profit after tax (PAT)	(354.3)	(308.7)	(198.5)	(439.5)	(85.8)	(457.4)
Change in PAT,	(500%)	(13%)	(36%)	121%	(80%)	433%
Profit Margin	(38%)	(42%)	(14%)	(36%)	(14%)	(40%)
Return on Assets	(17%)	(15%)	(9%)	(23%)	(4%)	(23%)
Working Capital	(635)	(912)	(1,120)	(1,544.2)	(1,613.0)	(898.7)
Current Ratio	0.40	0.29	0.28	0.11	0.18	0.24
Liquid Ratio	0.38	0.28	0.26	0.09	0.16	0.21
Debt Ratio	63%	78%	89%	112%	116%	80%
Debt-to-Equity	174%	345%	797%	(911%)	(733%)	401%
Receivable Days	107	136	96	29	185	81
Capital Employed	1,107	796	605	160.2	57.1	819.5

Source: MIM Audited Accounts and 2020/21 Performance Management Plans and Budgets

Malawi Institute of Management (MIM) continued to post losses though at a declining rate. In the 2019/20 financial year, MIM reported a loss after tax of MK439.5 million against a loss of MK198.5 million reported in the 2018/19 financial year. As at mid-year, MIM posted a loss after tax of MK85.8 million and the outlook to 30th June 2021 is that MIM will post a Loss after Tax of MK457.3 million. The losses are largely due to MIM incurring increased expenditures against dwindling revenue generation sources owing 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.

The Institute's liquidity it remained very weak with a current ratio of below the minimum recommended level of 1. This position means that MIM is not capable of meeting its current liabilities as they fall due with existing current assets. Furthermore, the Institute has maintained a high debt-to-equity position over the years and also the debt collection days are also high as most of its resources are tied up in unpaid bills with its customers.

Going forward, the Management of MIM developed strategies to turn around the situation which includes the Quarterly advertisement of all programmes in various media houses such as newspapers, radio, and television, and online, social media (MIM Facebook and Twitter); intensified door-to-door marketing of short-term training programmes; selection of appropriate venues for short term courses with incentives; investing and use of alternative learning modes for both MIM degree programmes as well as short-term programmes in the wake of the COVID-19 pandemic; intensifying online advertisement of short courses; development and distribution of promotional materials e.g. prospectus, brochures, fliers and diaries; organising customer symposiums to show case MIM's products and services; investing in more on MIM branded training material packaging; allowing more time between selection of students and commencement of classes to allow the students source the required fees; and negotiating for review of fee payment mode with University of Bolton.

17.2.8 Industry and Trade

17.2.8.1 Malawi Bureau of Standards (MBS)

Table 17.20 shows the financial performance of the Bureau as at 31st December, 2020.

TABLE 17.20: SELECTED PERFORMANCE STATISTICS FOR MBS

Financial Indicator	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 (Audited) MK'million	2020/21 Mid-year Actuals MK'million	Outlook to 30 June 2021 MK'million
Income	3,720.3	5,179.3	7,045.2	6,415.9	3,567.9	8,350.4
Change in Income,	56%	39%	36%	(3%)	(44%)	30%
Expenditure	(2,664.8)	(2,880.8)	(4,358.3)	(5,152.3)	(2,853.4)	(6,853.9)
Change in expense,	28%	8%	51%	18%	(45%)	33%
Surplus	1,055.6	2,298.6	2,686.9	1,893.7	442.2	1,071,.1
Change in surplus,	166%	118%	(3%)	(15%)	(77%)	(43%)
Profit Margin	28%	44%	41%	26%	20%	18%
Return on Assets	22%	24%	16%	10%	2%	5%
Working Capital (WC)	2,012	2,146	3,224	3,755.7	3,260.6	393.2
Current Ratio	5.59	2.70	2.31	2.83	2.92	1.23
Liquid Ratio	5.53	2.68	2.30	2.81	2.89	1.18
Debt Ratio	9%	13%	15%	11%	9%	8%
Debt-to-Equity	10%	15%	17%	12%	10%	8%
Receivable Days	13	13	75	92	225	24
Capital Employed	4,352	8,457	14,264	17,192.4	16,850.5	20,884.1

Source: MBS Audited Accounts and 2020/21 Performance Management Plans and Budgets

Performance the Malawi Bureau of Standards (MBS) in the 2019/20 financial year was good though revenues declined by 3 percent to MK6.4 billion from MK7.0 billion in 2018/19. On the other hand, expenditure increased by 18 percent to MK5.2 billion from MK4.4 billion in 2017/18 which translated to a surplus of MK1.9 billion in the 2019/20 financial year, a 15 percent decrease. The Bureau invested a significant portion of the surplus in the construction of new MBS offices and a modern laboratory currently under way but was also able to remit surplus to the government during the year. As at 31st December 2020, the Bureau had registered a surplus of MK442.2 million and projects a profit of MK1.1 billion at the end of June 2021 a decline of 41 percent from the previous year period.

The Bureau’s liquidity improved to a current ratio of 2.8:1 in 2019/20 up from 2.3:1 in 2018/19. Despite the decline, the reported position still indicates that MBS is capable of meeting its current liabilities as they fall due with existing current assets. Prospects for the end of the 2020/21 financial year are a decline in the current ratio to 1.23:1 largely due to the disinvestment in short-term investments to procure a heating and air conditioning system in the new laboratory and offices which resulted in a decrease in current assets.

17.2.9 Tourism

17.2.9.1 Malawi Gaming Board (MGB)

Table 17.21 shows the financial performance of the MGB as at 31st December, 2019.

TABLE 17.21: SELECTED PERFORMANCE STATISTICS FOR MGB

Financial Indicator	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 (Audited) MK'million	2020/21 Mid-year Actuals MK'million	Outlook to 30 June 2021 MK'million
Income	674.4	799.6	916.3	937.2	450.8	1,190.6
Change in Income	24%	19%	15%	2%	(52%)	27%
Expenditure	(540.5)	(668.5)	(831.8)	(709.5)	(285.1)	(802.5)
Change in expense,	24%	24%	24%	(15%)	(60%)	13%
Surplus	78.7	131.2	84.5	92.5	111.3	262.7
Change in Surplus,	9%	67%	(36%)	8%	20%	184%
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	4.10	2.59	0.76	0.97	1.11	0.91
Liquid Ratio	4.10	2.59	0.76	0.97	1.11	0.91
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

Source: MGB Audited Accounts and 2020/21 Performance Management Plans and Budgets

The Malawi Gaming Board (MGB) continued to perform well in 2019/20 financial year with a total revenue slightly increasing by 2 percent from MK916.3 million in 2018/19 to MK937.2 million during the 2019/20 financial year. The increase was largely on account of an improved performance of Colony Casino and Marina Casino. The Board consequently posted a surplus of MK92.5 million an increase from MK85.5 million reported in 2018/19 financial year. However, at the mid-year of 2020/21, the Board realized MK111.3 million and it projects to realize a high surplus of K2627 million by close of the financial year.

The Board's liquidity remained reasonable with a current ratio of 0.9:1 in 2019/20 and prospects to the close of the 2020/21 financial year are that the Board will attain a current ratio of 0.91:1 down from the mid-year position of 1.11:1 implying that MGB is barely capable of meeting its current liabilities as they fall due with existing current assets. The Board continued to maintain a low debt-to-equity position over the years.

17.2.10 Transport Portfolio

17.2.10.1 Airport Development Limited (ADL)

Table 17.22 shows the financial performance of the ADL as at 31st June, 2020.

TABLE 17.22: SELECTED PERFORMANCE STATISTICS FOR ADL

Financial Indicator	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 (Audited) MK'million	2020/21 Mid-year Actuals MK'million	Outlook to 30 June 2021 MK'million
Income	1,931.0	2,128.7	2,379.3	2,603.0	1,075.9	1,847.5
Change in Income	18%	10%	12%	9%	(59%)	(29%)
Expenditure	(1,462.7)	(1,927.6)	(2,110.3)	(2,782.9)	(957.9)	(1,905.7)
Change in expense,	-2%	32%	9%	32%	(66%)	(32%)
Profit after tax (PAT)	442.8	177.1	254.4	(179.9)	118.1	(58.2)
Change in PAT,	246%	(60%)	44%	(171%)	(166%)	(68%)
Profit Margin	24%	9%	11%	(7%)	11%	(3%)
Return on Assets	1.7%	0.5%	0.6%	(0.4%)	0.2%	(0.1%)
Working Capital (WC)	349	211	223	146.7	208.2	248.1
Current Ratio	1.47	1.28	1.23	1.12	1.15	1.20
Liquid Ratio	1.28	1.14	1.09	1.04	1.09	1.13
Debt Ratio	3%	3%	3%	3%	3%	4%
Debt-to-Equity	3%	3%	3%	3%	3%	4%
Receivable Days	178	151	154	178	484	275
Capital Employed	25,343.2	34,571.2	41,713.5	49,468.1	49,424.2	49,846.5

Source: ADL Audited Accounts and 2020/21 Performance Management Plans and Budgets

Performance of Airport Development Limited (ADL) in the 2019/20 financial year generally declined. Revenues increased to MK2.6 billion compared to MK2.4 billion reported in 2018/19 financial year. On the other hand, expenditures grew to MK2.8 billion from MK2.1 billion in the previous year translating into a loss after tax of MK180 million. At mid-year, the performance on revenues was lower than budgets on KIA concessions mainly because of the effects of the COVID-19 pandemic. The non-receipt of the planned concession on agriculture activity by the Green Belt Initiative (GBI) has also affected the revenues. Looking forward to June 2021, the company projects to close with a loss of MK58.2 million.

ADL's liquidity remained barely acceptable with a current ratio of 1.12:1 in 2019/20 from 1.23:1 in 2018/19. As at mid-year, the current ratio further increased to 1.15:1 and is projected to increase further to 1:20:1 at the end of the 2020/21 financial year, implying that the company is able of meeting its current liabilities as they fall due with existing current assets. The high debtors collecting days were affecting the operations of the company and reducing these could improve ADL's liquidity position.

17.2.10.2 Lilongwe Handling Company (LIHACO)

Table 17.23 shows the financial performance of the LIHACO as at 31st December 2020.

TABLE 17.23: SELECTED PERFORMANCE STATISTICS FOR LIHACO

Financial Indicator	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 (Audited) MK'million	Outlook to 30 June 2021 MK'million
Income	3,036.0	3,002.0	3,249.0	3,300.7	1,576.8
Change in Income,	26%	-1%	8%	2%	-52%
Expenditure	(2,394.0)	(2,756.0)	(3,039.0)	(3,283.7)	(2,954.8)
Change in expense,	15%	15%	10%	7%	-10%
Profit after tax (PAT)	549.0	85.0	119.0	(1,706.9)	(1,378.0)
Change in PAT,	103%	(102%)	(1216%)	(1533%	(19%)

Profit Margin	-27%	-9%	-7%	52%	47%
Return on Assets	38%	7%	9%	-70%	-53%
Working Capital (WC)	93.0	(204.0)	102.0	146.5	(1,066.7)
Current Ratio	1.13	0.83	1.09	1.18	0.52
Liquid Ratio	1.13	0.83	1.09	1.18	0.52
Debt Ratio	58%	63%	59%	72%	113%
Debt-to-Equity	138%	169%	147%	-202%	-570%
Receivable Days	71	68	108	48	135
Capital Employed	958.0	767.0	964.0	1,632.9	388.0

Source: LIHACO Audited Accounts and 2020/21 Performance Management Plans and Budgets

The Lilongwe Handling Company (LIHACO) maintained a positive performance in 2019/20 with total revenues increasing by 2 percent to MK3.3 billion from MK3.2 billion in 2018/19. However, due to the impact of COVID-19, LIHACO's performance was greatly affected hence revenues were projected to fall to MK1.6 billion by the close of the 2020/21 financial year. Expenditures grew by 7 percent to MK3.3 billion in 2019/20 resulting in to a loss of MK1.7 billion down from a profit of MK119 million registered in 2018/19 financial year. Looking forward to the end of the financial year, LIHACO projects a further loss of MK1.4 billion at the close of the financial year.

LIHACO's liquidity position slightly increased in 2019/20 to a current ratio of 1.18:1 compared to 1.09:1 in 2018/19 and prospects to the close of the 2020/21 financial year are a worsened position of 0.52:1 implying that the Company is not capable of meeting its current liabilities as they fall due with existing current assets. The continued impact of COVID 19 puts uncertainties on the future of the company.

17.2.10.2 Air Cargo Malawi Limited (ACM)

Table 17.24 shows the financial performance of the ACM as at 31st December 2020.

TABLE 17.24: SELECTED PERFORMANCE STATISTICS FOR ACM

Financial Indicator	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 (Audited) MK'million	2020/21 Mid-year Actuals MK'million	Outlook to 30 June 2021 MK'million
Income	3,974.0	4,560.0	4,227.0	4,363.2	2,537.4	4,692.7
Change in Income,	18%	15%	(7%)	3%	(42%)	8%
Expenditure	(3,873.0)	(4,325.0)	(4,510.0)	(4,559.8)	(2,614.4)	(4,686.9)
Change in expense,	22%	12%	4%	1%	-43%	3%
Profit after tax (PAT)	100.0	179.0	(202.0)	(165.5)	(76.9)	4.1
Change in PAT,	(45%)	79%	(213%)	(18%)	(53%)	(102%)
Profit Margin	(2.6%)	6.0%	(8.0%)	(4.9%)	(3.4%)	0.1%
Return on Assets	6.2%	14.1%	(19.6%)	(12.3%)	(4.2%)	0.3%
Net current assets	232.7	570.7	342.5	127.5	78.8	78.2
Current Ratio	1.40	1.74	1.45	1.12	1.06	1.06
Liquid Ratio	1.40	1.74	1.45	1.12	1.06	1.06
Debt Ratio	1%	48%	52%	67%	76%	72%
Debt-to-Equity	3%	92%	110%	206%	311%	255%
Receivable Days	(55)	95	55	89	168	94
Capital Employed	1,041,616	891.3	687.4	521.9	444.9	527.7

Source: ACM Audited Accounts and 2020/21 Performance Management Plans and Budgets

In 2019/20, Air Cargo Malawi Limited (ACM) reported a loss with total revenues slightly increasing by 3 percent to MK6.4 billion from MK7.0 billion in 2018/19. On the other hand, expenditures grew by 1 percent to MK4.6 billion from MK4.5 thereby giving rise to a net loss after tax of MK165.5 million from a loss of MK202 million reported in 2018/19. This outturn was largely due to reduced volumes of cargo uplifted in 2020 whereby a total of 1.04 million kilograms was uplifted during the financial year against a total of 1.1 million kilograms uplifted in 2019. The major challenge to the business was the negative impact of the COVID-19 pandemic particularly in the last quarter of the year where the company experienced depressed revenues following world wide shut downs. Additionally, the company continued with its bad debt cleaning exercise that resulted into an additional bad debt provision of MK29.5 million during the year (2019: K163.3 million).

From March 22nd 2020, the company's main business partner (Emirates Sky Cargo) suspended freighter operations into and out of Malawi thereby curtailing the company's freight revenues which comprise 76% of the company's total revenues as at 31st March 2020. As a result, the company did not get any freight revenues for the months of April and May. For the month of April, 2020, the company's actual revenues were K24.2 million against the preceding quarter's (January to March 2020) average monthly revenues of K260 million.

ACM's liquidity position slightly plummeted in 2019/20 to a current ratio of 1.12:1 compared to 1.45:1 in 2018/19. As at mid-year, the current ratio fell to 1.06:1 with prospects to remain at the same level by the close of the 2020/21 financial year. This implies that the Company was barely capable of meeting its current liabilities as they fall due with existing current assets.

17.2.11 Finance

17.2.11.1 National Economic Empowerment Fund (NEEF)

Table 17.25 shows the financial performance of the NEEF as at 31st December, 2020.

TABLE 17.25: SELECTED PERFORMANCE STATISTICS FOR NEEF

Financial Indicator	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 (Audited) MK'million	2020/21 Mid-year Actuals MK'million	Outlook to 30 June 2021 MK'million
Income	198.0	4,407.0	1,712.0	2,364.6	364.3	4,059.0
Change in Income,	(87%)	2130%	(61%)	38%	(85%)	72%
Expenditure	(1,160.0)	(1,802.0)	(2,552.0)	(2,092.6)	(1,126.4)	(3,2123.0)
Change in expense,	(37%)	55%	42%	35%	(46%)	54%
Profit after tax (PAT)	(962)	2,605.0	(157.5)	272.5	(762.2)	(888.4)
Change in PAT,	74%	(352%)	(99%)	73%	(380%)	427%
Profit Margin	(544%)	443%	(49%)	20%	(209%)	34%
Return on Assets	(59%)	57%	(22%)	2%	(7%)	(5%)
Working Capital (WC)	656	3,996	2,604	11,119.3	9,599.0	17,606.5
Current Ratio	1.89	12.19	5.30	11.12	16.27	15.70
Liquid Ratio	1.89	12.19	5.30	1.19	1.68	15.28
Debt Ratio	45%	16%	26%	76%	81%	90%
Debt-to-Equity	61%	19%	36%	316%	439%	3576%
Receivable Days	2,379	45	104	69	904	2,696
Capital Employed	904.0	4,199.0	3,212.0	11,735.5	10,183.5	18,528.4

Source: NEEF Audited Accounts and 2020/21 Performance Management Plans and Budgets

In the 2019/20 financial year, the National Economic Empowerment Fund (NEEF) registered a profit after tax of MK272.5 million an increase from the previous year where it registered MK157.5 million as the profit after impairment. As at 31st December 2020, NEEF registered a loss of MK762.2 million with projections for loss after impairment allowance of MK888.4 million.

Liquidity of the Fund has generally been good throughout although it tends to fluctuate. In the 2019/20 financial year, NEEF had a current ratio of 11.1: 1 which was an increase from 5.3:1 in 2018/19 financial year. At midyear in December 2020, this picked up to 16.3:1, however, projections to the end of the year are a decrease to 15.7:1, which still implies NEEF's ability to meet its short term obligations but caution need to be taken to avoid further reducing the position.

The Fund's debt-to-equity was at 316 percent in June 2020 but at midyear, NEEF recorded a debt-to-equity ratio of 439 percent and further projects to be much higher at the end of the 2020/21 financial year. This shows that NEEF is largely financed by external borrowing than from owners' equity which is completed eroded.

17.2.11.2 Malawi Accountants Board (MAB)

Table 17.26 shows the financial performance of the MAB as at 31st December, 2020.

TABLE 17.26: SELECTED PERFORMANCE STATISTICS FOR MAB

Financial Indicator	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 (Audited) MK'million	2020/21 Mid-year Actuals MK'million	Outlook to 30 June 2021 MK'million
Income	234.2	208.6	266.7	302.2	195.1	406.7
Change in Income,		(11%)	28%	13%	(35%)	35%
Expenditure	(222.5)	(231.4)	(249.7)	(283.9)	(127.2)	(307.5)
Change in expense,		4%	8%	14%	(55%)	8%
Profit after tax (PAT)	11.7	(22.8)	17.0	34.6	67.9	99.2
Change in PAT,		(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	31.04	9.68	27.64	12.02	4.27	14.61
Liquid Ratio	31.04	9.68	27.64	12.02	4.27	14.61
Debt Ratio	3%	8%	3%	3%	20%	4%
Debt-to-Equity	3%	9%	3%	3%	25%	4%
Receivable Days	47	98	129	247	573	53
Capital Employed	349.0	327.0	344.0	360.3	430.2	430.1

Source: MAB Audited Accounts and Performance Management Plans and Budgets

The Malawi Accountants Board (MAB) registered a surplus of MK34.6 million in 2019/20, an improvement from the previous year where it registered a surplus of MK16.9 million. As at 31st December 2020, MAB registered a surplus of MK67.9 million with a projection of a profit of MK99.2 million by June 2021.

Liquidity position for MAB has generally been good throughout the 2019/20 registering a current ratio of 12.0:1 and projections to the end of the year indicates a further improvement in MAB's ability to meet its short term obligations. The Board's debt-to-equity was at 25 percent in

December 2020 and projects a further improvement at the end of the 2020/21 financial year. This shows that MAB is largely financed by owners' equity.

17.2.12.1 Malawi College of Accountancy (MCA)

Table 17.27 shows the financial performance of the MCA as at 31st December, 2020.

TABLE 17.27: SELECTED PERFORMANCE STATISTICS FOR MCA

Financial Indicator	2017 (Audited) MK'million	2018 (Audited) MK'million	2019 (Audited) MK'million	2020 (Audited) MK'million	Outlook to 30 June 2021 MK'million
Income	1.6	1.5	1.8	2.8	1.4
Change in Income,	18%	-3%	14%	29%	(39%)
Expenditure	(1.6)	(1.8)	(1.8)	(2.2)	(1.9)
Change in expense,	58%	16%	(2%)	22%	(11%)
Profit after tax (PAT)	0.2	(0.2)	(0.3)	0.9	(0.5)
Change in PAT,	(93%)	(1221%)	(91%)	(455%)	(709%)
Profit Margin	2%	(19%)	(1%)	4%	(39%)
Return on Assets	1%	(11%)	(1%)	2%	(13%)
Working Capital (WC)	(0.1)	2.0	(0.1)	(0.2)	(1.0)
Current Ratio	0.62	5.17	0.54	0.42	0.02
Liquid Ratio	0.62	5.17	0.54	0.42	0.02
Debt Ratio	13%	19%	10%	8%	24%
Debt-to-Equity	15%	23%	11%	9%	32%
Receivable Days	23	20	14	22	32.50
Capital Employed	2.4	2.1	2.1	4.2	3.3

Source: MCA Audited Accounts and 2020/21 Performance Management Plans and Budgets

The Malawi College of Accountancy (MCA) registered a profit of MK89.8 million in 2019/20 financial year which was an improvement from the previous year where it registered a loss of MK25.3 million. The projection to the end of the 2020/21 financial year is another loss of MK547.1 million, period largely due to closure of the school in line with Government measures to curb the impact of COVID-19.

The liquidity position for MCA plummeted in the 2019/20 financial year to 0.42:1 from 0.54:1 registered in 2018/19 and projections to the end of the year indicates a further worsening in MCA's ability to meet its short term obligations. The Board's debt-to-equity was at 9 percent in the 2019/20 financial year and it is projected to close the 2020/21 financial year with a debt/equity position of 32 percent. This shows that MCA is largely financed by owners' equity.

Chapter 18

BANKING AND FINANCE

18.1 Monetary Developments

Broad Money (M2) grew by MK18.7 percent (MK241.4 billion) in 2020 to MK1.5 trillion, compared to a growth of 8.1 percent (MK96.4 billion) in the preceding year. The growth in broad money in 2020 reflected increased government borrowing from the banking system for fiscal needs following reduced revenues as a result of subdued economic activity in the wake of COVID-19 pandemic.

18.2 Broad Money and its Components

In terms of components, growth in M2 followed an increase in both narrow money (M1) and quasi money (QM) by MK122.3 billion and MK119.2 billion to MK751.0 billion and MK783.3 billion at end 2020, respectively. The increase in M1 was attributed to demand deposits and currency in circulation which rose by MK87.2 billion and MK35.1 billion to MK514.1 billion and MK236.9 billion, respectively. Similarly, the upsurge in QM was driven by both term (time and savings) deposits and foreign currency denominated deposits which increased by MK92.2 billion and MK27.0 billion to MK569.3 billion and MK214.1 billion, respectively. The increases in demand deposits, term deposits and currency in circulation generally mirrored the banking systems' support to the subdued economy and increased government expenditure in response to COVID-19 pandemic. Meanwhile, the increase in foreign currency deposits was largely on account of receipt of donor support for various projects and social cash transfers to cushion households from the impact of COVID-19 pandemic.

In line with the above developments, the contribution of M1 and QM to the annual growth rate of M2 increased to 9.5 percentage points and 9.2 percentage points from 6.2 percentage points and 1.9 percentage points in 2019, respectively.

18.3 Counterparts to Broad Money

On the asset side, the growth in M2 was entirely driven by Net Domestic Assets (NDA) which increased by MK450.6 billion to MK1.3 trillion, compared to an increase of MK66.1 billion in 2019. Meanwhile, Net Foreign Assets (NFA) contracted by MK209.2 billion (USD294.8 million) to MK194.2 billion (USD251.2 million), contrasted to an increase of MK30.4 billion (USD37.5 million) in the previous year. Reflecting the foregoing, the share of NDA in the annual growth rate of M2 increased to 34.9 percentage points from 5.7 percentage points in 2019, whereas NFA explained minus 16.2 percentage points, down from 2.2 percentage points in 2019.

18.3.1 Net Domestic Credit

The banking system domestic claims grew by 45.4 percent (MK562.8 billion) to MK1.8 trillion in 2020 compared to an increase of 12.8 percent (MK140.8 billion) in 2019. The upturn was largely on account net credit to Central Government which increased by MK474.7 billion, followed by credit to the private sector and credit to statutory bodies which expanded by MK84.1 billion and MK4.0 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 increased by 69.8percent (MK478.7 billion) to MK1.2 trillion in 2020 compared to a growth of 6.3 percent (MK43.4 billion) in 2019. In the year under review, commercial banks' net claims on Central Government increased by MK270.8 billion to MK733.2 billion as reflected in commercial banks' increased uptake of Treasury notes and Treasury bills amounting to MK277.2 billion and MK27.3 billion, respectively. Partially counteracting the increase in net credit to Government, Government deposits at the commercial banks increased by MK33.7 billion in the year. Meanwhile, credit to state-owned enterprises rose by MK4.0 billion in 2020 following another increase of MK21.3 billion in 2019.

Similarly, central bank's net credit to Government increased by MK203.9 billion in 2020, contrasted to a decline of MK153.6 billion recorded in the preceding year. The upturn was explained by increases in Ways and Means advances, Treasury notes holdings and Treasury bills holdings by MK111.1 billion, MK63.1 billion and MK2.0 billion, respectively. In addition, Government withdrew MK27.6 billion of its deposits at the Reserve Bank in the review period. This reinforced the increase in net claims on government in the year.

18.3.3 Private Sector Credit

Private sector credit expanded in 2020, albeit slowly following the slowdown in economic activity due to the COVID-19 pandemic. In particular, private sector credit registered annual growth of 15.2 percent in 2020 compared to a growth of 21.3 percent in 2019. The growth in private sector credit was supported by individual and household loans, and commercial and industrial loans which expanded by MK79.7 billion and K33.6 billion, respectively. In contrast, there were repayments in foreign currency denominated loan facilities and mortgages of MK28.1 billion and MK1.9 billon in the year. This partially offset the overall increase in private sector credit.

A decomposition of private sector credit by economic sectors showed that credit expansions were recorded in the Community, Social and Personal Services (MK50.0 billion), Wholesale and Retail Trade (K17.1 billion), Construction (MK7.8 billion), Restaurants and Hotels (MK2.9 billion) and Manufacturing (MK2.7 billion) sectors. Meanwhile, net repayments were recorded in the Electricity, Gas, Water, and Energy (MK7.4 billion), Agriculture (MK2.1 billion), Mining and Quarrying (MK1.9 billion) and Financial Services (MK1.2 billion) sectors.

The above notwithstanding, the Wholesale and Retail Trade sector continued to hold the largest stock of the outstanding private sector credit at 23.7 percent, followed by the Agriculture sector at 18.9 percent, the Community, Social and Personal Services sector at 18.4 percent and the Manufacturing sector at 13.3 percent.

In terms of outlook, private sector credit is envisaged to maintain its upward trend and grow by about 15.0 percent in 2021 and 20.0 percent in 2022.

TABLE 18.1: MONETARY SURVEY

	End Period Balances			Changes During Period		
	2018	2019	2020	2018	2019	2020
A. Net Domestic Credit						
1. Credit to government	606,782.4	628,962.2	1,103,634	98,442.	22,179.	474,672
i. Monetary	320,206.0	166,569.4	370,430.8	-	-	203,861
ii. Commercial	286,576.0	462,392.8	733,203.4	175,129	175,816	270,810
2. Credit to statutory	34,469.5	55,731.0	59,752.6	26,367.	21,261.	4,021.6
3. Credit to private sector	456,737.4	554,108.0	638,244.2	46,925.	97,370.	84,136.
B. Narrow Money (M1)	554,578.5	628,757.8	751,017.8	72,043.	74,179.	122,260
4. Currency outside	189,462.4	201,816.1	236,877.4	24,096.	12,353.	35,061.
5. Private sector demand	365,116.1	426,941.7	514,140.4	47,946.	61,825.	87,198.
C. Quasi-	641,897.1	664,154.5	783,327.6	50,072.	22,257.	119,173
D. Money Supply (M2) (B+C)	1,196,475	1,292,912	1,534,345	122,115	96,436.	241,433
E. Net Foreign Assets	372,572.5	403,370.2	194,171.6	-	30,375.	-
6. Monetary	313,998.1	356,151.5	55,925.5	-4,951.6	39,522.	-
7. Commercial	58,574.4	47,218.7	138,246.2	-	-	91,027.

Source: Reserve Bank of Malawi

18.4 Activities of Commercial Banks

Commercial banks mobilised a total of MK352.0 billion in the year, expanding the sector's available resources to MK2.2 trillion as at end 2020. This followed another increase in resources of MK219.6 billion in 2019. Sources of funds in the reviewed year comprised private sector deposits, unsectored liabilities, official sector deposits, capital accounts and liabilities to non-residents which grew by K188.0 billion, MK69.3 billion, MK52.1 billion, MK39.9 billion and MK2.8 billion, respectively.

In terms of uses of funds, commercial banks increased gross domestic claims by MK392.6 billion, which was MK96.2 billion higher than in the preceding year. In particular, credit to Central Government, private sector and state-owned enterprises grew by MK304.5 billion, MK84.1 billion and MK4.0 billion. Furthermore, claims on the foreign sector and deposits with RBM and vault cash increased by MK93.8 billion and MK38.2 billion. However, miscellaneous asset items decreased by MK172.6 billion to MK404.9 billion as at end 2020.

TABLE 18.2: COMMERCIAL BANKS: SOURCES AND USES OF FUNDS (K'MN)

	End Period Balances			Changes During Period		
	2018	2019	2020	2018	2019	2020
A Sources of Funds						
1. Private sector	978,375.0	1,055,003.8	1,242,967.1	114,184.5	76,628.8	187,963.3
2. Official Sector Deposits[1]	97,679.5	107,019.0	159,079.2	(19,213.1)	9,339.6	52,060.1
3. Borrowing from the RBM	…	…	…	…	…	…
4. Foreign Borrowing	53,287.2	47,931.8	50,692.0	311.6	(5,355.5)	2,760.2
5. Capital Accounts	267,058.6	315,140.2	355,053.9	13,057.2	48,081.6	39,913.6

6. All other liabilities	274,143.2	365,059.6	434,370.4	(6,082.3)	90,916.4	69,310.8
7. Total (1+2+3+4+5+6)	1,670,543.5	1,890,154.4	2,242,162.6	102,258.0	219,610.9	352,008.2
B. Uses of Funds						
I. Domestic credit to:						
8. Private sector (gross)	456,737.4	554,108.0	638,244.2	46,925.2	97,370.6	84,136.2
9. Statutory bodies (gross)	34,469.5	55,731.0	59,752.6	26,367.5	21,261.5	4,021.6
10. Central Government (gross)	355,617.3	533,319.4	837,781.6	172,081.5	177,702.1	304,462.2
11. Sub-total (8+9+10)	846,824.2	1,143,158.4	1,535,778.4	245,374.1	296,334.2	392,620.0
II. Deposits with Reserve Bank plus currency in banks	117,965.0	74,331.3	112,580.5	794.4	(43,633.7)	38,249.2
III. Foreign assets	111,861.7	95,150.5	188,938.2	(77,637.7)	(16,711.2)	93,787.7
IV. All other assets	593,892.6	577,514.2	404,865.5	(66,272.8)	(16,378.4)	(172,648.7)
V. Total (I+II+III+IV)	1,670,543.5	1,890,154.4	2,242,162.6	102,258.0	219,610.9	352,008.2

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 expanded by MK460.5 billion to MK1.7 trillion in 2020, compared to a contraction of MK6.9 billion in 2019. The upturn was on account of liabilities to foreign sector (MK128.7 billion), currency in circulation (MK35.1 billion), deposits of commercial banks and till money (MK28.4 billion) and all other liabilities (MK296.0 billion). The increase in liabilities to the foreign sector was mainly on account of accessing the emergency support from the IMF under RCF.

Commensurate with the increase in sources of funds, RBM's gross claims on Central Government, claims on commercial banks and unclassified assets increased by MK176.2 billion, MK96.1 billion and MK359.6 billion, respectively. Meanwhile, RBM investments in the foreign sector declined by MK171.6 billion in 2020.

TABLE 18.3: RESERVE BANK OF MALAWI: SOURCES AND USES OF FUNDS

	End Period Balances			Changes During Period		
(K'mn)	2018	2019	2020	2018	2019	2020
A. Sources of Funds						
i. Private sector:						
1. Currency outside banks	189,462.4	201,816.1	236,877.4	24,096.5	12,353.7	35,061.3
ii. Commercial banks						
2. Deposits plus till money	99,977.3	76,274.2	104,657.7	(13,587.5)	(23,703.1)	28,383.5
iii. Official sector deposits	216,212.9	215,307.3	187,698.6	49,181.0	(905.6)	(27,608.7)
3. Sub-total (i+ii+iii)	505,652.6	493,397.6	529,233.7	59,690.0	(12,255.0)	35,836.1
iv. Foreign Sector	234,230.4	252,316.6	380,985.4	3,280.8	18,086.2	128,668.8

v. All other liabilities	507,058.8	494,294.0	790,272.4	(119,274.2)	(12,764.8)	295,978.5
vi.**Total (i+ii+iii+iv+v)**	**1,246,941.8**	**1,240,008.2**	**1,700,491.5**	**(56,303.4)**	**(6,933.6)**	**460,483.4**
B. Uses of Funds						
i. Domestic claims (gross)	537,769.3	396,076.7	668,471.8	(27,505.8)	(141,692.6)	176,252.8
1. Statutory bodies	…	…	…	…	…	…
2. Central Government	536,419.3	381,876.7	558,129.5	(27,505.8)	(154,542.6)	176,252.8
3. Commercial Banks	1,350.0	14,200.0	110,342.4	(21,988.9)	12,850.0	96,142.4
ii. Foreign assets (gross)	548,650.4	608,468.1	436,910.9	(1,845.6)	59,817.8	(171,557.3)
iii. All other uses	160,522.1	235,463.3	595,108.8	(5,137.9)	74,941.2	359,645.5
iv. Total	**1,246,941.8**	**1,240,008.2**	**1,700,491.5**	**(56,478.2)**	**(6,933.6)**	**460,483.4**

Source: Reserve Bank of Malawi

Chapter 19

PUBLIC FINANCE

19.1 Introduction

This Chapter presents the fiscal performance of Budgetary Central Government operations for 2019/20 and 2020/21 fiscal years as well as estimates for 2021/22 fiscal year based on economic classification of Government operations. It should be noted that due to the change in the start of the fiscal year from 1st July to 1st April, the fiscal year 2021/22 will be composed of nine months only, from 1st July 2021 to 31st March 2022. The position for 2019/20 is actual outturn while for 2020/21 is preliminary. The chapter is structured as follows: Section 19.2 presents a performance summary of Budgetary Central Government Operations while Sections 19.3 and 19.4 explain performance of revenue, expenditure, and financing.

19.2 Performance Summary of Budgetary Central Government Operations

The 2020/21 budget was formulated amidst the COVID-19 pandemic which negatively impacted the country's economic performance. The budget focused on achieving sustainable and inclusive growth, macroeconomic stability, and sound financial management. The 2020/21 budget was the first budget under the new administration. Some of the fiscal policies that were implemented were the increase of the tax-free band to MK100,000.00 and the introduction of the Affordable Farm Input Program (AIP) with universal coverage.

The budget was also intended to address the key issue of youth unemployment. Hence, the goal of creating one million jobs during the 2020/21 fiscal year was supported although the efforts were hampered by the emergence of the COVID-19 pandemic.

In the 2020/21 fiscal year both taxes and grants underperformed resulting in a lower performance of revenue than projected. Table 19.1 presents a summary of performance of Budgetary Central Government Operations for 2019/20 to 2021/22 fiscal years. Comparing 2019/20 and 2020/21 fiscal years, revenue amounted to 14.8 percent of GDP in 2019/20 compared to the preliminary revenue outturn of 16.3 percent of GDP in 2020/21. Revenue in 2019/20 comprised taxes at 12.6 percent of GDP, grants at 1.5 percent of GDP, and Other revenue at 0.8 percent of GDP. This compares to preliminary outturn in 2020/21 fiscal year where taxes comprise 12.2 percent of GDP, a significant increase in grants to 3.6 percent of GDP and other revenue at 0.4 percent of GDP.

In 2019/20 Expenditure was 21.5 percent of GDP, with expense at 17.1 percent of GDP and Net Acquisition of Non-Financial Assets at 4.3 percent of GDP, of which foreign financing was 2.5 percent of GDP while domestic financing at 1.9 percent. The revenues and expenditures in 2019/20 resulted in net borrowing of 6.6 percent of GDP.

In 2020/21 the preliminary revenue outturn is at 16.3 percent of GDP while preliminary expenditure outturn is at 25.2 percent of GDP, resulting in net borrowing of 8.9 percent of GDP.

TABLE 19.1: BUDGETARY CENTRAL GOVERNMENT OPERATIONS (MK' MILLION)

Category	2019/20 Actual Outturn	2020/21 Approved Estimates	2020/21 Revised Estimates	2020/21 Preliminary Outturn	2021/22 Proposed Estimates
Revenue	1,264,262.72	1,435,051.00	1,523,376.00	1,507,343.00	1,129,630.00
Taxes	1,070,087.90	1,116,265.00	1,116,265.00	1,128,966.00	1,044,051.00
Grants	126,601.55	255,705.00	337,547.00	337,547.00	170,314.00
Other Revenue	67,573.27	63,080.00	69,564.00	40,829.00	56,895.00
Expense	1,461,111.34	1,678,993.00	1,719,213.00	1,718,094.00	1,418,740.00
of which Interest	261,696.30	376,014.00	376,014.00	361,999.00	299,728.00
Net Operating Balance	196,848.62	243,942.00	195,837.00	210,751.00	289,110.00
Net Acquisition of Non-Financial Assets	368,142.28	511,188.00	615,840.00	614,505.00	470,838.00
Foreign financed (Part I)	210,145.86	410,295.00	511,129.00	511,129.00	351,243.00
Domestic financed (Part II)	157,996.42	100,893.00	104,711.00	103,377.00	119,595.00
Expenditure	1,829,253.63	2,190,180.00	2,335,053.00	2,332,599.00	1,889,579.00
Net borrowing	564,990.91	755,129.00	811,677.00	825,256.00	759,949.00
Primary balance	303,294.61	379,115.00	435,663.00	463,257.00	460,221.00
Percent of GDP					
Revenue	14.8	15.5	16.4	16.3	12.2
Taxes	12.6	12.0	12.0	12.2	11.3
Grants	1.5	2.8	3.6	3.6	1.8
Other Revenue	0.8	0.7	0.8	0.4	0.6
Expense	17.1	18.1	18.5	18.5	15.3
of which Interest	3.1	4.1	4.1	3.9	3.2
Net Operating Balance	-2.3	-2.6	-2.1	-2.3	-3.1
Net Acquisition of Non-Financial Assets	4.3	5.5	6.6	6.6	5.1
Foreign financed (Part I)	2.5	4.4	5.5	5.5	3.8
Domestic financed (Part II)	1.9	1.1	1.1	1.1	1.3
Expenditure	21.5	23.6	25.2	25.2	20.4
Net borrowing	-6.6	-8.1	-8.8	-8.9	-8.2
Primary balance	-3.6	-4.1	-4.7	-5.0	-5.0

Source: Ministry of Finance

19.3 Revenue Performance

The potential for increased Revenue collection remains high in view of the rebasing of the country's GDP. Accordingly, the Malawi Government is implementing various revenue collection reforms all aimed at making the revenue regime more efficient and effective. In 2019/20, revenue amounted to 14.8 percent of GDP while in 2020/21 budget preliminary revenue outturn was 16.3 percent of GDP. In 2021/22 budget, revenue is expected to be 12.2 percent of GDP.

In 2019/20 FY, tax revenue performance was restrained mainly on account of subdued economic performance owing to post-election demonstrations which caused political uncertainties coupled with the emergence of the COVID-19 pandemic in early 2020. As a result, all categories of taxes performed below budget projections.

Performance of grants continues to be less satisfactory in recent years with the disbursement of 1.5 percent of GDP in 2019/20 and 3.6 percent of GDP in 2020/21. Going forward, the grants are expected to slightly improve to 1.8 percent of GDP in 2021/22. In view of the dwindling grants, the Malawi Government will strengthen domestic revenue systems to improve the efficiency and effectiveness of domestic revenue collection to fill the gap caused by declining grants. In addition, Government has developed the Revenue Mobilisation Strategy to widen the tax base and improve on revenue collections.

Other revenue in 2019/20 amounted to 0.8 percent of GDP. The preliminary outturn for 2020/21 and projection for 2021/22 remains 0.4 percent of GDP and 0.6 percent of GDP, respectively. The Government will continue working on various Public Finance Management reforms to realise more parastatal dividends by enhancing the performance of State Owned Enterprises. Table 19.2 provides a summary of revenue performance.

TABLE 19.2: BUDGETARY CENTRAL GOVERNMENT REVENUE (MK' MILLION)

Category	**2019/20 Actual Outturn**	**2020/21 Approved Estimates**	**2020/21 Revised Estimates**	**2020/21 Preliminary Outturn**	**2021/22 Proposed Estimates**
Revenue	1,264,262.72	1,435,051.00	1,523,376.00	1,507,343.00	1,129,630.00
Taxes	1,070,087.90	1,116,265.00	1,116,265.00	1,128,966.00	1,044,051.00
Taxes on income profits and capital gains	506,568.08	529,957.00	533,857.00	544,909.00	495,798.00
Payable by individuals	335,990.94	344,000.00	343,000.00	325,063.00	306,818.00
Payable by corporations and other enterprises	170,577.14	185,957.00	190,857.00	219,846.00	188,979.00
Taxes on goods and services	477,954.78	493,592.00	494,211.00	493,347.00	464,415.00
General taxes on goods and services	294,434.36	331,668.00	334,668.00	342,834.00	316,769.00
Value-added taxes	294,407.62	331,638.00	334,638.00	342,815.00	316,765.00
Turnover and other general taxes on goods and services	26.74	30.00	30.00	19.00	4.66
Excise	175,579.75	152,973.00	150,592.00	141,117.00	139,373.00
Motor vehicle taxes	7,940.67	8,952.00	8,952.00	9,396.00	8,273.00
Other taxes on goods and services					
Taxes on international trade and transaction	84,672.37	91,684.00	87,165.0 0	89,926.00	83,121.00
Other taxes	892.67	1,032.00	1,032.00	784.00	718.00
Grants	126,601.55	255,705.00	337,547.00	337,547.00	170,314.00
From Foreign Governments	-	34,755.00	40,178.00	40,178.00	58,430.00
From International Organizations	126,601.55	220,950.00	297,369.00	297,369.00	111,884.00
Other Revenue	67,573.27	63,080.00	69,564.00	40,829.00	56,895.00
Percent of GDP					
Category					
Revenue	14.8	15.5	16.4	16.3	12.2
Taxes	12.6	12.0	12.0	12.2	11.3
Taxes on income profits and capital gains	5.9	5.7	5.8	5.9	5.3
Payable by individuals	3.9	3.7	3.7	3.5	3.3
Payable by corporations and other enterprises	2.0	2.0	2.1	2.4	2.0
Taxes on goods and services	5.6	5.3	5.3	5.3	5.0
General taxes on goods and services	3.5	3.6	3.6	3.7	3.4
Value-added taxes	3.5	3.6	3.6	3.7	3.4
Turnover and other general taxes on goods and services	0.0	0.0	0.0	0.0	0.0

Excise	2.1	1.6	1.6	1.5	1.5
Taxes on use of goods and on permission to use goods or perform activities	0.1	0.1	0.0	0.1	0.1
Motor vehicle taxes	0.1	0.1	0.1	0.1	0.1
Taxes on international trade and transaction	1.0	1.0	0.9	1.0	0.9
Other taxes	0.0	0.0	0.0	0.0	0.0
Grants	1.5	2.8	3.6	3.6	1.8
From Foreign Governments	0.0	0.4	0.4	0.4	0.6
From International Organizations	1.5	2.4	3.2	3.2	1.2
Other Revenue	0.8	0.7	0.8	0.4	0.6

Source: Ministry of Finance

19.4 Expenditure Performance by Economic Classification

As presented in Table 19.3, expenditure was 21.5 percent of GDP in 2019/20 and 17.9 percent of GDP preliminary for 2020/21. The 2019/20 faced pressure from the need to finance the fresh presidential elections slated for June 23rd 2020 following the nullification of the 2019 presidential election by the Supreme Court. In 2020/21 the budget accommodated the Affordable Agricultural Input Program with a significant increase in the number of beneficiaries from 900,000 to 4.3 million.

The continued decline of grants contributed to modest investment in Net Acquisition of Non-Financial Assets (NANA). NANA accounted for 4.3 percent of GDP in 2019/20 followed by a planned 5.5 percent of GDP in 2020/21. Going forward, NANA will decline slightly in 2021/22 FY to 5.1 percent of GDP. The realisation of the projected NANA in 2021/22 will largely depend on actualisation of foreign financing (Part I) which is expected to contribute 3.8 percent of GDP to NANA compared to 1.3 percent of GDP contributed by domestic resources (Part II).

TABLE 19.3: EXPENDITURE PERFORMANCE BY ECONOMIC CLASSIFICATION

Category	2019/20 Actual Outturn	2020/21 Approved Estimates	2020/21 Revised Estimates	2020/21 Preliminary Outturn	2021/22 Proposed Estimates
Expense	1,461,111.34	1,678,993.00	1,719,213.00	1,718,094.00	1,418,740.00
Compensation of employees	473,774.31	538,018.00	542,157	555,046	449,615
Wages and salaries	461,413.37	523,680.00	525,280	538,170	436,324
Employers social contributions	12,360.94	14,338.00	16,877	16,877	13,290
Use of Goods and Services	376,563.22	309,211.00	347,065	350,449	263,932
Interest	261,696.30	376,014.00	376,014	361,999	299,728
Foreign Interest	15,317.75	11,854.00	11,854	11,854	14,474
Domestic Interest	246,378.55	364,160.00	364,160	350,145	285,254
Subsidies					
Grants	215,055.88	177,240.00	184,181	178,726	158,187
To other general government units	215,055.88	177,240.00	184,181	178,726	158,187
Social benefits	124,680.45	266,010.00	248,250.00	244,445	221,825
Pensions and gratuities	86,468.17	102,840.00	103,254	103,280	77,588
Other Expenses	9,341.19	12,500.00	21,547	27,428	25,453
Other Statutory expenditures	9,341.19	12,500	21,547	27,428	25,453
Acquisition of Non-Financial Assets	368,142.28	511,188.00	615,840.00	614,505	470,838
Fixed Assets	368,142.28	511,188.00	615,840.00	614,505	470,838
Foreign (Part I)	210,145.86	410,295.00	511,129.00	511,129	351,243

Domestic (Part II)	157,996.42	100,893.00	104,711	103,377	119,595
Expenditure	1,829,253.63	2,190,180.00	2,335,053.00	2,332,599	1,889,579
Net borrowing	(564,991)	(755,130)	(811,677)	(825,256)	(618,318)
Percent of GDP					
Expense	17.1	18.1	18.5	18.5	13.8
Compensation of employees	5.6	5.8	5.8	6.0	4.4
Wages and salaries	5.4	5.6	5.7	5.8	4.7
Employers social contributions	0.1	0.2	0.2	0.2	0.1
Use of Goods and Services	4.4	3.3	3.7	3.8	2.8
Interest	3.1	4.1	4.1	3.9	3.2
Foreign Interest	0.2	0.1	0.1	0.1	0.2
Domestic Interest	2.9	3.9	3.9	3.8	3.1
Subsidies	0.0	0.0	0.0	0.0	0.0
Grants	2.5	1.9	2.0	1.9	1.7
To other general government units	2.5	1.9	2.0	1.9	1.7
Social benefits	1.5	2.9	2.7	2.6	2.4
Pensions and gratuities	1.0	1.1	1.1	1.1	0.8
Other Expenses	0.1	0.1	0.2	0.3	0.3
Other Statutory expenditures	0.1	0.1	0.2	0.3	0.3
Acquisition of Non-Financial Assets	4.3	5.5	6.6	6.6	5.1
Fixed Assets	4.3	5.5	6.6	6.6	5.1
Foreign (Part I)	2.5	4.4	5.5	5.5	3.8
Domestic (Part II)	1.9	1.1	1.1	1.1	1.3
Expenditure	21.5	23.6	25.2	25.2	20.4
Net borrowing	-6.6	-8.1	-8.8	-8.9	-6.7

Source: Ministry of Finance

19.6 Conclusion

Fiscal policy will continue to target economic growth, macroeconomic stability and job creation while managing the country's debt stock at sustainable levels. The Government will implement revenue policy as stipulated in the Revenue Mobilisation Strategy which is aimed at broadening the tax base and modernising the tax regime to make it more efficient and effective.

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 2020/21

Table 20.1 provides the Key Performance Indicators that guide the ICT Sector in Malawi. Table 20.2 provides information on corporate historical non-financial performance.

TABLE 20.1: KEY ICT INDICATORS

No	Target	Target	2020	2021*
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 (%)[1]	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 (%)[2]	40	*37*	
13	Retail Price of Prepaid Mobile Broadband Monthly bundle, 500MB (USD) Data Volume (US$)	3.50	*2.70*	
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

[1] Based on 2019 National ICT Survey
[2] 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
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 (2020/2021)

20.2.2 Information and Civic Education Indicators

Government continues to implement initiatives in promoting awareness among individuals through information provision to be used for developmental purposes for the benefit of the country. This covers all angles from information production to dissemination and usage of information among the recipients. Specific objectives have been realized and are being achieved by the Government in establishing an informative and effective civic education environment among the general masses. Objectives:

i. To provide an enabling environment for information, communication and technology development and

ii. To improve communication and dissemination of public information.

TABLE 20.3: PERFORMANCE INDICATORS FOR ACCESS TO INFORMATION

No	Non-Financial Performance Targets	2020/21 Targets	2020/21 Actuals	2021/22 Target
1	Percentage of population accessing information (%)	100	100	100
2	Number of publications and IEC materials (Boma Lathu) produced and distributed	324,000	180,000	324,000
3	Number of news articles produced and transmitted to various media houses/institutions	16,500	16,000	16500
4	Number of documents translated from English to local languages (Chichewa and Tumbuka)	15	10	15
5	Number of photographic images produced	80,000	73,430	80,000
6	Number of documentaries produced and distributed to various media houses	42	33	42

Source: 2020/2021 Program Based Budget

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 operationalisation 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.

20.3.1.1 Planned Activities

Procurement and installation of telecommunication equipment and solar system. The installations will take place in the following 13 Sites: Chabvala in Chikwawa, Chibako in Nkhatabay, Chimembe in Blantyre, Lichenya in Mulanje, Kasamba in Neno, Mbanira in Machinga, Zanguza in Rumphi, Undi in Ntchisi, Sangala in Zomba, Mlaluwele in Machinga, Chikutu in Karonga, Kaloga in Nsanje and Romoliwa in Phalombe

20.3.1.2 Progress Attained

In total 26 towers were constructed and 13 out of them were equipped with telecommunication equipment and powered by solar system and are on air. The list of those in operation and on air are as follows: Gawani in Mulanje, Nyachilendo in Nsanje, Chigondo in Zomba, Katema in Mangochi, Lipenga in Mwanza, Msakambewa in Dowa, Faiti in Mwanza, Chembe in Mangochi, Kadeta in Ntcheu, Vuvumwe in Mzimba, Ngongoliwa in Thyolo, Chisenga in Chitipa, Nkhombwa in Rumphi, Malota in Mulanje and Mpotola in Machinga. Compensation process for the 15 land owners for 15 sites which was done jointly with Ministry of Lands has started.

20.3.1.3 2021 Expectations

Operationalizing 13 Towers which are under construction as listed below: Mbanira in Machinga, Chabvala in Chikwawa, Chibako in Nkhatabay, Chimembe in Blantyre, Litchenya in Mulanje, Zanguza in Rumphi, Kasamba in Neno, Chikutu in Karonga, Kaloga in Nsanje, Romoliwa in Phalombe, Nthondo in Ntchisi, Mlaluwele in Machinga and Sangala in Zomba.

20.3.1.4 2022 Projections

i. Finalising the operations of all the 26 towers.

ii. Handing over running operations of the towers to MDBNL.

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. A number of tangible achievements have been registered in due course of the project's implementation in 2019 and 2020 at all three campuses of Lilongwe, Blantyre and Mzuzu.

In 2020, the sector planned the following activities: Administrative Block rehabilitation, Conversion of old offices into new classrooms, Construction of 108 bedded Girls hostel and Procurement of one project vehicle. So far, NACIT Blantyre campus managed to rehabilitate seven Administrative apartments, five classrooms, procured one institutional bus and ten desktop computers, and trained nine officers (three in MOODLE online learning platform, four at masters degree level and two in CompTIA Cyber Security Part 1).

Lilongwe campus did minor renovation of administrative office and procured an institutional bus. Mzuzu campus rehabilitated five blocks, constructed one perimeter fence and ablution block and acquired a plot for further development. The campus also purchased 10 laptops, six desktops, one webcam, 2 servers, 25 student chairs, a white board, 14 visitors chairs, four office chairs and six office desks, two beds and mattresses. An institutional bus and project vehicle were procured. Lastly 16 officers were trained in various qualifications. It is expected that three building blocks will be rehabilitated in Blantyre campus and one new training centre will be established.

20.3.3 Digital Malawi Project

Given the national need on transitioning the nation to technologically advanced levels, the Government is implementing a number of key prirotities in attaining the desired technology status. Among the initiatives being implemented is the Digital Malawi project which is paramount in developing the nation into a digital economy through harnessing a number of key sectors within the economy. Several deliverables have been attained since the commencement of the project and the Government still sets projections to be attained in 2021.

20.3.3.1 Planned Activities, Achievements and 2021 Projections

Component 1: Enabling Environment (Digital Ecosystems) – USD9.5 million. This component comprises the formulation of policies and legislation (including secondary legislation) in the ICT sector in Malawi.

Achievements under Component 1 include drafting of the Data protection Bill; conducted GWAN service audit assessment; developed the Digital Government Strategy; developed the Digital Communications Strategy; and Officials from MACRA and e-government were trained in areas not limited to Cyber Security, Systems development and network infrastructure. In 2021, the following activities will be implemented:

i. Scale up capacity building initiatives through implementation of the drafted training Plans,

ii. Monitor and increase utilization of SimbaNet Transaction capacity to 300Mbps, and

iii. Establish National Data Center.

Component 2: Connectivity (Digital Connectivity) – USD44 million. 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 Management Information System (IFMIS), Human Resources Management Information System (HRIMS), national signal distributor content, and education and research applications.

Achievements under Component 2 include Digital maps of various government institutions (health, education, security, banks, and councils) were produced under the feasibility study in the preparatory phase; Assessment needs for local area networks was conducted; Contractor was engaged to supply and install equipment for LAN in various selected government institutions; and Detailed feasibility study report for Public and Private Partnership Connectivity transaction to at least 400 institutions in the public sector was produced.

Component 3: e-Government (Digital Platforms and Services) – USD20 million. 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.

Achievements for Component 3 include Consultant recruited to facilitate the implementation of the Electronic Government procurement system; the Electronic Documents and Records Management System (EDRMS) advisor was still on the ground training focal personnel in the Ministry on how to develop retention schedules and functional file management system before procuring the actual EDRMS system; and the consultant to facilitate implementation of Malawi Enterprise Architecture and Interoperability Framework was recruited and advised to identify a local counterpart to execute the assignment on the ground.

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 20.4: PLANNED ACTIVITIES, ACHIEVEMENTS AND 2021 PROJECTIONS

Planned Activities	Progress to Date	2021 Projections
A. Last mile connectivity B. National Data Centre ($66,951,290 with 15% from Malawi): • Disaster Recovery Data centre – will come with equipment only • 136 Telecom Towers – will bring ICT service to more than 20% of the population C. Fibre Backbone ($99 Million), 2809 km overhead fiber for Backbone/Metro/Access Network • Backbone Network Expansion - Ring Protection & More Coverage • Metro Network - 10 cities (Lilongwe, Blantyre, Mzuzu, Zomba, Karonga, Mangochi, Liwonde, Kasungu, Thyolo and Dedza) • Access Network - Maximum 100k users in 29 districts (Lilongwe, Blantyre, Mzuzu, Zomba, Karonga, Mangochi, Salima, Kasungu + 22 others) • Video Conference – 10 VC terminals, 500 IP video phones at main cities including Lilongwe, Blantyre, Mzuzu, Zomba, Mangochi and Kasungu • National Main Data Centre – Building plus equipment	A. 1386 km of Fibre has been laid representing a 100% Completion Rate under the Phase 1 project. B. The implementation of the project awaits an effective date from Treasury. Meanwhile the following has been done: • Contract documents including the annexures have been agreed upon and signed by the contractor-Huawei and the Ministry of ICT. • Last Mile - 54 sites have been identified and surveyed and 2 pilot sites completed • Data Centre sites have been identified • Projects awaits effective date from Treasury	• Construction of the Data Center • Commission Equipment • Survey Design • 2809km overhead fibre to be finalised • Material Manufacturing and Transportation from Abroad

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 the project faced 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 was gutted by fire and was completely burnt to ashes. This again forced management of MDBNL to request for another project extension so that it may re-install the equipment in the 2021/22 financial year.

TABLE 20.5: NON-FINANCIAL PERFORMANCE TARGETS

No	Non-Financial Performance Targets	2020/21 Targets	2020/21 Actuals	2021/22 Target
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
8	One monitoring and evaluation exercise conducted	1	1	1

Source: MDBNL-Project Report

20.4 Challenges

i. 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 hasn’t been Counterpart funding (Development Budget part II) 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.

ii. Delays in Approval Processes in Construction Projects

Delays in processing of various processes with other Government Departments have greatly affected projects’ performance. This is particularly evident with Departments such as Buildings who have spent over a year processing bills of quantities and are still yet to complete the exercise for the NACIT Enhancement Project.

iii. 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.

iv. 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.

v. 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 netwrok across the country.

vi. Mobility Challenges

The Ministry still exhibits this challenge due to shortage in the number of vehicles for staff hence posing transportation problems of staff on a number of Ministry duties.