



REPUBLIC OF MALAWI

ECONOMIC AND FISCAL POLICY STATEMENT 2026

Issued by the Honourable Minister of Finance, Economic Planning and
Decentralisation

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

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ACRONYMS

ASM	Artisanal, Small and Medium
EFPS	Economic and Fiscal Policy Statement
EITI	Extractive Industries Transparency Initiatives
FY	Financial Year
IMF	International Monetary Fund
MDAs	Ministries, Departments, and Agencies
MIP-1	Malawi Implementation Plan 1
MW2063	Malawi 2063
NERP	National Economic Recovery Plan
PFM	Public Finance Management
PSIP	Public Sector Investment Programme
PVHES	Plant, Vehicle Hire and Engineering Services
RBM	Reserve Bank of Malawi
SDGs	Sustainable Development Goals
SOE	State-Owned Enterprise

I. INTRODUCTION

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

II. POLICY ENVIRONMENT

a) Malawi 2063 (MW2063)

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

b) Progress Towards MIP-1 Implementation (Lower Middle-Income Status)

3. **As MIP-1 reaches its midpoint, a comprehensive Mid-Term Review (MTR) and evaluation is underway to assess progress, identify implementation challenges, explore emerging opportunities, and refine strategies for achieving the plan's targets.** The preliminary assessment prior to the midterm review demonstrates that 87% of MIP-1 interventions were rolled out of which only 40% were reported to be on track towards achieving their intended targets.

c) MIP-1 Accelerator Programme

4. **Given the persistent challenges affecting MIP-1 implementation, Government is developing the MIP-1 Accelerator Programme;** a targeted programme designed to fast-track implementation, remove key bottlenecks, and position the economy on a sustainable growth path exceeding 6% per year.

5. **The Accelerator Plan, prioritizes a selected set of high-impact MIP-1 interventions across the Pillars and Enablers**, chosen for their potential to generate strong multiplier effects and catalyze progress in other areas of the economy with a focus on economic growth, fiscal policy, monetary policy and food security.

d) The Public Sector Investment Programme (PSIP)

6. **The Government remains committed to ensuring strategic and well-targeted public investment through the Public Sector Investment Programme (PSIP)**, which serves as the main framework for planning, prioritizing, and scheduling development projects. To enhance the effectiveness and credibility of public investments, the PSIP will continue strengthening Public Investment Management (PIM) systems by enforcing rigorous project screening and appraisal processes to ensure that investments align with Malawi 2063 and MIP-1. In the same vein, it will strengthen the monitoring of projects to make sure that implementation is on track.
7. **A climate-smart screening tool will be integrated into the appraisal framework for New Project Proposals (NPPs)** to assess compliance with climate legislation, Malawi's Nationally Determined Contributions (NDCs), and vulnerability to climate risks. This will promote climate-resilient and green infrastructure in agriculture, water, and energy sectors.
8. **The PSIP will also reinforce fiscal discipline and development budget credibility by enhancing multi-year budgeting**, improving project readiness, and ensuring the selection of high-impact, cost-effective projects. In addition, operational capacity and institutional coordination will be strengthened to improve project preparation, and implementation.
9. **Given limited fiscal space, the PSIP will actively leverage private sector financing through Public-Private Partnerships (PPPs) and Local Currency Infrastructure Bonds for key sectors** such as transport and energy. These efforts are expected to stimulate growth, enhance productivity, and contribute to fiscal sustainability.

e) National Economic Recovery Plan (NERP)

10. **As the economy struggles with the current crisis, Government hereby sets a clear policy direction for the National Economic Recovery Plan (NERP)** aimed at stabilizing the economy, restoring confidence, and accelerating inclusive and sustainable growth. This Plan

is in line with the Malawi 2063 First 10-Year Implementation Plan (MIP 1), which is a strategy to achieve wealth creation and self-reliance. The NERP focuses on fiscal consolidation to create fiscal space for strategic investments in key sectors such as Agriculture, Tourism, Mining, Manufacturing and Digitilisation. In implementing the NERP, Government will prioritize evidence-based interventions that strengthen national productivity, expand job creation opportunities, and reinforce fiscal sustainability.

11. **Accordingly, Government will direct efforts toward guaranteeing national food security, restoring robust macroeconomic performance, attaining fiscal and debt sustainability, and investing in critical economic infrastructure to drive growth.** Government will further ensure that social protection systems are safeguarded for the vulnerable, uphold good governance and the rule of law across all institutions, and intensify the national fight against corruption as a cornerstone of economic recovery and transformation.

f) International Cooperation and the Diaspora

12. **Government will advance robust international cooperation and fully leverage the contribution of the diaspora as a strategic asset in Malawi's pursuit of a developmental state.** In this regard, Government reaffirms its commitment to proactive development diplomacy that expands gainful trading partnerships and opens new markets for Malawi's goods and services; increases the inflow of high-quality investment; and secures sustainable access to finance and credit from bilateral, multilateral and development partners.
13. **Government undertakes to build and maintain alliances with like-minded states to advance shared objectives,** shape international governance systems in line with Malawi's values and interests, and uphold the highest standards of human rights, democracy and the rule of law.
14. **Further, Government will also continue to review bilateral agreements between Malawi and other countries** with the aim of improving our relations with our cooperating and development partners.

15. **Going forward, Government will continue to deliver for Malawians in the diaspora** by decisively removing all hurdles and hindrances that impede or limit their full participation in the economic and social development of their motherland.

g) Rule of Law, Governance and Fight Against Corruption

16. **Government will ensure that governance principles drive institutional efficiency, sustain a stable political and economic environment**, uphold the rule of law and human rights, guarantee property and personal rights, and create conditions conducive to private sector investment while decisively addressing corruption. Government will also strengthen governance within State-Owned Enterprises (SOEs), recognising their critical role in national development.
17. **Further, Government will strongly emphasis on combating corruption by enforcing accountability, upholding the rule of law and protecting all public resources.** Government will ensure that, any individual involved in corruption or misuse of public funds will be held fully accountable without exception.

h) Decentralisation

18. **Government will implement key reforms to strengthen sustained financing, enhance financial autonomy, address capacity gaps, and establish a robust legal framework to overcome challenges undermining effective decentralization.** Government will prioritise and enforce Decentralisation as a major driver for attaining development, reducing poverty and supporting job creation through citizen engagement and participation at the local level.
19. **In this regard, Government will increase funding to local councils, ensuring resources flow effectively to each constituency.** Further, Government will revise the resource allocation formula to prioritize investment over consumption, thereby maximizing local development impact.

III. RECENT ECONOMIC DEVELOPMENTS

a) *World Economic Outlook*

20. **According to the International Monetary Fund (IMF) October 2025 World Economic Outlook report, Global growth is therefore forecast to slow down from 3.3 percent in 2024 to 3.2 percent in 2025 and 3.1 percent in 2026.** This is a result of the supply shocks.
21. **Global headline inflation forecast is projected to decline from 5.8 percent in 2024 to 4.2 percent in 2025 and 3.7 percent in 2026.** This path is virtually the same as depicted in the previous projections, but there is variation across countries and regions.

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

22. **In the Sub-Saharan Africa (SSA) Region, the economy reflects notable resilience amid a difficult global backdrop.** The region continues to face uneven commodity price trends, persistently tight borrowing conditions, and a weakening global trade and aid environment. Despite these headwinds, growth is expected to hold steady at 4.1 percent in 2025, with a slight improvement anticipated in 2026 of about 4.4 percent, driven by macroeconomic stabilization and reform efforts in key economies, however, this resilience remains fragile.

c) *Economic Outlook for Malawi*

23. **Malawi's economic growth is estimated at 2.7 percent in 2025 from 1.7 percent in 2024, largely constrained by low agricultural productivity, foreign exchange shortages, high inflation, and climatic shocks.** Agriculture remains the dominant sector, contributing an average of 22 percent to GDP over the past five years and continues to influence overall output and trade performance.
24. **Manufacturing, wholesale and retail trade, and financial and insurance activities industries are other key sectors after agriculture.** The sectors have been impacted by structural challenges such as overreliance on rain fed farming, supply chain bottlenecks that have resulted into high inputs costs, and limited industrial capacity, which have slowed recovery efforts. Going forward, sustained reforms, investment in climate-resilient agriculture, and diversification of the economic base are critical to improving growth prospects and ensuring macroeconomic stability.

25. **Looking forward in 2026, economic growth is estimated at 3.8 percent** largely on account of investments in productive sectors of Agriculture Tourism, Mining and Manufacturing.

d) Price Developments

26. **The annual average inflation rate is estimated at 28.5 percent in 2025, a decline from 32.3 percent recorded in 2024.** Within this, food inflation is estimated at 33.9, while non-food inflation is projected at 1.8 percent.

27. **Looking ahead, in the short to medium term, inflation is projected to decline further to a single digit,** supported by enhanced fiscal-monetary coordination, and deliberate investments in the agriculture, industrialization, manufacturing, businesses, tourism and mining as prioritized sectors for growth, which are expected to boost production and export, consequently reducing food and non- food inflation.

IV. MEDIUM-TERM ECONOMIC POLICIES

a) Monetary Policy

28. **The Government remains committed to contain inflationary pressures and attain the medium-term inflation objective of a single digit.** In a bid to pace up restoration of price stability, monetary policy stance will remain contractionary. The policy rate will be reduced from 26 to 12 percent by 2028 whereas the monetary policy framework will continue to be forward-looking, guided by the medium-term inflation objective.

29. **The policy stance is consistent with consolidating the disinflation process while supporting medium-term growth.** The Government will continue to align the interbank rate closely with the Policy Rate to strengthen monetary-policy transmission. The Policy Rate and Liquidity Reserve Requirement will be reviewed periodically in line with inflation developments, exchange-rate dynamics, and fiscal conditions. The Government will enhance fiscal and monetary policy coordination which is vital for macroeconomic stability.

30. **Further, Government has paced up efforts to improve access to finance for productive sectors through credit-guarantee schemes,** fostering collaboration between banks and

investors in agriculture, industry, businesses, manufacturing, tourism and mining, and de-risking viable projects. These efforts are expected to increase domestic productive capacity, improve food supply, and reinforce the effectiveness of monetary policy.

b) Exchange Rate Policy

31. **Government will implement a policy exchange rate regime that is market determined.** It will continue to pursue a coordinated set of measures aimed at rebuilding foreign-exchange reserves and strengthening Malawi's external competitiveness.
32. **In this regard, Government will be implementing a multi-pronged strategy anchored on improving the availability and efficient allocation of foreign exchange, restoring market confidence, and reducing speculative pressures.** From time to time, Government will review the calibration of the surrender requirement framework in consideration of current macroeconomic fundamentals. It will also provide incentives to complying exporters under the foreign exchange surrender requirement.
33. **Further, Government will intensify oversight of foreign-exchange dealers to curb malpractice in the forex market** by introducing annual renewal of foreign exchange dealing licences, and ban the foreign exchange derivative market until its regulations are developed. The new Foreign Exchange Act (2025) will enhance enforcement powers and introduce stiffer penalties for malpractice.
34. **Over the medium term, the Government strategy remains focused on rebuilding foreign-exchange reserves to at least three months of import cover** through export diversification, monetization of minerals such as gold, leveraging on the National Export Strategy II.

c) Financial Sector Development Policies

35. **The Government remains focused on developing a stable, inclusive, and efficient financial system that supports economic transformation.** In 2025, significant progress was made in strengthening the regulatory environment through the enactment and revision of key legislation- including the Foreign Exchange Act 2025, Insurance Act 2025, Financial Services (Amendment) Act 2025, and updated Supervisory Levy Regulations. Directives pertaining to Development Finance Institutions on Licensing, Capital and Corporate Governance were also

issued. Ongoing legislative work includes the Financial Consumer Protection Bill, Mortgage Finance Bill, Medical Aid Schemes Bill, Banking (Amendment) Bill and Financial Co-operatives Bill, all intended to deepen financial inclusion and consumer confidence.

36. Further, Government will continue implementing the National Strategy for Financial Inclusion III (2024–2028), which prioritizes financial capability, expansion of access and usage for MSMEs, women, youth, and rural populations, and enhancement of digital financial services; and the Financial Sector Development Strategy III (2024/25–2028), which aims to modernize the financial system, crowd-in private-sector credit, and strengthen resilience and competitiveness. In addition, the National Long-Term Finance Policy and the National Microfinance Policy will be finalized to provide further impetus for developing inclusive financial markets.

37. To promote capital-market development and long-term financing, Government will diversify market instruments, strengthen the primary-dealer framework, and encourage institutional investors, such as pension funds and insurance companies, to channel more resources into productive, export-oriented sectors. As part of the implementation of the Malawi Capital Market Development Plan, Government is striving to bridge the gap between project preparation and the stage of investor intervention to ensure that investor expectations are met. This intervention will boost capital supply as hesitation mainly stems from the riskiness of development projects.

38. Emphasis will also be placed on enforcing the Financial Crimes (Amendment) Act 2025, strengthening Anti-Money-Laundering and Counter-Terrorist-Financing frameworks, and ensuring integrity in the financial system. Guidelines on the KYC/CDD (Know your customer/Consumer Due Diligence) for providers of digital products and services are also in the pipeline.

d) Fiscal Development and Policies

i) Fiscal Discipline

39. Over the past years, fiscal operations faced some challenges, including inflation which increased the prices of commodities, thereby affecting the implementation of the budget.

40. **Despite these fiscal challenges, Government is focused on fiscal consolidation without undermining economic recovery.** It will therefore, implement fiscal adjustment measures to stabilise its macroeconomic position, whilst ensuring that fiscal tightening doesn't harm growth. The Government is determined to continue spending according to the budget, hence further enhancing fiscal discipline.

ii) Public Debt Management

41. **As at end June 2025, the preliminary total public and publicly guaranteed debt was reported at MK21.6 trillion** of which domestic debt amounted to MK13.2 trillion and external debt at MK8.4trillion. The rapid increase in the public debt in the recent years is on account of increased Government borrowing to finance the primary deficit. This underscores that the effective way to bring down debt servicing cost is to reduce the primary deficit.

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

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

V. STRUCTURAL AND SECTORAL REFORMS

a) Public Finance Management Reforms

44. **In its continued effort to enhance coordination and efficiency within the Public Finance Management (PFM) systems and operations, the Government of Malawi is implementing the Public Finance Management Strategy (2023–2028) with support from the World Bank through the Malawi Fiscal Governance Program for Results (PforR) valued at USD 80 million.** The overarching objective of this program is to strengthen resource mobilization, improve budget execution, and enhance transparency in the management of public finances.
45. **To ensure the effective operationalization of the Public Finance Management Act (2022), the Government is committed to developing and finalizing critical regulatory instruments.** The development of subsidiary legislation is essential in providing a clear regulatory framework across the PFM cycle. These instruments, including regulations and instructions, serve as practical operational guides to ensure compliance and accountability in financial management practices. In addition to these efforts, the Government is developing an Enterprise Risk Management (ERM) Framework to enhance fiscal resilience and control.
46. **In pursuit of strengthened financial oversight of State-Owned Enterprises (SOEs) and statutory bodies, the Government is nearing completion of Phase II of migrating all SOE and statutory body accounts to the Reserve Bank of Malawi (RBM),** in compliance with Section 94(1) of the PFM Act (2022). The rollout of GoM360, an online government financial platform, is expected to revolutionize cash management systems by leveraging real-time digital solutions. This reform will significantly enhance cash flow planning, forecasting, and financial reporting, while promoting transparency and accountability in the management of public resources.

b) Revenue Policy Reforms

47. **Government will continue implementing comprehensive reforms aimed at broadening the tax base and improving the efficiency and effectiveness of revenue administration systems.** Efforts will focus on strengthening automation at the Malawi Revenue Authority (MRA), particularly through the full implementation of the Integrated Tax Administration

System (ITAS), branded *Msonkho Online*, under Domestic Taxes. Government will also continue to adopt modern ICT systems to address the expanding demands of E-Commerce.

48. **Further, Government will digitise all departmental receipts including city revenue collection.** It will intensify usage of the mobile platforms and also point of sale (POS) machines.
49. **Government has completed the review of all tax-related legislation, which are currently awaiting vetting before submission to Parliament for deliberation.** In addition, Government intends to review and renegotiate outdated Double Taxation Avoidance Agreements (DTAAs), as well as pursue new agreements with potential treaty partners. These efforts aim to align with current developments in international taxation, curb tax evasion and avoidance, and implement measures that address Base Erosion and Profit Shifting (BEPS).
50. **Improving the resolution of tax disputes.** Government has established the Revenue Appeals Tribunal. Continuous monitoring will be conducted to ensure the Tribunal operates independently and effectively, treats taxpayers as valued clients, and enhances taxpayer confidence and perceptions of fairness in the tax system.
51. **Government will undertake a comprehensive review of user fees and charges to ensure they reflect the economic cost of providing social services and other public goods.** This initiative includes improving the efficiency of non-tax revenue collection and management through Business Process Reviews and the automation of Government receipting and electronic payments for services. Government will ensure that Ministries, Departments, and Agencies fully automate their revenue collection systems and service delivery processes.
52. **Government remains committed to improving transparency and accountability in the collection and management of revenues from the extractive sector.** This will be achieved by upholding the principles and objectives of the Extractive Industries Transparency Initiative (EITI), to which Malawi is an active member.

c) Budget Reforms

i) Budget Financing

53. **Government will ensure that it finances and spends according to the approved budget estimates.** It will fully support the productive sectors including Agriculture, industrialization, manufacturing, businesses, tourism, and mining to stimulation social economic growth and development.

ii) Program-Based Budgeting

54. **Government budgets will continue to strengthen the linkage of line item budgeting to the Program Based Budget.** This will ensure that Ministries, Departments, and Agencies (MDAs) are held accountable for how resources are allocated and used, and that their budgets reflect the objectives of the Malawi 2063 First 10-year Implementation Plan (MIP-1). The linkage between line item budgeting and program based budgeting will also strengthen the ability to monitor performance information of programs implemented by MDAs.

d) Monitoring and Evaluation (M&E) Reforms

55. **Government will continue to strengthening evidence-based policy formulation, implementation, and accountability across sectors.** The focus will be on generating actionable evidence to inform macroeconomic and social policy decisions, household vulnerability assessments, continuous monitoring of government programs and the rollout of the National Evaluation Plan. Government will specifically implement the following key policy reforms and initiatives.

i) Implementation of the National Evaluation Plan (2026–2030)

56. **In the short to medium term, Government will implement its National Evaluation Plan, a framework designed to promote a national evaluation culture and strengthen the use of evidence in decision-making** across all sectors. Through this plan, Government will institutionalize evaluation practices in sector planning and budgeting; build evaluation capacity across MDAs; and promote the systematic use of evaluation findings to improve policy design, efficiency, and impact.

ii) Assessment of Household Vulnerability and Food Insecurity

57. **Government will also continue to undertake vulnerability assessments** to determine the extent of household food insecurity and the timing of assistance needs.

e) Poverty Reduction and Social Protection (PRSP) Reforms

58. **Government will continue to implement and periodically review the National Social Protection Policy (2024–2029)**, a comprehensive framework for guiding the design, coordination, and delivery of social protection services in the Country. Key programs supporting key priority areas of the policy include the Social Cash Transfer Program (SCTP), and the Cash-for-Work Climate-Smart Enhanced Public Works Program (CS-EPWP).

59. **Further, Government will continue the use of the Malawi Social Registry (MSR) formerly known as Unified Beneficiary Registry (UBR)**, to harmonize social protection program targeting as one way of strengthening systems for delivery of social support. From time to time, Government will continue to review the targeting of beneficiary households on SCTP also known as “Mtukula Pakhomo”.

60. **Government is also keen to digitize all social protection payments in all 28 districts to reduce fraud, corruption, and leakage** associated with physical cash-based transactions.

VI. ECONOMIC GROWTH SECTORAL REFORMS

a) Agriculture

61. **Government is committed to having an optimally productive and commercialized agricultural sector as espoused in the Malawi 2063 First Ten-Year Implementation Plan (MIP-1) and the NERP.** In the short to medium term, the Government will continue to implement prioritized interventions and will specifically focus on the following areas:

i) Agricultural Policies, Strategies and Legislation

62. **Government is focused on creating an enabling policy and regulatory environment through agricultural policies, strategies and legislations.** In that regard, the Government will continue to implement the existing policies including National Agriculture Policy (2024) among others. To further drive the commercialization agenda, the Government intends to develop and implement the contract farming policy.

63. **Further the Government plans to review and develop several policies and frameworks including;** Irrigation Master Plan and Investment Framework, 1972 Plant Protection Regulation, Veterinary legislation, National Agricultural Research and Development Policy, and Livestock Identification and Traceability Strategy (LITS).

ii) Farm Inputs Subsidy Program (FISP)

64. **In order to improve farmers access to quality and affordable agricultural inputs, Government will implement the reformed Farm Input Subsidy Program (FISP).** The programme will target farming beneficiaries, where farmers will benefit in fertilizer and livestock respectively. The beneficiaries will be expected to graduate from the program eventually.

65. **In terms of beneficiary selection, Government will use community-based selection criteria** instead of National Agriculture Management Information System (NAMIS) in order to rectify the issues of low-quality data experienced the previous two years.

66. **This will further enhance transparency, improve beneficiary targeting,** and enforce strict oversight to prevent leakages and ensure that the program delivers maximum value and contributes effectively to national agricultural growth.

iii) Agricultural Mechanization

67. **Government will continue with procurement of agricultural machinery.** These include value addition equipment ranging from tractors, planters, boom sprayers multi-crop threshers, groundnut shellers, oil pressing machines aimed at increasing agricultural productivity for food and nutrition security and economic status improvement.
68. **Government will further continue to negotiate with financial institutions, development partners, donors and private sector on provision of financial resources to farmers for the procurement of agricultural machinery** with good terms and conditions even subsidies. Further, Government will also continue capacity building interventions/initiatives for mechanics and plant operators for improved agricultural mechanization service delivery as well as local artisans in fabrication of agricultural tools and implements. These efforts intend to reduce the burden of importation considering issues of forex scarcity and job creation to the youths.

iv) Promotion of Greenhouses in Malawi

69. **With increased incidence of unfavorable weather conditions over the past ten years attributed to climate change, Government is committed to promoting greenhouse technology.** To increase adoption of this technology, Government will embark on rigorous awareness campaigns on the importance of this technology. Additionally, the Government will continue to lobby from partners for increased funding to construct more greenhouses and capacity building of staff and farmers.

v) Mega Farms Programme

70. **In order to accelerate agricultural productivity and commercialization, the Government will continue with the implementation of the Mega Farms programme with a target of approximately 1,500 farmers.** The targeted farmers will be engaged in the production of various value chains including, maize, tobacco, groundnuts, soybeans and livestock. These farmers will be assisted with access to production inputs corresponding to their selected value chain.

71. Furthermore, in order to achieve the ultimate objectives, the Government will implement the following key interventions including but not limited to; Supporting the establishment of at least 5,000 medium and large-scale mega and anchor farms, and establishing an additional 275,000 hectares under commercial cultivation. Additionally, the programme will also integrate at least 1,000 youth to enhance participation and inclusivity in the sector.

vi) Technology Development and Dissemination

72. Recognizing the pivotal role of technology development and dissemination, Government through the Department of Agricultural Research Services (DARS), aims to strengthen agricultural research and innovation to enhance productivity, resilience, and competitiveness in Malawi's agriculture sector. The policy focuses on developing and promoting climate-smart and drought-tolerant technologies, improving water use efficiency, and supporting value addition through agro-processing. It also seeks to improve market efficiency, promote export diversification, and foster collaboration between research institutions and farmers.

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

73. To improve livestock extension delivery and overall productivity, the Government will continue implementing the Livestock Infrastructure Development for Sustainable Animal Health, Production and Marketing Project. The project will establish one-stop livestock centers nationwide to enhance access to veterinary, breeding, marketing, and processing services. Currently, the project is being piloted in Chikwawa, Lilongwe and Mzimba North. Thereafter, it will be rolled out to other districts such as Blantyre, Mwanza, Mangochi, Ntcheu, Dedza, Salima, Dowa, Karonga and Chitipa.

74. Additionally, Government will expand livestock breeding programs in government farms to increase access to superior genetics and build a resilient, productive national herd and flock. The focus is on renovating and restocking breeding centers, promoting artificial insemination, and introducing climate-adapted breeds.

viii) Irrigation Development

75. **In order to mitigate the effects of climatic shocks, Government is focused on promoting sustainable and climate-resilient agricultural production through the expansion of irrigation as a strategy.** Guided by the Irrigation Master Plan and Investment Framework (2015–2035), Government aims to develop 220,000 hectares of irrigable land by 2035 from its total potential of 407,862 hectares. To achieve this, the Government through the Ministry of Agriculture is implementing the 2025 National Irrigation Strategy (NIS) to rehabilitate and expand irrigation infrastructure, supply essential agricultural inputs and equipment, and accelerate completion of ongoing irrigation projects.
76. **Complementing to these efforts, several donor-supported programs such as the Shire Valley Transformation Programme (SVTP), the Programme for Rural Irrigation Development (PRIDE), and the Malawi Food Systems Resilience Project (MFSRP), collectively aim to increase irrigated land, improve water management, and enhance agricultural productivity.** The objective of these initiatives is to transition from subsistence to commercially oriented irrigation farming, strengthen the capacity of irrigation institutions for effective infrastructure management, and ensure sustainable, climate-resilient agricultural growth that supports food security and rural development.

ix) Provision of Agricultural Extension Services

77. **Extension Methodology and Systems:** Government, will continue designing and implementing innovative systems, approaches, strategies and methodologies in order to increase farmer participation in agricultural activities and adoption of technologies for improved agricultural productivity. The Government will also promote implementation of agriculture interventions through the Decentralised Agriculture Extension Services System (DAESS) as a mechanism for enabling farmers to identify and organize their agricultural felt needs for appropriate action by relevant stakeholders.
78. **Further, Government will continue providing tailor made services to players in the Agriculture value chain** to advance agribusiness, food and nutrition, agriculture gender roles extension support services, and agriculture communication extension services.

b) Energy, Climate and Natural Resources

Governance of the Energy Sector

79. **Government reaffirms its commitment to establish an efficiently regulated energy sector that supports national development and guarantees reliable, affordable, and sustainable energy for all Malawians.** To this end, Government will ensure that policy and regulatory frameworks are applied consistently and without compromise to enhance investor confidence, safeguard public resources, and promote fair competition whilst ensuring that cost reflective prices are applied. In driving sector reforms, Government will prioritize long-term planning, diversification of the energy mix.

i. Electricity

80. **Government will continue its efforts to diversify, increase the reliability, efficient supply and security of electricity in the country.** To catalyse such developments and meet the supply deficit, the Government will continue to work on measures aimed at diversification and increasing generation capacity as below:

i.1 Mpatamanga Hydropower Plant

81. **The 358.5 MW Mpatamanga Hydro power Project is a strategic public–private partnership with the World Bank’s International Finance Corporation (IFC).** The project is expected to be commissioned by 2030. It is being developed as a Public–Private Partnership (PPP) worth US\$ 1.4 billion, supported by a US\$ 350 million grant from the World Bank and additional contributions from the European Union.

i.2 Malawi-Mozambique Interconnectors

82. **Government will continue to implement the Mozambique- Malawi Interconnector project.** This will allow Malawi import Electricity from Mozambique and will also allow Malawi to participate in power trading with the rest of the members of Southern Africa Power Pool (SAPP) through this interconnector. As of now, 95% of the works on the Malawi side have been completed, with the Mozambican side at 75% complete. Commissioning of the entire project is expected in the first quarter of 2026.

i.3 Rehabilitation of Power Plants

83. **To improve the reliability of electricity supply, the Government will continue to modernize the country's power infrastructure.** In that regard, Government will embark on rehabilitation of the Nkula B Hydro Power Station to extend its operational lifespan, enhance efficiency, and increase generation capacity.
84. **Further, Government will implement Phase 2 of the Kapichira Restoration Project,** supported by firm financial commitments from the African Development Bank and the European Union. Government will also restore all electricity generation machines at EGENCO along with the 31 MW Tedzani Hydro Power Plant.

i.4 Rural Electrification and Electricity Access

85. **The Malawi Rural Electrification Programme (MAREP) remains another cornerstone of the access agenda.** Phase 9 is already 72% complete, with 334 out of 460 sites finalized. Implementation of Phase 10 will commence 2026/27 FY, connecting approximately 500 additional sites nationwide to ensure that no community is left behind.
86. **Building on the success of the Malawi Electricity Access Project (MEAP), the Government will implement the flagship Accelerating Sustainable and Clean Energy Access Transformation (ASCENT) Project.** The project funded by the World Bank will connect 235,000 households to the grid, distribute 811,000 Solar Home Systems, electrify 1,000 schools and 280 health facilities, and support 150,000 households with clean cooking solutions. Through ASCENT, national electricity access is projected to reach 50% by 2030.

i.5 Kam'mwamba Coal-Fired Power Plant Project

87. **Government still intends to implement the 300MW Coal-Fired Power Plant at Kam'mwamba in Neno District.** The project valued at USD700 million, will be implemented under the Ministry of Energy through an Independent Power Producer (IPP) model producing about 300MW.

i.6 Eastern Backbone Rehabilitation Project

88. **In an effort to improve the resilience of electricity transmission and distribution infrastructure in Malawi, the Government will implement the 132kV Eastern Backbone Rehabilitation Project.** This project will involve upgrading the existing transmission network, which currently carries power from the Southern to the Central and Northern regions of the country as the existing network can no longer sustain the growing power and energy demand due to its deteriorating condition. Government has already secured US\$ 90 million from the European Union (EU) with African Development Bank (AfDB) financing the funding gap of US\$ 30 million.

i.7 50MW Salima Solar PV with Battery Energy Storage System (BESS)

89. **The Government will continue the construction of the 50 MW Salima Nanjoka Solar PV power plant with Battery Energy Storage System (BESS) project.** To date, Government has completed installation of the first 10 MW with 2.5 MWh BESS awaiting commissioning in December 2025. This will be followed by a successive installation of 10 MW and 30 MW system to reach cumulative target total of 50 MW by 2029.

i.8 Other Long-term Government Projects

90. **The Government continues to have long-term plans for energy generation and infrastructure development, with several key projects aimed at increasing energy capacity and enhancing sustainability as follows:** the Wovwe Hydro power expansion project from 4.5MW to 9MW; develop the Fufu Hydro power project to a capacity of 261MW; Kholombidzo Hydro power project, with estimated capacity of 210 MW; Songwe Hydro power project, a joint initiative with the Government of Tanzania, will provide 180 MW; and Regional Power Trade and Inter-connectivity programme with neighboring countries i.e., Zambia and Tanzania.
91. **Support to Independent Power Producers:** Government will support IPPs by re-instating the Power Market Limited (PML) to manage power procurement and ensure timely payments to Power Generators.

92. **Support to Mining Companies:** Government will ensure that the country's growing mining sector has access to reliable electricity. Already, ESCOM is engaging mining companies to jointly develop power supply infrastructure through a cost-sharing model. Under this arrangement, companies will finance and construct the required transmission lines and recover their investment through negotiated tariff discounts. This model ensures that new mines can operate without delay while reducing the burden on public resources.

ii. Petroleum

93. **Government will implement several measures to enhance the stability and security of fuel supply in the country including allocation of substantial foreign exchange to meet the demand requirements.** The Government will also revert to the Open Tender Fuel Procurement System to ensure efficiency, transparency, and value for money, while also diversifying fuel importers to promote competition and reduce dependence on a few suppliers. Further, Government will also expand fuel storage capacity in all its storage centres.

94. **In addition, to lower the landing cost of fuel, the Government will improve access to regional ports and transport networks that serve Malawi.** Bilateral agreements will be pursued with neighboring countries Mozambique and Tanzania to secure enhanced access to the ports of Beira, Nacala, Dar es Salaam, Tanga, and Mtwara. Further, Government will be using FOB as opposed to CIF to further reduce the landing costs, particularly at the ports.

95. **To improve efficiency and reduce demurrage charges, Government will develop wet cargo storage facilities at the Port of Nacala and revitalize national rail infrastructure to lower transportation costs.** Priority will be given to the restoration of the Nsanje–Blantyre railway line and expansion of the Nacala–Blantyre–Lilongwe corridor for fuel transport.

96. **In the short to medium term, Government will continue to apply the Automatic Price Mechanism (APM) as the principal policy instrument for ensuring market aligned pricing of fuel.**

iii. Climate

97. **To ensure the effective implementation of Climate Change Programs, Government has embarked on the development of a National Climate Change Act.** This act will strengthen

accountability, transparency, and participation in climate governance, outline emission reduction goals, and provide legal backing for carbon trading and the National Climate Change Fund.

98. **Currently Malawi is enhancing participation at International Carbon Markets through development of article 6 framework.** This framework will ensure that both government and local communities benefit from carbon offset projects.
99. **Government will also continue to enforce mandatory Environmental and Social Impact Assessments (ESIAs) on all national or local level development projects.** Government will continue promoting integration of environmental considerations into development programmes/projects in order to address environmental degradation in the country.
100. **Further, Government will continue to implement nuclear safety and security measures to protect people and environment.** Through the Atomic Energy Regulatory Authority (AERA), Government will continue to issue licences to companies on the use of radiation sources; conduct compliance inspections for radiation safety and security of radioactive sources; as well provide the occupational radiation monitoring services.
101. **In addition, Government will continue implementing programmes aimed at promoting conservation and sustainable utilisation of genetic and biological resources in the country** through the implementation of the National Biodiversity Strategy and Action Plan (NBSAP).
102. **Recognizing the key role of environmental awareness and education** in addressing Environment, Natural Resources and Climate Change Management challenges, Government is implementing strategic interventions in education, governance and community engagement.
103. **Government will also continue to support frameworks that support the effective delivery of early warning services and Early Warning for All initiatives for the safety and resilience of Malawi.** Achievement of this will be through the implementation of the National Framework for Water and Climate Services, provision of impact-based weather forecasts and warnings with improved accuracy and lead-time to enable early action.

iv. Forestry

104. **The Government will continue to enforce forest management through the implementation or operationalization of the various policy and legal instruments.** Government in liaison with various stakeholders intends to rehabilitate 4,500 hectares of industrial plantations, plant 34 million tree seedlings on customary estate and restore 2000 hectares of degraded forest landscapes through tree planting and natural regeneration management.

v. Fisheries

105. **Government is committed to promote the development of aquaculture through public and private sector investments.** The Government is committed to promoting cage based and mega aquafarms to increase aquaculture fish production through public private partnership (PPP) arrangement to ease access to finances. This initiative will help reforming the fisheries sector from the perspective of fish feed and fish import substitutions.
106. **Efforts on scaling up fish post-harvest management will be treated with utmost care and responsibility by the Government.** The Government will continue attracting private sector investments in fish processing, cold chain and value addition facilities to increase shelf-life of the fish and its export potential for increased foreign exchange earnings.
107. **On institutional strengthening and capacity building, Government will continue to offer the frontline upgrading course at the Malawi College of Fisheries (MCF).** This will be complemented by the pre-service training that will target 50 to 100 intakes of Technical Assistants.
108. **To improve knowledge and skills, the Government will continue with the incubation program which targets women, the youths and the marginalized to acquire knowledge and skills in fisheries and aquaculture fish value chains.**

c) Mining

109. **In order to strengthening legal and regulatory reforms in the mineral sector, Government will continue to update the legal and regulatory framework to attract investment and improve governance.** Priority reform areas include finalization and periodic review of the

Mines and Minerals Policy; the Artisanal and Small-scale (ASM) policy, the Explosives Act and its Regulations; and the Petroleum Exploration and Production Act.

110. **In addition, Government will continue to strengthen regulation of the mining sector through the operationalization of the Mining and Minerals Regulatory Authority (MMRA).** This will focus on administering mineral rights, enforcing compliance with mining laws, monitoring of mineral production and exports, and promotion of sustainable mineral development.
111. **Further, Government will undertake a comprehensive review of all exploration and mining contracts to ensure they fully advance the national interest.** This exercise will strengthen transparency and accountability by scrutinizing royalty provisions to secure fair and timely compensation for Malawi's resources, and by enforcing clear free-carry arrangements that guarantee the State a meaningful, non-contributory stake in strategic projects. The review will also ensure full compliance with local content requirements, environmental standards, community benefit-sharing, and value-addition obligations so that more processing happens within Malawi and greater economic value is retained domestically.
112. **Government will initiate negotiations of Mining Development Agreements for Kasiya Graphite and Rutile Project, and the Kangankunde Rare Earth Elements Mining Project.** These negotiations will prioritize provisions that promote local mineral beneficiation and value addition to maximize the economic benefits retained within the country. In addition, the Government will support the implementation of the Songwe Rare Earth Mining and the Kanyika Niobium Mining Projects, both of which are critical for advancing Malawi's position in the global supply chain for critical and strategic minerals.
113. **In order to promote exploration of critical and industrial minerals,** Government will intensify geological mapping, exploration, and evaluation of these minerals, and strengthen collaboration with academia, investors and strategic partners for research on deposits and resource utilization.
114. **Further, Government recognizes the need to enhance mineral laboratory capacity and ensure effective maintenance of equipment.** To address this, Government will prioritize

partnerships with third-party laboratories as a short-term measure. In the medium term, the Government will strengthen the Geological Survey Department (GSD) and the Malawi Mining Investment Company (MAMICO) by equipping them with modern laboratory infrastructure and equipment.

115. **Operationalization of the Malawi Mining Investment Company:** Recognizing the strategic importance of mining investment in restructuring the economy, the Government will support the Malawi Mining Investment Company (MAMICO) which is a subsidiary of Malawi Development Corporation Holdings Limited (MDCHL) by among other measures, enhancing its institutional and human capacity, and facilitating the procurement of essential geological equipment.
116. **Supporting Artisanal and Small-scale Mining (ASM) Development:** Government will finalise and commence implementation of the ASM Policy to promote access to finance and capacity-building initiatives, and integrate ASM-related training into the Technical, Entrepreneurial and Vocational Education and Training (TEVET) system.
117. **Furthermore, the Ministry will collaborate with the Malawi Mining Investment Company (MAMICO) to establish formalized mineral markets and trading systems** specifically targeting artisanal and small-scale miners (ASM). MAMICO will lead investments in processing and value addition infrastructure for ASM cooperatives, while also enhancing their capacity to adopt safe and sustainable mining practices.
118. **Advancing Strategic Mineral Investment Projects:** Government will continue to implement strategic mineral projects aimed at diversifying Malawi's mineral portfolio, promoting beneficiation and value addition, and enhancing foreign exchange earnings. Key investment projects include the Gold Mining and Processing Plant, the Lime Production Plant, the Gemstone and Jewelry Centre, which seeks to formalize the gemstone industry through processing, training, and marketing initiatives. Additional projects include Rutile and Graphite Exploration, and the Rare Earth Elements (REEs) Exploration at Mlindi.
119. **Promoting Public–Private Partnerships and Capital Mobilization:** Government will intensify efforts to attract investment through Public–Private Partnerships (PPPs) and Joint

Ventures (JVs). The Malawi Mining Investment Company (MAMICO) through MDCHL will continue to engage with investors and financial institutions to secure investment financing, while also strengthening partnerships with regional and international investment corporations.

120. **Enhancing Governance and Transparency in the Mining Sector:** To strengthen sector governance, the Government will upgrade the web-based mining cadastre system to enhance transparency, enable real-time monitoring, and improve ease of access for investors. Government will also maintain full compliance with the Extractive Industries Transparency Initiative (EITI) and bolster coordination efforts through the Mining Sector Working Group
121. **Enhancing Investment Promotion in the Mining Sector:** To enhance investor confidence and accelerate growth in the mining sector, the Government will continue to organize the annual Malawi Mining Investment Forum (MMIF), a key platform for showcasing investment opportunities and fostering dialogue between stakeholders.
122. **Promoting Exploration of Oil and Gas:** Government will continue to strategically promote targeted oil and gas exploration as part of its broader efforts to diversify the country's energy mix, enhance national energy security, and unlock new economic opportunities. Recognizing the untapped potential of the country's sedimentary basins, the Government will prioritize support for ongoing reconnaissance and preliminary exploration activities. These efforts will focus on selected sedimentary basins with high geological potential, where modern and cost-effective exploration methods can be deployed. By promoting low-impact, science-driven exploration, the Government aims to attract private sector investment into the upstream oil and gas sector, generate geoscientific data to inform decision-making, and lay the groundwork for future commercial discoveries.

d) Industry and Trade

123. **In order to strengthen Malawi's institutional and legal framework for industry and trade, Government will develop various supporting legal and regulatory instruments** including: the Trade Facilitation and Border Management Bill; One-Stop Border Control Regulations to operationalize the One-Stop Border Control Act of 2022; finalize the development of the

Electronic Single Window Bill; develop E-Trade Legislation and Regulations, Policy and Strategy for Malawi; and a Private Sector Development Bill.

124. **Further, Government will continue to finalise the reviewing and updating of the existing strategies** including the Buy Malawi Strategy, the National Services Export Strategy (NSES); National Industrial Policy; National MSME Policy; Malawi Leather Value Chain Strategy; development of the Malawi Cluster Development Strategy; and National Investment Policy.
125. **Government will also revitalize the Public–Private Dialogue Forum as a high-level platform for structured engagement between Government and the private sector.** Through this reform, Government seeks to institutionalize inclusive dialogue, reinforce policy accountability, and ensure that private sector’s voice informs decision-making at highest level.
126. **Building on reforms already underway, Government will sustain and deepen efforts to improve the business environment through digitization of licensing and permit systems,** expansion of one-stop investment centers, and full operationalization of the investment certificate regime. These actions are designed to reduce the cost of doing business, enhance investor confidence, and position Malawi as a competitive destination for sustainable industrial investment.
127. **Further, Government will establish a Business Development Services (BDS) Accreditation System** to enhance the competitiveness and professionalism of enterprise support services. This framework will standardize and certify BDS providers to ensure that MSMEs receive quality advisory, training, and capacity-building services. It will also facilitate partnerships with financial institutions and development partners to strengthen MSME access to credit and business advisory services, thereby accelerating enterprise growth and formalization.
128. **Strengthening and Modernization of Cooperative Development:** Government will prioritize the strengthening of agricultural cooperatives and support the establishment of value chain based and district wide secondary cooperatives in strategic production areas. Further, Government will facilitate the establishment of inclusive and sustainable value addition industries that utilize locally available raw materials to meet both domestic and export market

demand. Priority will be given to promoting technology adoption, product diversification, and compliance with quality standards to enhance competitiveness.

e) Tourism

129. **Government will implement a reciprocity visa regime, ensuring that Malawi's visa policies reflect fair, balanced, and mutually respectful treatment between Malawi and other nations.** Under this policy direction, Government will align visa requirements for foreign nationals with the treatment Malawian citizens receive abroad, thereby promoting diplomatic equity and strengthening international engagement.
130. **In the short to medium term, Government will continue to focus on Product Development and Destination Marketing to advance Tourism in the country as below:**

i. Tourism Product Development

131. **Government is prioritizing implementation of projects with strong interest from investors** namely the Golden Sands Hotel at Cape Maclear in Mangochi, Integrated Tourism Resort in Salima, an Activity Centre in Likoma and an Integrated Cable Car Resort in Mulanje. A total of 52.7 hectares of land has already been acquired by Government in Salima for the development of an Integrated Tourism Resort and public beach which is a model for tourism development along the lakeshore. Similar public beach projects are expected to be developed in Nkhatabay and Mangochi districts.
132. **Government finalized and enacted the new Tourism Act**, bringing up to date the tourism legal framework which has been outdated for a long time. The updated framework will create a conducive environment for implementing National Tourism Investment Masterplan.
133. **To complement these efforts, Government intends to review and update policies guiding the sector**, as the current ones have reached their expiry date.
134. **Consistent with the Protected Area Management and Investment Strategy, the sector leverages the high potential of wildlife resources to boost tourism growth by developing National Park facilities and infrastructure.** The development of park infrastructure, including two ecolodges in Kasungu National Park, is underway to adequately service the

expected increase in tourist visits. Furthermore, the capacity to conserve wildlife in all national parks and wildlife reserves is being enhanced through the recruitment and training of wildlife officers, community sensitisation and livelihood programs.

ii. Tourism Destination Marketing

135. **Government will continue advancing the Takulandirani Malawi International Tourism Expo (MITE) as a key marketing tool aimed at increasing Malawi's visibility as a preferred tourist destination** and expanding market access for Malawian tourism businesses locally, regionally, and globally.

136. **Further, Government will periodically review the Malawi Tourism Marketing Strategy.** The Strategy aim at attracting a larger number of tourists, significantly boosting revenue, and expand both business and leisure tourism, among other.

f) Transport and Public Works

137. **Government will review all concession road investment agreements to ensure they deliver value for money, comply with national standards, and protect public interests.** It will also verify compliance with construction quality standards, timelines, tolling arrangements, and maintenance obligations to guarantee long-term sustainability of the road network.

138. **Government will also diversify financing of road projects through Public Private Partnerships (PPPs),** ensuring that private capital is effectively leveraged to deliver high-quality, sustainable, and economically viable infrastructure. This approach will reduce pressure on public finances, accelerate project implementation, and promote innovation and efficiency in road construction and maintenance, while maintaining strong Government oversight to safeguard national interests.

139. **In the short to medium term, Government will implement the following initiatives in the sector:**

i) Rail Transport

140. Government will continue the implementation of key Railway Infrastructure projects across the country as follows:

- ✓ The design, upgrading and rehabilitation of the Marka - Bangula railway section of 72km. The project is phase one of the upgrade and reconstruction of the rail line connecting Limbe in Blantyre to the port of Beira in Mozambique through Marka in Nsanje.
- ✓ Rehabilitation of the Nkaya - Lilongwe and Lilongwe - Mchinji section of 400km comprising of 12km section between Chipata and Mchinji; 110km between Mchinji and Kanengo; 105.5km between Kanengo and Salima; and 172km section between Salima and Nkaya.
- ✓ Construction of the Railway line to the Northern part of the country. The project is still in planning phase as Government through the Public Private Partnership Commission have identified a financing source to undertake a feasibility study to identify the key possible route for the North-Bound railway project.

ii) Inland Water Transport

141. **Government will prioritise key projects and reforms** aimed at modernizing existing facilities, developing new ones, and realigning management structures to improve service delivery and operational performance across the sub-sector.
142. **In the short to medium term, the Government will continue the construction of Likoma port, which is the major project under the sub-sector.** Further, Government will construct the Chipoka Port Intermodal Facility and a new port at Makanjira. Further, it will also construct the Nkhotakota jetty and the upgrade Nkhatabay port, which will complement the development of Mtwara corridor.
143. **In shipping services, the Government is expected to replace the ageing MV Illala with 2 modern vessels** to improve passenger services on the lake.

iii) Road Transport

Road Transport Infrastructure

144. **Government will implement a number of projects to improve the condition of the existing road network.** Some of the key projects include the rehabilitation and widening of the M001 road section from Kamuzu International Airport junction in Lilongwe to Kasungu (102KM), Kasungu to Jenda (86KM), Jenda to Mzimba turn off (46KM), and Kacheche to Chiweta (66KM) where works on all four sections of the road are in progress.

145. **Further, Government will continue rehabilitation of the M005 road, from Kaphatenga to Dwangwa, a stretch of about 160 Kilometres long.** In addition, construction works have also commenced on the project for the rehabilitation of the Nsipe - Liwonde M001/M008 road with financing from AfDB and the European Union. The rehabilitation of the Liwonde - Matawale (Zomba) M003 road section is being financed by the World Bank under the Southern Africa Trade and Connectivity Project (SATCP).
146. **A number of road upgrading projects (earth to paved standard) will also be continued** including the Ntcheu - Tsangano - Neno - Mwanza Road, Chitipa - Ilomba Road, Lirangwe - Chingale Road, and Rumphu - Nyika Road among others. Further, the construction works on the project for capacity improvement of the Kaunda and Chendawaka roads are currently in progress. The construction works on the capacity improvement of the M001 road from Crossroads roundabout to junction with Murray Road have commenced and in progressing.
147. **In addition, Government will upgrade major roads in all the cities and tourism districts in the country.** Further, Government will review all user fees and toll gate charges to ensure they are fair and reflective of the actual costs of maintaining and improving the national road network. It will ensure that charges remain equitable while supporting efficient infrastructure financing and management.

Road Transport Services

148. **To enhance safety, and accessibility of Malawi's road transport system, Government is implementing a series of strategic infrastructure and service improvement initiatives.** With Government support through the Roads Fund Administration (RFA) as well as the World Bank funded SATCP, Project, the Government is constructing new weighbridge stations in Dedza, Liwonde, Mwanza and Nkhotakota to control vehicle overloading. Improved compliance is expected to reduce the fiscal burden of road maintenance and preserve capital investments.
149. **To promote equitable access to road traffic and transport services, the Government is expanding Road Traffic Safety Services Directorate, its service delivery network through the establishment of district satellite offices.** The first phase will target Kasungu, Mzimba,

Salima, and Mulanje. These offices will complement existing Vehicle Inspection Stations (VIS) in Karonga, Mangochi, and Ngabu, bringing essential services closer to citizens and reducing the costs associated with travel and service access.

150. **In addition, Government is scaling up the deployment of the Mobile Malawi Traffic Information System (MalTIS) across all regions.** Following a successful pilot that registered over 500 motorcycle (Kabaza) operators, the initiative has significantly improved the accuracy of registration records, simplified licensing procedures, and strengthened data management systems.
151. **The Government is also preparing to roll out a nationwide electronic traffic enforcement system that will replace manual on-the-spot fines with digitally issued penalties.** This reform is expected to modernize enforcement, improve compliance with traffic laws, and minimize opportunities for corruption and revenue leakage.

Air Transport

152. **Government has initiated the process of expanding the mandate of Airport Developments Limited (ADL) to progressively assume responsibility for the management and operation of all public airports in the country.** This transitional arrangement is designed to achieve a clear functional separation between regulatory and operational responsibilities within the aviation sub-sector.
153. **Further, government has made progress in strengthening international cooperation in air services.** After the successful initialling of bilateral air service agreements (BASAs) with Rwanda and the Democratic Republic of Congo (DRC), in addition to earlier agreements with Uganda and Mozambique in 2023, further BASAs have been initialled with Southern African Development Community (SADC) member states, including Botswana, Eswatini, Angola, and Namibia as well as Nigeria in west Africa. These agreements represent a significant milestone towards the realization of the Single African Air Transport Market (SAATM) and are expected to enhance route connectivity and stimulate growth in passenger and cargo traffic.
154. **To support the ongoing regulatory reform agenda and facilitate the certification of the country's airports as international airports, Government continues to develop and**

gazette aviation regulations. These regulations serve as comprehensive guidance for all air transport operations, ensuring conformity with Standards and Recommended Practices.

155. On infrastructure development, Government will upgrade and rehabilitate the Chileka International Airport (BLZ) and Kamuzu International Airport (LLW). At BLZ Government is rehabilitating airfield ground lighting (AGL) systems, upgrading Very High Frequency (VHF) communication systems, and installation of modern meteorological and aeronautical communication equipment. Further, at Kamuzu International Airport, a new passenger terminal canopy will be constructed.

156. In addition, preparatory works for the new Mzuzu Airport are advancing, which will significantly expand the domestic and regional connectivity network while strengthening the country's aviation infrastructure base.

iii) Buildings Infrastructure

157. Having formulated the National Buildings Policy, Government is developing the Building Act alongside enforceable National Building Regulations and Codes to ensure that buildings are constructed, rehabilitated and maintained to acceptable standards. The standards incorporate climate resilience to enhance safety and security.

158. In addition, Government is further working on a face-lift to rehabilitate existing buildings at Capitol Hill which are mostly in poor shape. Preparatory processes for these works are ongoing, and the works are expected to commence within 2026/27 FY.

iv) PVHES

159. Government will continue the maintenance and rehabilitation of PVHES workshops and offices across major regional centres, including Karonga, Lilongwe, Salima, Mzimba, Mzuzu, Dedza, Rumphi, and Mulanje.

160. The PVHES recapitalisation remains a Government's priority to enhance efficiency, lower maintenance costs, and strengthen revenue generation. The drafting of the Fleet Management Policy and the PVHES Strategic Plan marked key strategic milestones toward

improving accountability and service standards. Going forward, automation of billing, tracking, and accounting systems, and staff recruitment will be engrossed.

g) Labour and Employment Sector

161. Government will undertake a comprehensive review of the national minimum wage from time to time to ensure that it reflects current economic conditions, and cost of living. It will ensure that adjustments to the minimum wage are implemented in consultation with relevant stakeholders, balancing the interests of employees, employers, and the broader economy.

162. In the short to medium term Government will implement various initiative in the sector as below:

i) Job Creation and other Labour Initiatives

163. Government review and implement the National Job Creation Strategy (NJCS) to incorporate emerging challenges, such as climate change and natural disasters. Further, the Government also intends to expand its implementation of Employment Impact Assessments (EMPIAs) to guide job creation efforts. To further support evidence-based policymaking, the Government will enhance job tracking mechanisms across sectors. This will ensure the availability of comprehensive employment data to guide decisions on workforce development, resource allocation, and economic planning.

164. Labour Market Information System: Government with support from the International Labour Organization will continue the development of a Labour Market Information System (LMIS). This is a structured platform to systematically capture and manage employment and labour market data across both the public and private sectors.

165. Strengthening Program Delivery at District Level: Government through the EU-funded Zantchito program, will construct four new district labour offices in Salima, Ntcheu, Neno, and Balaka with the primary objective of replacing the current inadequate and inaccessible facilities, which limit service delivery and staff productivity.

166. In addition, to address youth unemployment and bridge the information gap between job seekers and employers, the Government will establish Job Centres and develop a national

Job Portal. These platforms will facilitate job matching, provide labour market information, and offer career counselling services.

167. **The Malawi Decent Work Country Program (DWCP):** Government will continue to scale up efforts to eliminate child labour through various targeted programmes and initiatives. To support children withdrawn from child labour, the Government will establish transit centres (safe spaces) in eight districts Mchinji, Kasungu, Rumphi, Lilongwe, Ntchisi, Mzimba, Mulanje, and Mangochi.
168. **Occupational Safety, Health and Welfare (OSHW):** To strengthen protection of the workforce, the Government will periodically review the Occupational Safety, Health and Welfare (OSHW) Act complemented with the development of subsidiary regulations to address emerging workplace challenges. To promote safer and healthier work environments, the Government will continue registering workplaces, conducting integrated inspections and carrying out industrial hygiene and OSH systems audits.
169. **Workers Compensation Services:** To improve the delivery of workers' compensation services, the Government plans to establish a Workers' Compensation Fund, transitioning from the current individual employer liability system to a social security model. The Fund aims to provide more efficient, equitable, and sustainable compensation for workplace accidents and occupational diseases, while offering protection to both employees and employers.
170. **Labour Migration:** The Government plans to enter into bilateral labour agreements and memoranda of understanding (MoUs) with key destination countries aimed to safeguard the rights and welfare of Malawian workers seeking employment opportunities abroad and ensure they are employed under fair and decent conditions.

ii) Skills Development

171. **To enhance access to technical and vocational education, Government will continue to implement the Community Technical Colleges (CTC) programme,** which aims to establish at least one CTC per district

172. **To ensure quality of assessment and certification in the TEVET sector, Government is revising the TEVET Act in order to create space for the establishment of a standalone TEVET Awarding Body.** The TEVET awarding body shall strengthen the conduct of both formal and informal TEVET examinations and streamline the financing of the same. The revised TEVET Act shall also guide on the allocation/distribution of the TEVET Levy to beneficiary institutions/functions.
173. **Further, Government is developing the TEVET Assessment and Certification Management Information System (TACMIS) in order to automate all examination related activities** for quicker access to information and to reduce the cost of conducting examinations.
174. **Recognition of Prior Learning (RPL) Pilot: Government will roll out the Recognition of Prior Learning (RPL) system in the TEVET sector covering 22 trades.** RPL is a process of identifying, assessing, and certifying competencies acquired by an individual, through informal and non-formal learning. This initiative aims to promote social inclusion and equity, particularly for disadvantaged individuals who cannot afford formal training in technical colleges.

iii) Graduate Internship, and Volunteerism Programmes

175. **Government will continue to implement the Graduate Internship Programme,** aimed at equipping young graduates in Malawi with practical work experience to enhance their employability. Each year, the programme engages approximately 4,000 interns, and it is encouraging to note that many have successfully transitioned into formal employment, leveraging the skills and competencies gained during their placements

h) Lands

176. **Implementation of the Malawi Land Reform Program:** Government will continue the implementation of the Malawi Land Reform Program by continuing operationalising key legislative frameworks, including the Customary Land Act (2016), the Land Act (2016), and related statutes. A major focus will be placed on accelerating the registration of customary land through Customary Land Committees and Traditional Authorities to enhance tenure security

in rural areas. Furthermore, Government will continue decentralizing land administration by establishing and strengthening District Land Registries to bring services closer to the people and improve administrative efficiency across all regions.

177. **National Land Information Management System (LIMS) Rollout:** Government will continue with the phased implementation and expansion of the National Land Information Management System (LIMS). Government will therefore prioritize the integration of LIMS with other government information systems, including those related to planning, taxation, and service delivery, in order to support a more cohesive and data-driven governance framework.
178. **Urban Planning and Development Control:** To respond effectively to rapid urbanization, Government will update and implement the National Physical Development Plan (NPDP) as well as Physical Development Plans (PDPs) for major cities and emerging urban centers. Further, Government will strengthen the enforcement of land use and building regulations to address illegal settlements and ensure that urban development follows established standards.
179. **Land-Based Revenue Enhancement:** Recognizing the importance of land in broadening the domestic revenue base, Government will improve land valuation, titling, and property taxation systems. Government will also undertake a review and update of land rent and premium rates to ensure that they reflect current market values, thereby promoting fairness and efficiency in land revenue administration.
180. **Promotion of Public-Private Partnerships (PPPs) in Land Development:** To support economic growth and infrastructure development, Government will facilitate access to land for investment through transparent and accountable allocation mechanisms. It will actively promote public-private partnerships in land servicing, housing development, and commercial infrastructure, particularly in rapidly expanding urban areas.
181. **Support for Government Housing Initiatives:** In line with the Government's agenda to provide decent housing for officers in uniform, Government will continue actively supporting efforts to build houses for personnel in security institutions, including the Malawi Police Service, the Malawi Defence Force, the Malawi Immigration Services, and the Malawi Prison Services. This housing initiative will also continue to extend support to vulnerable groups such

as the elderly and persons with albinism, recognizing their specific needs for safe and adequate shelter.

182. **Further, the Government will facilitate the development of housing for civil servants** as part of its commitment to improving living conditions and welfare of government employees, thereby contributing to staff motivation and productivity.

VII. CONCLUSION

183. **Government will ensure smooth and speedy implementation of all the proposed reforms and programs** outlined above to steer the economy towards a more resilient and prosperous path with prudent utilisation of public resources and accountability of the set targets in the short to medium term.

FIRST SCHEDULE

OF THE

2026 ECONOMIC AND FISCAL POLICY STATEMENT

ECONOMIC AND FISCAL DATA

The tables below provide details of current economic and fiscal statistics and forecasts which have been used in developing the economic and fiscal policy statement for 2026.

Table 1: GDP growth rates by activity at 2017 constant prices (in percent)

INDUSTRY	2024	2025	2026*	2027*
A. Agriculture	-0.2	1.3	2.8	3.8
01 Crop and animal	-0.4	2.0	2.7	3.3
011 Crop production	-6.6	1.3	2.6	2.9
014 Animal production	9.2	2.8	2.8	3.9
02 Forestry and logging	18.8	8.7	18.6	5.4
03 Fishing and aquaculture	1.2	-11.8	1.6	15.0
B. Mining and quarrying	4.8	5.3	5.9	6.0
C. Manufacturing	0.2	1.8	2.5	4.7
D+E. Electricity and water	4.9	4.0	5.3	5.9
F. Construction	5.8	5.6	4.8	5.0
G. Wholesale and retail	-1.7	0.1	1.9	3.4
H. Transportation and storage	2.9	3.0	3.4	5.8
I. Accommodation and food service activities	3.6	4.9	5.3	5.5
J. Information and communication	3.4	5.8	3.6	4.6
K. Financial and insurance activities	4.8	5.9	5.7	5.2
L. Real estate activities	2.2	3.2	3.8	3.6
M+N. Professional	5.6	5.7	4.3	4.1
O. Public administration	4.3	5.1	4.7	4.8
P. Education	4.7	5.0	5.4	5.6
Q. Human health	3.7	2.4	5.5	3.8
R+S+T. Arts and Other Activities	4.9	6.9	5.6	5.9
Sum of All Industries	1.8	3.0	3.7	4.4
Plus: Taxes less Subsidies on products	-0.8	-0.7	6.2	11.4
Plus: Taxes on products	-0.8	-0.7	6.2	11.4
Less: Subsidies on products				
GDP AT CONSTANT 2017 PRICES	1.7	2.7	3.8	4.9

Source: Ministry of Finance, Economic Planning and Decentralisation

Table 2: Inflation Forecast

Year	Inflation	Overall	Food	Non- Food
2024	End Period	28.1	35.6	16.8
	Annual Average	32.3	40.4	21.3
2025	End Period	27.4	31.4	20.6
	Annual Average	28.5	33.9	19.8
2026	End Period	19.9	22.3	15.3
	Annual Average	20.7	23.0	16.6
2027	End Period	15.6	19.5	7.6
	Annual Average	15.6	18.0	11.1
2028	End Period	12.6	15.1	7.1
	Annual Average	13.3	15.6	8.5
2029	End Period	11.7	13.7	6.8
	Annual Average	11.8	14.1	7.1
2030	End Period	6.4	6.7	5.5
	Annual Average	8.0	8.9	6.1

Source: Ministry of Finance, Economic Planning and Decentralisation

Table 3: Trends in Annual Interest Rates from 2021-2024

	2021	2022	2023	2024	Oct-25
Policy rate	12.00	18.00	24.00	26.00	26.00
Interbank Rate	11.98	15.00	23.00	23.22	23.98
Base Lending rate	12.20	17.30	23.60	25.30	25.30

Source: Reserve Bank of Malawi

Table 4: Exchange Rate movements (US dollar against Malawi Kwacha)

US Dollar Equivalent to MWK	Years				
	2021	2022	2023	2024	Oct-25
Annual Average	823.38	1035.18	1698.79	1749.98	1750.21
End Period	819.44	1034.67	1697.98	1749.93	1749.95

Source: Reserve Bank of Malawi