



**THE REPUBLIC OF MALAWI**

**STATEMENT BY**

**HON. JOSEPH MWANAMVEKHA, MP  
MINISTER OF FINANCE, ECONOMIC PLANNING  
AND DEVELOPMENT**

**AT THE  
PRESENTATION OF THE PROVISIONAL BUDGET**

**MALAWI PARLIAMENT,**

**FRIDAY, 28<sup>TH</sup> JUNE, 2019**

**Clerk:** Government Business, Financial Resolution

*“That this Assembly approves, pursuant to Section 178 of the Constitution, that the Minister of Finance, Economic Planning and Development do authorize the withdrawal from the Consolidated Fund, an amount not exceeding **Five Hundred and Eleven Billion, Two Hundred and Sixty Nine Million, Five Hundred Twenty Two Thousand, Seven Hundred and Ninety Four Kwacha (K511,269,522,794)** for the purpose of meeting expenditure necessary to carry on the services of the Government from 1<sup>st</sup> July 2019 to 31<sup>st</sup> October 2019 or until the Appropriation Act, 2019 comes into force, whichever comes earlier, but so however, that any money so withdrawn shall be included under the appropriate heads in the Appropriation Bill relating to the Appropriation Act, 2019.” (To be moved by the Minister of Finance, Economic Planning and Development)*

**Speaker:** I recognise the Minister of Finance, Economic Planning and Development.

**Minister:** Madam Speaker, I beg to move that the House authorizes the Minister of Finance, Economic Planning and Development to withdraw an amount of **Five Hundred and Eleven Billion, Two Hundred and Sixty Nine Million, Five Hundred Twenty Two Thousand, Seven Hundred and Ninety Four Kwacha (K511,269,522,794)** from the Consolidated Fund to enable the Government to deliver services for a period of four months, from 1<sup>st</sup> July 2019 to 31<sup>st</sup> October 2019 or until the Appropriation Act, 2019 comes into force. This is consistent with Section 178 of the Constitution of the Republic of Malawi, and this amount of money will be part of the 2019/2020 Financial Year Budget.

**Madam Speaker,** as we are all aware, Cabinet was constituted on 20<sup>th</sup> June, 2019 and as a result, there was limited time to bring the full budget before the house and have the Appropriation Bill passed before 1<sup>st</sup> July, 2019. This is the reason why it has become necessary that I move this Motion on financial resolutions.

**Madam Speaker,** as per tradition, the Provisional Budget does not come in form of a Budget Statement but as a Motion. This is because both the Budget Statement and the detailed budget will be presented when Parliament reconvenes in September 2019 to discuss the Full National Budget. As I have already indicated, the Provisional Budget figures will also form part of the 2019/2020 national budget.

**Madam Speaker,** the assumptions underlying the Provisional Budget are as follows:

- (i) Inflation is expected to average 8.0% during the period under review;
- (ii) Exchange rate is expected to average MK750 to One US Dollar;
- (iii) Government will reduce domestic borrowing from 4.1% of GDP to 0.3%;
- (iv) Only ongoing projects will be provided for in the Provisional Budget. Provisions for new projects will be made in the main budget; and
- (v) All contractual obligations which fall due within the four months under consideration have been provided for.

**Madam Speaker,** the Provisional Budget has total revenue and grants amounting to K461.2 billion of which K410.5 billion is domestic revenues and K50.7 billion are grants. Total expenditure and net lending amounts to K511.3 billion for the period of four months. The major highlights in the Provisional Budget are as follows:

### **Wages and Salaries**

**Madam Speaker,** Wages and Salaries are projected at K135 billion, representing 34.3% of the 2018/2019, Approved Personal Emoluments figure of K393.6 billion. The projection has been based on Government Ministries, Departments and Agencies' (MDAs) actual expenditure on wages and salaries. In addition, the estimate has taken into consideration the recent promotion of Teachers and security officers.

### **Other Recurrent Transactions (ORT)**

**Madam Speaker,** Other Recurrent Transactions (ORT) is based on provision of public services by MDAs from July to October 2019, and their existing commitments.

## **Development Expenditure**

**Madam Speaker,** Development expenditure has a total provision of K116.5 billion of which K98.7 billion is foreign financed while K17.9 billion is domestically financed. Madame Speaker, this development expenditure is for ongoing projects only.

## **Net Domestic Borrowing**

**Madam Speaker,** the Provisional Budget has a Net Domestic Borrowing of K16.5 billion. This is much lower as compared to MK84.3 billion for the same period in the 2018/2019 Budget.

In conclusion **Madam Speaker,** I wish to assure the House that they will have an opportunity to fully debate the budget statement for the 2019/2020 national budget in September 2019. May I therefore, **Madam Speaker,** invite the House to support the Motion so as to enable the Government to operate between July and October, 2019. **Madam Speaker,** I beg to move.

**Speaker:** *Thank you very much Minister of Finance, Economic Planning and Development. May I recognize Party spokespersons to respond to the Motion.*

**Party Spokespersons:** *Respond to the Motion*

**Speaker:** *May I ask the Minister of Finance, Economic Planning and Development to respond.*

**Minister:** *Respond to the issues raised and lastly says, “With these few remarks, **Madam Speaker**, I beg to move”.*

**Speaker:** *Debate on this matter is now closed. Honourable Members, the Motion was moved and properly commented by the various leaders of political parties. It is now time now that I put the question that “the Assembly approves, pursuant to Section 178 of the Constitution, that the Minister of Finance, Economic Planning and Development do authorize the withdrawal from the Consolidated Fund, an amount not exceeding **Five Hundred and Eleven Billion, Two Hundred and Sixty Nine Million, Five Hundred Twenty Two Thousand, Seven Hundred and Ninety Four Kwacha (K511,269,522,794)** for the purpose of meeting expenditure necessary to carry on the services of Government from 1<sup>st</sup> July, 2019 the*

*beginning of the Financial Year 2019/20, to 31<sup>st</sup> October, 2019 or until the Appropriation Act, 2019 comes into force, whichever is earlier, but so however, that any monies so withdrawn shall be included in the Appropriation Bill relating to the Appropriation Act, 2019”.*

Those of the opinion say ‘Aye’ and those of the contrary opinion say ‘No’. The ‘Ayes’ have it and the motion is carried.