



Republic of Malawi

# **A PROMISE DELIVERED**

**STATE OF THE NATION ADDRESS 2011**

**By**

**HIS EXCELLENCY  
NGWAZI PROFESSOR BINGU WA MUTHARIKA  
PRESIDENT OF THE REPUBLIC OF MALAWI**

**On the occasion of the**

**STATE OPENING OF THE 2011/2012 BUDGET MEETING  
OF PARLIAMENT, LILONGWE**

**23<sup>rd</sup> May, 2011**

- EXCELLENCY MADAM CALLISTA MUTHARIKA, THE FIRST LADY OF THE REPUBLIC OF MALAWI;
- THE RIGHT HONOURABLE HENRY CHIMUNTHU BANDA, MP, SPEAKER OF THE NATIONAL ASSEMBLY;
- YOUR LORDSHIP HONOURABLE LOVEMORE MUNLO, SC, THE CHIEF JUSTICE;
- HONOURABLE DEPUTY SPEAKERS;
- HONOURABLE LEADER OF THE HOUSE;
- HONOURABLE CABINET MINISTERS AND DEPUTY MINISTERS;
- HONOURABLE LEADER OF THE OPPOSITION;
- HONOURABLE MEMBERS OF PARLIAMENT;
- HONOURABLE JUSTICES OF APPEAL AND JUDGES OF THE HIGH COURT;
- LEADERS OF ALL POLITICAL PARTIES REPRESENTED IN PARLIAMENT;
- EXCELLENCY MADAM THANDIWE DUMBUTCHENA, DEAN OF THE DIPLOMATIC CORPS AND HEADS OF DIPLOMATIC MISSIONS;
- EXECUTIVE HEADS OF INDUSTRY AND BUSINESS ENTERPRISES;
- ARCHBISHOPS, BISHOPS, REVERENDS, APOSTLES, SHEIKHS AND OTHER RELIGIOUS LEADERS;
- PARAMOUNT CHIEFS, SENIOR CHIEFS AND OTHER TRADITIONAL LEADERS;
- DISTINGUISHED INVITED GUESTS;
- LADIES AND GENTLEMEN.

## **GENERAL BACKGROUND**

Mr. Speaker, Sir, I am pleased to be here this morning to deliver the State of the Nation Address to this august House and to open the 2011/2012 Budget Meeting.

During the past year, Malawi has achieved a great deal in economic and social development and has contributed positively to the global debates on peace, poverty reduction and food security.

In the course of my presentation, Mr. Speaker, Sir, I will inform the House that Government is delivering on its promises. I will also highlight major achievements attained in the last twelve months and provide policy direction that Government will follow in the 2011/2012 fiscal year.

## **MACRO-ECONOMIC PERFORMANCE**

Mr. Speaker, Sir, this august House will be pleased to know that the Malawi economy has continued to perform with distinction under the DPP-led Government. Malawi has indeed achieved an economic miracle.

The economy has been growing at an average rate of 7.6 percent since 2005. In 2010, the economy grew by 6.7 percent. This growth rate is well above the Malawi Growth and Development Strategy (MGDS) target of 6 percent and the average for Sub-Saharan Region which was 5.5 percent.

This shows that the country is on track to reduce poverty and meet targets of the Millennium Development Goals of the United Nations by 2015. In 2011, real Gross Domestic Product (GDP) growth rate is expected to grow by 7.0 percent despite increasing world oil prices.

I can confidently say that we have, as a nation, launched our economy on the road from poverty to prosperity.

The inflation rate remained at a single digit, declining from 8.4 percent in 2009 to 7.4 percent in 2010 due to increased food availability on the local market. As a result, Government continued to lower the Bank Lending Rate from 15 percent in 2007 to 13 percent during the 2010/2011 fiscal year.

Mr. Speaker, Sir, Government has also made tremendous progress in reducing the domestic debt and the budget deficit. The domestic debt has been reduced from 25 percent of GDP in 2004 to 11.6 percent of GDP in the 2010/2011 fiscal year; while the budget deficit has been reduced from 7.8 percent of GDP in 2003/2004 financial year to 1.5 percent of GDP in 2010/2011 financial year.

Mr. Speaker, Sir, Malawi is presenting a zero-deficit budget this coming financial year. In other words, our recurrent expenditure will be financed entirely from our own resources. However, for development projects expenditure, we expect our development partners to continue to support us. Government will continue to implement sound macro-economic policies and strict fiscal discipline to ensure economic growth and sustainable development in this country.

In recognition of Malawi's outstanding performance, Mr. Speaker, Sir, our country received the Millennium Development Goals Award last year during the United Nations General Assembly.

In another area, the signing of the Millennium Challenge Cooperation Compact with the Government of the United States is also testimony of our steadfast adherence to human rights and good governance.

## **OUR PRIORITIES**

Mr. Speaker, Sir, the above achievements did not come about accidentally. They are the result of a well designed and well articulated home grown policy encapsulated in the Malawi Growth and Development Strategy (MGDS) since 2006. The MGDS was designed as our overarching operational medium term strategy for the attainment of the nation's Vision 2020 and the Millennium Development Goals. The main thrust of the MGDS is to create wealth through sustainable economic growth and infrastructure development, as a means for poverty reduction.

The first phase of the MGDS from 2006 to 2011, focused on six "priorities within priorities" and these are: Agriculture and Food Security; Irrigation and Water Development; Transport and Communications Infrastructure; Integrated Rural Development; HIV and AIDS Management; and Energy Development.

Subsequently, we added the following three more priorities to respond to national needs: Youth Development and Empowerment; Mining and Industrial Development; and Education, Science and Technology.

Mr. Speaker Sir, during the five year period of MGDS implementation, we made a lot of strides. For instance, poverty levels declined from 50 percent to 39 percent; food security has tremendously improved and our country is no longer classified as a food deficit country; primary school net enrolment increased from 73 percent in 2006 to 83 percent in 2009; paved road

network increased from 3,663 km in 2004 to 4,073 km in 2010; and the contribution of mining to GDP rose from 3 percent in 2005 to 10 percent in 2009.

From this year, we will embark on the second phase of MGDS implementation which will run up to 2016. We will continue to build upon the nine priorities within priorities and past success records.

## **AGRICULTURE AND FOOD SECURITY**

Mr. Speaker, Sir, agriculture remains the back-bone of our economy. For this reason, Government continued to implement programmes that enhance crop production for food security and income generation at both national and household levels.

I am pleased to say that despite sporadic dry spells experienced in some parts of the country in the course of this year's cropping season, we expect yet another bumper harvest with an estimated yield of 3.8 million metric tons of maize representing an estimated surplus of 1.2 million metric tons. Maize production figure this year has gone up by 13 percent as compared to last year's production.

Mr. Speaker, Sir, the production of other crops is also estimated to increase this year. For instance, production of rice is estimated to increase by 12 percent to 123,000 metric tons; cassava by 8 percent to 4.3 million metric tons; sweet potatoes by 14 percent to 3.3 million metric tons; pulses by 15 percent to 540,000 metric tons; and sorghum by 37 percent to 74,000 metric tons.

With regard to Farm Input Subsidy Programme, Mr. Speaker, Sir, in the 2010/2011 fiscal year, Government distributed 160,000 metric tons of

fertilizer to 1.6 million farm families. The Farm Input Subsidy Programme has transformed Malawi from a food deficit to a food surplus nation. Government will continue with the Farm Input Subsidy Programme in the coming financial year. The price of a bag of fertilizer to the poor farmer will remain at K500 during the coming fiscal year.

Mr. Speaker, Sir, Government continued to construct additional strategic grain reserves to ensure food security. Recently, we commissioned the Luchenza and Mzuzu Silos, bringing to four the number of silos currently in operation in the country. The total national storage capacity now stands at 240,000 metric tons.

In addition, to improve food security at household level, small metallic silos, introduced a few years ago, are still being promoted to smallholder farmers. In the 2010/2011 financial year alone, a total of 735 small metallic silos were fabricated and distributed to smallholder farmers. To date, 1,488 small metallic silos have been fabricated and distributed.

I am pleased to report to the House that these metallic silos are helping small farmers to combat post harvest food loss. Many of them are able to keep food from one harvest season to another.

In order to further improve agricultural productivity and diversify food sources, new agricultural technologies and food varieties were introduced during the 2010/2011 financial year. These include legume, cassava, banana and mushroom varieties.

Mr. Speaker, Sir, in aquaculture, fish production increased from 800 metric tons in 2009/2010 fiscal year to 2,500 metric tons in 2010/2011 fiscal year.

The number of fish farmers also grew from over 4,000 to 6,000 during the past two years.

I am also pleased to say that with the support of donors, Government formulated the Agriculture Sector Wide Approach (ASWAp) aimed at improving the effectiveness and sustainability of investments in the agriculture sector to foster food security and achieve agricultural led economic growth. The ASWAp will be implemented for four years from 2010 to 2014. The Programme received initial financial support to the tune of US\$53.3 million from the World Bank and the Kingdom of Norway.

Mr. Speaker, Sir, in the 2011/2012 financial year, Government plans to introduce new and high yielding wheat varieties. We will also expand the area under wheat production from 1,200 hectares to 6,000 hectares through irrigation.

In addition, we will promote pigeon peas production through introduction of this crop to non-traditional growing areas of central and northern regions.

In the area of livestock development, Government will introduce new technological innovations in animal husbandry. We shall import 330 hybrid dairy heifers from South Africa for sale to smallholder farmers.

## **THE GREEN BELT IRRIGATION AND WATER DEVELOPMENT**

Mr. Speaker, Sir, I now turn to the Greenbelt Irrigation and Water Development. This is an important policy intervention to sustain food security in our country. When fully implemented, this will change our development paradigm. We expect to achieve this by reducing over dependence on rain-fed agriculture, achieve sustainable and integrated

water resource management, as well as increase availability and accessibility of water and sanitation services.

As I have said before Mr. Speaker, Sir, the Green Belt Initiative is intended to irrigate up to 20 kilometers along our lakes and rivers and is planned to cover close to a million hectares of land. We have mobilized resources to kick-start implementation of the Green Belt Initiative. To date, we have allocated MK2 billion from Government budget and a line of credit amounting to \$15 million (MK4 Billion) has been obtained from the Government of India.

In the 2010/2011 financial year, 2,824 hectares of land were developed under irrigation. Since the programme started, about 43,000 hectares have been developed of which 40,784 hectares are under irrigation, benefiting over 356,728 farming families. Government also rehabilitated smallholder irrigation schemes such as Nkhate in Chikhwawa; Muona in Nsanje; Limphasa in Nkhata Bay and Likangala in Zomba, covering a total of 1,797 hectares.

Mr. Speaker, I am pleased to inform this august House that Malawi is on course to meet the United Nations Millennium Development Goal on water and sanitation by 2015; the aspirations of the World Summit on Sustainable Development; aspirations enshrined in the Vision 2020 and our own Malawi Growth and Development Strategy targets on water and sanitation.

In the 2010/2011 fiscal year, Government constructed 560 new boreholes benefiting close to 140,000 new users; rehabilitated 220 boreholes accessed by 55,000 people; rehabilitated 912 water taps catering for 109,000 people; and completed rehabilitation of Chilobwe, Kalitsiro and Lizulu rural water schemes and Nkhamanga gravity-fed piped water supply schemes.

Mr. Speaker, Sir, construction and rehabilitation of treatment works at Mapelera, Livunzu, Mbadzi and Liphangwe under Chikhwawa East Bank Scheme; Lufilya in Karonga; Ntonda in Ntcheu; and Nkhamanga in Rumphu, are completed.

On the development of small community earth dams, we are in the final stages of constructing Lichenza dam which will supply water to the Malawi University of Science and Technology (MUST) and other surrounding communities in Thyolo District.

Mr. Speaker, Sir, I am happy to inform you that detailed designs of water supply schemes for Dedza, Chitipa and Chikhwawa were finalized, and construction will commence very shortly.

With respect to urban water supply, close to 9,000 new connections were made in 2010/2011 financial year and over 7,000 stuck meters were replaced throughout the country. We also finalized construction of water works in Mzuzu and Likoma within the 2010/2011 financial year.

Mr. Speaker, Sir, some of the programmes which Government has lined up for the 2011/2012 financial year include: improving urban and rural water supply and sanitation; strengthening hydrological monitoring programmes; management, protection and conservation of catchment areas; development of the Songwe River Basin; hydrological cycle observation; and implementing the Green Belt Irrigation Initiative.

## **EDUCATION, SCIENCE AND TECHNOLOGY**

Mr. Speaker, Sir, you will recall that last year, during the opening of the 2010/2011 Budget meeting, I lamented the inadequacy of universities and institutions of higher learning in the country. I, therefore, requested this

august House to support my decision to improve the human capacity development by establishing six new universities over the next ten years and institutions of higher learning as well as revisiting our education system.

I am happy to report that, twelve months on, we have kept our promise and made great progress in this area despite several bottlenecks and skeptics in certain quarters of our society. Currently, restructuring of institutions such as Bunda College of Agriculture to become Lilongwe University of Agriculture and Natural Resources is in progress while construction of the Malawi University of Science and Technology (MUST) in Thyolo has been commissioned.

Mr. Speaker, Sir, as you are aware, the Malawi University of Science and Technology is being funded by the Government of the People's Republic of China. They have decided to complete the work in twenty months.

Mr. Speaker, Sir, Government prioritized education, science and technology to develop adequate national capacity for development. The main focus of the education sector is, therefore, to ensure improved equity, quality and relevance of education as well as to expand institutions of higher learning to make more students access better education.

During the 2010/2011 financial year, Government:-

- commenced the processes of establishing six new universities, for instance, commissioning of the construction of the Malawi University of Science and Technology; amendment of the University of Malawi Act; and drafting of enabling Bills for the establishment of the Lilongwe University of Agriculture and Natural Resources;
- rehabilitated Soche, Nasawa, Salima and Lilongwe Technical Colleges;

- constructed 104 classrooms, 12 administration blocks, 28 teachers houses and furnished 382 classrooms;
- commenced the upgrading of 18 Community Day Secondary Schools (CDSS) by providing a laboratory, library and additional classrooms;
- completed construction of Machinga Teachers Training College which has since begun admitting students; and
- recruited 4,000 Open and Distance Learning Teachers and upgraded 400 Community Day Secondary School teachers to diploma level.

In the 2011/2012 fiscal year, Government plans to construct 6 new Secondary Schools; upgrade 12 CDSS; construct additional classrooms, teachers houses and 5 teachers training colleges in Chiradzulu, Chikhwawa, Mchinji, Rumphu, and Phalombe. A Special Needs Institute will also be constructed in Lilongwe and a Malawi College of Accountancy campus in Mzuzu.

## **TRANSPORT INFRASTRUCTURE AND NSANJE WORLD INLAND PORT DEVELOPMENT**

Mr. Speaker, Sir, Government has demonstrated that a well developed transport network system is an indispensable condition for enhancing socio-economic growth and development. It is for this reason that Government has continued to invest heavily in the transport sector.

As I have stated in the previous addresses, Government has been implementing the Road Sector Programme through which a number of major roads have been completed or are under construction across the country. The Programme will continue to make provision for the improvement of urban roads where traffic volumes have increased, as well as rural roads where the majority of our population resides.

## **Shire-Zambezi Waterway Project**

Mr. Speaker Sir, the Nsanje World Inland Port, which was inaugurated on 23<sup>rd</sup> October, 2010, is being implemented in phases. The first phase which included the construction of a 200-meter quay for berthing of two cargo vessels and one passenger vessel was completed. The next phase will be launched in the coming financial year and will involve construction of port facilities, offices, warehouses and the development of the Nsanje urban plan.

The partner states of Malawi, Mozambique and Zambia will shortly undertake a detailed feasibility study of the Shire-Zambezi Waterway Project. The African Development Bank has agreed to fund the study which is expected to commence as soon as resources have been mobilized. The study will take a period of 18 months to complete. Once fully operational, the Port will enhance socio-economic development of our country and the region.

Mr. Speaker, Sir, the Shire-Zambezi Waterway Project is very important for the development of Malawi and Zambia and it will reduce the cost of transport for both countries. Government will, therefore, continue to work with all partner states and multilateral institutions to make this project a great success. Let me, once again, urge the private sector to be fully involved in the development of both the port facilities and the Nsanje City.

## **Rail Transport**

Mr. Speaker, Sir, regarding rail transportation, I wish to report that under the Nacala Development Corridor, the Mchinji-Chipata Railway line was completed and inaugurated in Chipata, Zambia in August, 2010 by the three-member Governments of Malawi, Zambia and Mozambique. This will greatly facilitate the movement of people and goods along the corridor. In the 2011/2012 financial year, our railway network will be rehabilitated and upgraded.

## **Air Transport**

Mr. Speaker, Sir, in the development of air transportation, Government completed phase I of the rehabilitation of Chileka International Airport which included construction of the perimeter security fence and the rehabilitation of the international arrival hall. In the 2011/2012 financial year, Government will embark on phase II which will include the reconstruction of the departure hall and duty free shops. We will also continue with the rehabilitation of Kamuzu International Airport runway and the School of Aviation.

## **CLIMATE CHANGE, NATURAL RESOURCES AND ENVIRONMENTAL MANAGEMENT**

Mr. Speaker, Sir, climate change, natural resources and environmental management are of serious concern to our government.

In order to mitigate impacts of climate change, Government in 2010/2011 financial year, started implementing climate change projects that are aimed at enhancing community readiness and responses to climate change. New projects involve promoting sustainable land management and climate adaptation in rural livelihoods and agriculture. Government is also

developing a climate change investment plan and climate change policy which will guide investments in climate change development projects.

With regard to environment, Government completed a number of Environmental Impact Assessments for various development projects with a total investment cost of K2.6 billion. In addition, Government formulated guidelines for biodiversity management for sustainable use of biological resources. Atomic Energy Bill was drafted to provide safeguards and ensuring safety and protection from exposure to harmful radiation in development of minerals such as uranium, industrial manufacturing, agriculture research and medical treatment.

In the 2011/2012 financial year, Government will continue with environmental education and awareness to the general public on climate change issues, ozone layer depletion, pollution control and biological diversity.

Mr. Speaker, Sir, forests are an integral part of the ecosystem and also a source of income for the country. To this end, Government implemented several projects aimed at preserving our forests. During the 2010/2011 financial year, Government rehabilitated 559 hectares of existing industrial forest plantations, planted over 51 million trees during the National Forestry Season and formed a multi-sectoral committee to ensure coordination and rehabilitation of degraded environment. In addition, Government collected K414 million in revenues from the sale of saw logs compared to K216 million in 2009/2010 financial year.

## **INTEGRATED RURAL DEVELOPMENT**

Mr. Speaker, Sir, integrated rural development is at the centre of poverty reduction in rural areas. Government is committed to improving the livelihoods of our rural people. The Rural Growth Centres Programme is one of the approaches that Government is pursuing in implementing the Integrated Rural Development Strategy. Government has embarked on the second phase of the Programme and construction has started at Chitekese Rural Growth Centre in Phalombe.

With respect to modern markets, I am pleased to inform this august House that in the 2010/2011 financial year, we completed construction of markets at Matawale in Zomba, Dwangwa in Nkhotakota and Ekwendeni in Mzimba. Construction work of Limbuli Market in Mulanje and Nkhamenya Market in Kasungu is in progress.

Government also continued to improve the welfare of traditional leaders. In this regard, houses for Chief Mthiramanja in Mulanje, Senior Chief Makanjira in Mangochi, Chief Chimaliro in Thyolo and Chief Nkalo in Chiradzulu were completed and handed over.

Mr. Speaker, Sir, in 2011/2012 fiscal year, Government will commence construction of Rural Growth Centres at Jenda in Mzimba, Malomo in Ntchisi, Mkanda in Mchinji and Chapananga in Chikhwawa. In addition, the construction of Lizulu, Tsangano and Nsanje markets will start.

## **PUBLIC HEALTH, SANITATION AND HIV/AIDS MANAGEMENT**

### **Public Health**

Mr. Speaker, Sir, in the 2010/2011 financial year, Government made remarkable progress in the health sector and we achieved the following:-

- scaled up malaria control activities which included Indoor Residual House Spraying in various districts, provision of insecticide treated mosquito nets and intermittent presumptive treatment for pregnant women;
- developed guidelines on the inspection of food and food premises;
- constructed 2 health centres at Chisoka in Thyolo and Edingeni in Mzimba; and 250 staff houses countrywide;
- rehabilitated 55 health facilities and 250 staff houses; and
- refurbished six laboratories at Mwanza, Mangochi, Mchinji, Kasungu and Rumphi District Hospitals as well as at Bwaila Hospital in Lilongwe.

Mr. Speaker, Sir, in the 2011/2012 fiscal year, Government intends to rehabilitate Queen Elizabeth Central Hospital and Kamuzu Central Hospital and refurbish Nsanje District Hospital and 7 laboratories throughout the country. Government will also construct new District Hospitals in Blantyre, Dowa, Phalombe and Chikhwawa.

In order to ease referral of patients to medical facilities outside the country, Government will construct a state-of-the-art referral hospital in Zomba and a cancer centre in Lilongwe.

## **Sanitation**

Mr. Speaker, Sir, in the area of sanitation, Government obtained a grant of US\$5 million from the Global Sanitation Fund Facility of the United Nations to support the implementation of the National Sanitation Policy from 2011 to 2015. The initial phase will cover Rumphi, Nkhotakota, Ntchisi, Balaka, Phalombe and Chikhwawa districts. Government also developed policies on health care waste management and environmental health.

As for the 2011/2012 financial year, Government has lined up programmes to ensure safe access to sanitation facilities.

## **Management of HIV and AIDS**

Mr. Speaker, Sir, with respect to HIV and AIDS, Government's commitment remains unwavering. Let me remind this august House that I boldly introduced the supply of free Anti Retroviral (ARV) drugs when hundreds of people were dying each day.

In the 2010/2011 fiscal year, Government, with support from development partners, allocated close to K12 billion for the implementation of HIV and AIDS programmes.

Mr. Speaker, Sir, I need not remind the august House that when I took over the leadership of our country in 2004, some of us used to attend funerals every day of the week. We have therefore come a long way in the management of HIV/AIDS.

I am therefore pleased to inform this august House that according to the UNAIDS Report of 2011, new infections in young people in Malawi declined

by 25 percent between 2004 and 2010 and we are among the 9 countries globally with such an achievement. Furthermore, the transmission of HIV from mother to child declined from 23.1 percent to 12.8 percent between 2009 to 2011.

Mr. Speaker, Sir, the number of Anti Retroviral Therapy (ART) facilities in the country increased from 377 in the 2009/2010 fiscal year to 406 in the 2010/2011 fiscal year. Over 88,000 new clients were enrolled in the ART programme bringing the total number of people benefiting from the Programme to about 396,000 since its inception in 2004. About 80 percent of the recipients are still alive and continuing with treatment.

I wish to assure the House that in the coming financial year, Government will intensify the delivery of HIV and AIDS services and commence the local production of ARVs.

## **Nutrition**

Mr. Speaker, Sir, we have learned over the past six years that nutrition and balanced diet play a crucial role in the management of HIV/AIDS. Government is determined to eradicate malnutrition and defeat the HIV and AIDS pandemic. During the 2010/2011 fiscal year, the following notable achievements were made:-

- Over 300,000 adults and children attending Community-Based Child Care Centres received vita-meal across the country;
- Over 90 percent of children aged between 1 and 5 years were dewormed to prevent anaemia caused by worm infestation;
- About 3.2 million pupils received micronutrient supplements in 5,300 schools; and

- Over 1 million school children in public schools were provided with meals under the School Feeding Programme.

In the forthcoming financial year, Government will intensify nutrition service delivery and expand the School Feeding Programme to more public schools.

## **YOUTH DEVELOPMENT AND SPORTS**

Mr. Speaker, Sir, Government is committed to ensuring that our youths actively participate in the socio-economic development of this country. To this effect, in the 2010/2011 financial year, we achieved the following under the Youth Enterprise Development Fund. First, we disbursed business loans to the tune of over K676 million, benefiting about 11,700 youths; second, we provided equipment worth K29.5 million to young entrepreneurs; and third, we trained close to 1,800 youth groups and 226 individuals in business management.

Government also established youth networks at Traditional Authority and district levels in all the districts and commenced the construction of the National Youth Development Centre in Neno.

Mr. Speaker, Sir, in the 2011/2012 financial year, Government will implement activities including disbursement K1 billion to over 17,000 youths from the Youth Enterprise Development Fund. It will also operationalize Neno National Youth Development Centre by farming 10 hectares of land, constructing dams for aquaculture, procuring animals for animal husbandry and planting fruit trees for horticulture.

## **ENERGY, MINING AND INDUSTRIAL DEVELOPMENT**

Mr. Speaker, Sir, the importance of energy, mining and industrial development in socio-economic development cannot be overemphasised. Government, therefore, continues to focus on the development of these areas.

### **Energy Development**

In the area of power generation, Government signed a K53 billion Compact with the Government of the United States of America through the Millennium Challenge Corporation (MCC) to rehabilitate Nkula A power station, conduct major maintenance works on the distribution and transmission network, and construct 220KV power lines from Nkula to Golomoti. Government also signed a contract with China Gezhouba GCL for construction of phase II of Kapichira Hydropower Project which will add 64 megawatts to the electricity grid.

Government is intensively exploring other forms of clean and renewable energy such as wind and solar energy. The estimated combined energy production in these areas is over 140 megawatts.

In the area of fuel supply, Government recently formed the National Oil Company of Malawi which will facilitate the construction of strategic fuel storage facilities in the country.

The main policy change in the area of fuel is to build up adequate oil reserves to stabilize our access to fuel supply.

Mr. Speaker, Sir, in order to maximise energy use, Government will distribute for free 2 million energy saver bulbs to households and small scale entrepreneurs.

### **Mining Development**

Mr. Speaker, Sir, mining development offers a new frontier of income generation in our country. I am happy to report that Paladin (Africa) Limited from Australia, began full scale mining of uranium at Kayerekera. The benefits from uranium development to our country are beginning to be realized.

Government also gazetted Radioactive Minerals and Petroleum and Gas Exploration and Production Regulations, and granted six licences for the exploration of petroleum and gas in Lake Malawi and Lower Shire.

In the next financial year, Cement Products Malawi Limited is expected to commence mining at Njereza in Mangochi. Government plans to facilitate the establishment of small-scale mining industries for lime production; glass making; and manufacturing of pencil, chalk and Plaster of Paris.

### **Manufacturing**

Mr. Speaker, Sir, the establishment of viable manufacturing industries is the surest way of transforming our economy from predominantly importing and consuming to a producing and exporting country. This is also a sure way to move out of poverty. Therefore, Government continues to create a favourable environment for the manufacturing sector.

During the 2010/2011 financial year, Government facilitated the establishment of a plant to manufacture syringes under the “Buy Malawian Campaign”, as well as the setting up of Mtalimanja Sugar Company, a local firm which has a sugar plantation of 200 hectares for processing sugar at Chia Lagoon in Nkhotakota. Sugar production is scheduled to begin by the end of 2011. Government also revived the leather industry in Malawi with support of donors. A number of enterprises have already ventured into production, particularly shoe manufacturing.

Other notable development in manufacturing included the production of Medium Density Fibre (MDF) boards from wood waste for the export market by Raiply Company. As a result, 200 direct jobs will be created. The Enviro Fuel and Chemicals Company also commenced production of bio-diesel in partnership with Axa Bus Company on a pilot basis. The Bio Energy Resources Limited will soon complete installation of a plant for processing jatropha into oil to be mixed with fossil diesel to produce bio-diesel.

Mr. Speaker, Sir, I am pleased to report that several manufacturing companies continue to expand their capacities including the Bakhresa Grain and Milling in Blantyre that increased its capacity for wheat processing and biscuits confectionery manufacturing. It also increased wheat production from 250 metric tons per day to 500 metric tons per day. At the same time, the Shayona Cement Corporation will expand its production line from the current 150 metric tons to 1000 metric tons per day with a capital injection of US\$50 million. This will result in the creation of 200 additional jobs.

The Arkay Plastics Company and Mapeto David Whitehead have also introduced new technological innovations that have resulted in improvement in the quality and quantities of their respective fields to increase our exports.

## **OTHER DEVELOPMENT PRIORITIES**

### **PUBLIC SECTOR REFORMS**

Mr. Speaker, Sir, I am pleased to say that behind the Malawi economic miracle is public sector reform. These public sector reforms are aimed at addressing specific institutional, policy and legal frameworks to make the public service more efficient and effective. This is because for our Government, an efficient public service is a prerequisite for successful achievement of our national development agenda.

During the 2010/2011 financial year, Government undertook, among others, the following reform activities: First, Government finalised the development of the Code of Ethics and Conduct for the Public Service. The Code of Ethics and Conduct sets out standards of correct behaviour expected of public servants. Second, Government commenced the process of rationalization of the very large number of non-productive statutory corporations, through dissolution, merger or privatisation. For instance, the Malawi Investment and Trade Centre is being established as an incorporated company to take over the functions of Malawi Investment Promotion Agency (MIPA) and Malawi Export Promotion Council; and an amendment Bill to merge Lilongwe and Central Region Water Boards has been prepared.

Third, we institutionalised a mandatory Public Service Administration Course for public servants as part of the public service capacity building programme. Fourth, Government instituted various expenditure control measures to ensure financial prudence in the utilization of Government resources. Fifth, we established an e-government coordinating Office to manage e-government activities throughout the Public Service as well as to ensure an

effective e-government institutional framework, and Government developed the Malawi Public Service Charter Programme and six public institutions developed their Service Charters.

Mr. Speaker, Sir, currently, Government is developing a policy and legal framework for the proper management of parastatals. In the 2011/2012 financial year, public service reforms will focus on strengthening the management of the Civil Service through appropriate training and formulation and implementation of an e-government policy. We will also introduce a funded and contributory pension scheme. We will continue strengthening budgeting and financial management processes, while at the same time we will review the recruitment and promotion processes in the public service to motivate performance. Finally, we will review the Public Service Act to reflect modern public service management fundamentals.

## **TRADE AND PRIVATE SECTOR DEVELOPMENT**

Mr. Speaker, Sir, an important aspect of Malawi's economic paradigm is the growth of trade and private sector performance. Therefore, promotion of trade and development of the private sector in Malawi are vital to the attainment of the country's policy of transforming from a predominantly importing and consuming to a predominantly producing and exporting economy.

To this end, Government is implementing a number of programmes. For instance, in the 2010/2011 financial year, Government embarked on a buyer-seller linkages scheme that links small and medium enterprises (SMEs) to major agro-based industries, market outlets and other manufacturing companies. Linkages were facilitated in the fishing, confectionery and

brewery industries where inputs are being sourced from small-scale producers.

Other initiatives to enhance SMEs include Business Growth Scheme that has assisted 185 businesses in cost-share grants worth K142 million and has provided advisory services to over 700 business firms.

Mr. Speaker, Sir, Government is committed to safeguarding the interests of consumers. In this respect, a Consumer Protection Council is in the process of being established as a body to administer the Consumer Protection Act for a holistic consumer welfare enhancement. In addition, the Competition Commission facilitated take-overs and mergers that protect consumers from unfair trading practices.

In a bid to develop new markets, bilateral agreements with People's Republic of China, India and Brazil have been strengthened. For instance, Malawi's exports with China increased by 400 percent to K5 billion between 2008 and 2010. Exports to India rose from K414 million to K1.8 billion during the same period.

Mr. Speaker, Sir, Government identified the following products in our agenda for export product diversification: macadamia nuts, groundnuts, garments, ethanol, honey, beans, chilli, handcrafts, pigeon peas, paprika, cassava, fruit, plastics, confectionery products, wheat flour, minerals, timber products and hides and skins. The export destinations include China, India, the SADC, COMESA, the US under AGOA and EU Markets.

In order to facilitate private sector development, business-related legal and regulatory reforms are underway. Out of 42 business-related laws identified for review, 32 have so far been reviewed and 7 bills have been enacted into law. As part of institutional reforms, the registration systems of the Registrar

General's Department and Deeds Registry of the Ministry of Lands are undergoing computerisation to facilitate business and lands transactions, respectively.

Mr. Speaker, Sir, let me reiterate that in order for the private sector to grow and perform efficiently, there is need to improve the security in our country. To that end, Government has adopted measures that will ensure four areas of security. First, the security of the investment; second, the security of the investor; third the security of the business premises; and fourth, the security of the investors' homes.

I believe that since 2004, the country has seen tremendous improvement in security in these areas. Government will continue to introduce innovations in the area of security for the private sector entrepreneurs.

## **INFORMATION AND COMMUNICATION TECHNOLOGY**

Mr. Speaker, Sir, modern systems of governance by governments and the private sector depends on the availability of reliable information and communications technology. Therefore, Government continues to place priority on the development of Information and Communication Technology (ICT) as a key factor in the development of our economy.

I am pleased to inform this august House that Malawi has made remarkable strides in ICT sectors as evidenced by the implementation of e-Government, e-learning in tertiary education, e-medicine at College of Medicine, e-commerce and industry. Government also commenced the digitalization of official Government documents in order to preserve and protect all strategic Government records.

A remarkable innovation in the area of information and communications technology is that Government plans to implement a “Connect a Constituency” Project to ensure that every constituency in Malawi has access to modern ICT facilities.

On telecommunication industry, Mr. Speaker, Sir, I am happy to report that during the 2010/2011 financial year, Government issued a license to a fourth mobile telecommunication operator by the name CELCOM Malawi Limited. In addition, Government introduced a coverage license regime which will allow operators in the industry to provide both fixed and mobile telephone services.

Mr. Speaker, Sir, in the 2011/2012 financial year, Government will continue to support the development of a high capacity digital backbone ring fibre network. In addition to the links between the major cities, work is underway on the link from Mzuzu to Blantyre via lakeshore.

Government also intends to implement activities aimed at improving the ICT sector. Among these is the development of the Malawi Digital Broadcasting Migration Strategy to conform with the SADC and International Telecommunications Union (ITU) requirements. In addition, Government will issue more telecommunication licences in order to further increase competition in the ICT industry and improve service delivery.

## **WOMEN IN DEVELOPMENT**

Mr. Speaker, on the role of women in development, Government continues to make considerable progress towards the attainment of gender equality in this country. In this regard, Government is implementing programmes aimed at promoting gender equality, women’s rights and empowerment to ensure that they actively participate in the development agenda of our nation.

On record, this Government has placed more women to positions of high responsibility than ever before.

The greatest challenge concerning the role of women in development is to reduce significantly the maternal mortality in our country. I am glad that we are making good progress in this area and I am confident that we shall attain the MDG targets by 2015.

Our efforts to promote gender equality and women empowerment are recognized internationally. According to the Global Gender Gap Report of 2010, Malawi's Gender Development Index out of 134 countries which were assessed in 2010, Malawi ranked number 68. This signifies that the country is moving in the right direction towards the attainment of gender equality.

## **CHILD DEVELOPMENT**

Mr. Speaker, Sir, Government has been implementing several initiatives aimed at developing and empowering our children to become responsible and productive citizens who will contribute towards the development of this country. At the top of the Government agenda is the need to ensure child health and reduce infant and child mortality.

In this respect, during the 2010/2011 fiscal year, Government continued to facilitate the provision of Early Child Development (ECD) Services at community level by training over 11,000 caregivers and increasing the number of ECD centres which currently stands at 8,000 across the country. In the 2011/2012 financial year there are plans to upgrade some of the existing ECD centres into model centres which will provide quality ECD services.

Mr. Speaker, Sir, Government is committed to protecting children against any form of abuse, including child labour and child trafficking. For this reason, Government intensified community child protection by recruiting 300 community child protection workers across the country. Government will recruit more in the coming financial year. As you are aware, we now have the Child Care, Protection and Justice Act, which will, among other things, help in bringing the perpetrators of child abuse to book.

Government also supported over 9,000 orphans in different secondary schools across the country with school and examination fees.

In the 2010/2011 financial year, Government continued to carry out programmes aimed at assisting orphans and other vulnerable children in this country. Among these was the provision of cash transfers which enabled the children to meet their basic needs. With the support of our development partners, we provided cash transfers to over 34,000 orphans.

## **NATIONAL SECURITY AND DEFENCE**

Mr. Speaker, Sir, with regard to national defence, Government has made progress in improving the capacity of the Malawi Defence Force. Government registered the following achievements in the 2010/2011 financial year:-

- constructed an 800 capacity Transit Training Camp at the Malawi Armed Forces College (MAFCO) with financial assistance from the United States Government;
- acquired modern high-tech training equipment and facilities to enhance the quality of training at MAFCO with support from the British Government; and

- established an engineering battalion which has since received engineering equipment worth MK 350 million from the Government of the People's Republic of China.

Staff Officers and Military Observers from the Malawi Defence Force remained in active duty in United Nations Missions' in the Darfur, Northern Sudan; the Southern Sudan; the Democratic Republic of the Congo (DRC) and Israel. This year, Government agreed to deploy a battalion comprising 850 military personnel to Ivory Coast. Deployment started in April and is expected to be completed in June, 2011.

In the 2011/2012 fiscal year, Government will rehabilitate the Malawi Armed Forces College (MAFCO) hospital in Salima and construct the road to Changalume Barracks. Construction of female soldier's hostels, kitchen and dining facilities at Cobbe Barracks in Zomba will also commence. Government will also refurbish the Lilongwe Airbase and ensure improved water supply at the Airbase.

Mr. Speaker, Sir, let me reaffirm my Government's utmost dedication and commitment to ensure a safe and secure environment for all persons, their homes, their business premises and their investments in this country.

Government has reaffirmed peace and security in our country. Streets are safer today than ever before. Government is working tirelessly to fight against all forms of crime including cross boarder crime in terms of human and drug trafficking, theft, small arms proliferation, murder and corruption.

Mr. Speaker, Sir, Government will continue to strengthen existing partnerships with members of the general public and other stakeholders. We will also computerize the finger print system to enhance criminal

investigation and computerize immigration systems at all border posts to conform with international standards.

Mr. Speaker, Sir, I am sure this House will agree that due to systematic security measures, our streets in Blantyre, Zomba, Lilongwe and Mzuzu are now much safer. Our people, especially women and girls now walk on these streets in a much safer and protected environment than before. My Government is determined to ensure the safety of all people in our streets and markets.

As an integral aspect of its security policy, Government has introduced a National Registration and Identification System for our country. The system will provide the most up-to-date demographic bio-data for effective and efficient identification, registration, socio-economic planning, security and management of targeted programmes. Government will soon start issuing national identity cards to eligible citizens.

## **LABOUR RELATIONS**

Mr. Speaker, Sir, the labour market plays a key role towards economic growth and development. For this reason, Government maintains industrial peace and sound labour relations.

During the 2010/2011 financial year, Government enacted the Employment Amendment Bill and Pension Bill. The legislations will address the challenges faced by employers and employees with regard to issues of severance allowance and pension.

Government intensified inspection of workplaces on conditions of employment, minimum wages and child labour in order to enforce the minimum labour standards as required by our labour laws and the

International Labour Organisation. Government also settled 12,000 labour complaints and managed to claim and pay out K37 million to complainants. Government further processed 700 compensation cases for workers and managed to claim K98 million which was paid either to the victims or dependants of the victims.

In the 2011/2012 financial year, Government will develop a National Programme on Occupational Safety and Health to ensure continuous improvement of working conditions of our working population.

### **HUMAN RIGHTS, RULE OF LAW AND ACCESS TO JUSTICE**

Mr. Speaker, Sir, Malawi's record on human rights and good governance has been outstanding. Government can still boast that since 2004, there are no political prisoners in Malawi jails. Furthermore, despite unwarranted provocations, Government has exercised maximum constraints and has allowed some media houses unprecedented freedom of expression.

With regard to safeguarding minority rights, the House is reminded that during the past year, although our customs, our religious beliefs and our laws were violated, Government pardoned the gay couple that had been convicted and sentenced to 14 years imprisonment. Similarly, those charged with sedition were also pardoned.

I wish to reiterate that my Government considers good governance as essential for economic growth and sustainable development. During the 2010/2011 financial year, Government prepared 31 Bills, 29 of which were passed by this august House. It also finalized publication of the revised edition of the Laws of Malawi, which is also available in electronic form. This

will make it easier for practitioners and the public to access the Laws of Malawi.

Government continued its efforts to increase access to justice by ordinary people throughout the country. I am pleased to report that we opened the Registrar General's Office in Mzuzu so that people in the Northern Region are well catered for. In addition, the Department of Administrator General commenced disbursing funds from the Lilongwe Office to beneficiaries of deceased estates who previously had to travel to Blantyre to access their benefits.

I am happy to report that in November, 2010, Malawi was positively reviewed by the United Nations Human Rights Council under the Universal Periodic Review process.

## **LANDS, HOUSING AND URBAN DEVELOPMENT**

Mr. Speaker, Sir, the issue of access to land and housing by ordinary Malawians poses a big challenge in our quest for social justice. However, Government has made significant strides in addressing issues of access to land, physical development planning and management, and housing infrastructure development.

In the 2010/2011 fiscal year, 826 residential plots were serviced and allocated in Lilongwe and Mzuzu. Government prepared a number of layout plans, base maps and land use maps for a number of centres such as Rumphu Boma, Lizulu, Mchinji Border, Namwera, Ulongwe, Thondwe, Usisya, Malomo, Chitekesa and Areas 26 and 46 in Lilongwe City.

In addition, Government started construction of a 5 storey office block at Capital Hill in December, 2010, to ease pressure on office accommodation. Construction is expected to be completed by December 2012.

In the 2011/2012 financial year, Government, through the Malawi Housing Corporation, plans to construct 4200 houses, service 5800 plots at Area 49 in Lilongwe, BCA Hill in Blantyre, Lupaso and Mzirawaingwe in Mzuzu, and Old Naisi in Zomba. We will also build 17 hostels for University students and rehabilitate 6,627 houses.

## **TOURISM, WILDLIFE AND CULTURE**

Mr. Speaker, Sir, in the area of tourism, wildlife management and culture, there is need for our country to move from traditional approaches to a more aggressive stance. We need to explore new areas of tourist attractions such as mountain tourism for instance. We need to make our beaches along the lakes more attractive. Our research shows that the tourism industry has a huge economic potential. Government is therefore committed to developing the sector by providing a more conducive environment in order to attract more tourists.

Government introduced the star grading exercise to improve service delivery of the hospitality industry and ensure value-for-money accommodation. I wish to report that as of now 14 properties have been graded and the highest level achieved has been a four star rating.

With regard to culture, Government facilitated the organizing of functions aimed at preserving culture such as Umuthetho for Ngonis, Mulhako wa Alhomwe for the Lomwes and Kulamba for the Chewa people.

Mr. Speaker, Sir, Government has rehabilitated the Independence Arch. Rehabilitation work is further going on at Nkhata Bay Martyrs Memorials and Chongoni World Heritage Site.

## **DISASTER MANAGEMENT**

Mr. Speaker, Sir, the country experienced major flooding in Karonga, Salima and Nkhotakota and a total of 11,614 households were affected. Government provided relief items to all affected households. Government continued to implement recovery and rehabilitation projects for the 2009 Karonga earthquakes victims.

Several interventions were made to control floods, including river bank stabilisation, river excavation and dredging, and construction of dykes in Zomba, Chikhwawa and Nsanje districts to reduce the incidents and impact of flooding in flood-prone areas.

Mr. Speaker, Sir, in the 2011/2012 fiscal year, Government will continue to implement disaster preparedness activities and ensure that affected households are assisted and empowered to become resilient.

## **DISABILITY AND THE ELDERLY**

Mr. Speaker Sir, Government recognizes that people with disabilities and the elderly are important stakeholders in the economic growth and development of our country.

During 2010/2011 financial year, Government instituted a 5-year capacity building project for special needs education centres and vocational training institutions. We also extended the Social Cash Transfer Programme to persons with disabilities in Phalombe, Machinga, Mangochi, Mchinji, Salima, Likoma and Chitipa Districts.

Mr. Speaker, Sir, with regard to the elderly, Government provided start-up capital for small-scale businesses to 210 elderly persons throughout the country and assisted institutions that look after elderly persons with food and non-food items.

In the coming financial year, Government plans to continue the rehabilitation of special needs education centres so that more persons with disabilities are accommodated. Government will also extend the Community-Based Rehabilitation Project for the elderly to Rumphu and Ntcheu Districts.

## **INTERNATIONAL RELATIONS**

Mr. Speaker, Sir, I am pleased to report to this august House that Malawi's relations with the rest of the world have improved significantly during the past year. For the first time in our history, Malawi rose to the mantle of continental leadership during the year 2010 through which we made a lot of contribution to developments within Africa.

This august House will be pleased to know that during the period of Malawi's African Union Chairmanship, our country was put on the continental and world maps as we steered various development activities on the continent.

Mr. Speaker, Sir, as Chairperson of the African Union, I advanced the need for Africa to become a food-secure continent through the introduction of the African Food Basket concept. During my Chairmanship, Africa's voice was heard at the G8 and G20 groupings. At both the Muskoka Initiative which was in support of MDG4 and MDG5 and the Seoul Action Plan for consolidation of macroeconomic and fiscal policies, I highlighted the need for the G8 and the G20 groupings to take into account the financial needs of

Africa and other developing nations as part of its efforts to implement the global development agenda.

Mr. Speaker, Sir, let me now turn to international relations. I am pleased to inform this august House that our relations with other countries continue to grow for the mutual benefit of our peoples.

During the 2010/2011 fiscal year, Malawi received nine (9) Ambassadors/High Commissioners from the People's Republic of China, Arab Republic of Egypt, Japan, Kingdom of Norway, Republic of Kenya, Canada, Commonwealth of Australia, Republic of Burkina Faso and Islamic Republic of Pakistan. More Ambassadors/High Commissioners will present their credentials in the coming four weeks.

Mr. Speaker, Sir, Malawi continued to contribute positively to the regional and international initiatives aimed at maintaining international peace and security in the world. As AU Chairperson, I travelled to conflict stricken countries of Cote d' Ivoire and The Sudan to assist make peace happen. I also represented the African Union at the United Nations General Assembly.

In addition, during the past year, I made state visits to six countries to strengthen our ties for the benefit of our country. The countries included India, Germany, Cuba, Islamic Republic of Iran, Zambia and Botswana where agreements on several social and economic programmes were concluded.

Malawi also received the Heads of State of Zambia, Tanzania, Zimbabwe and Botswana for various functions and Prime Ministers of Rwanda and Mozambique.

Mr. Speaker, Sir, I am delighted to inform the House that Malawi opened our first Embassy in Latin America in Brasilia, Brazil.

In order to improve our representation abroad, Government is continuing with its program to construct Chanceries for our Embassies abroad. The new Chanceries in London and Washington DC have been completed and the construction of a Chancery in Lusaka, Zambia, is underway.

Mr. Speaker, Sir, with regard to Malawi's bilateral relations with the United Kingdom, I wish to assure this august House that both Malawi and Britain are committed to strengthen such relations in all aspects. To that end, genuine dialogue and consultations have been initiated and I am confident that a new *modus operandi* will be agreed to the mutual regard of our shared common vision and interests.

## **CONCLUSION**

Mr. Speaker, Sir, in conclusion, I wish to state that the past year has been a very successful period for our country. In the year 2010 our country has continued to register unprecedented socio-economic growth. The positive achievements speak for themselves. The fruits of our country's development can clearly be seen and validated by every true Malawian who has the interest of this nation at heart. Ours is a promise delivered.

Mr. Speaker, Sir, I would like to remind every Malawian that it is the duty of everyone to develop our country. Let us therefore not spend our energy tearing each other down. Instead, let us all offer ourselves unreservedly to build Malawi our motherland.

I would like to reiterate my own and Government's commitments to continue with our development efforts and to ensure that as a nation, Malawi accelerates the pace of growth and development for the good of all people.

Mr. Speaker, Sir, I take this opportunity on behalf of all Malawians and indeed on my own behalf, to convey our gratitude to all development partners for their continued support in various development programs that we are implementing. We have truly benefitted from donor support. We pray that this support continues.

I also thank the Public Service for the role it plays in the implementation of Government programmes. I equally thank those in the private sector, the Non-Governmental Organizations, the Civil Society Organizations, religious leaders, and traditional leaders that work closely with Government in developing our country.

I also commend the Leader of the Opposition and Opposition Members of Parliament that work with Government to ensure that our country decisively moves from poverty to prosperity.

It is my belief that as we go into the coming financial year, we will all continue to work together for a better Malawi.

Mr. Speaker, Sir, it is now my singular honour to declare the 2011/2012 Budget Meeting of Parliament, officially opened.

God Bless you all.

God Bless Malawi.

Thank you, Mr. Speaker, Sir.