

- **YOUR EXCELLENCY MADAME MONICA CHAKWERA,
FIRST LADY OF THE REPUBLIC OF MALAWI;**
- **RIGHT HONOURABLE DR. SAULOS KLAUS CHILIMA,
VICE PRESIDENT OF THE REPUBLIC OF MALAWI;**
- **RIGHT HONOURABLE CATHERINE GOTANI HARA,
M.P., SPEAKER OF THE NATIONAL ASSEMBLY;**
- **YOUR LORDSHIP HONOURABLE ANDREW NYIRENDA,
SC, CHIEF JUSTICE;**
- **HONOURABLE DEPUTY SPEAKERS;**
- **HONOURABLE LEADER OF THE HOUSE;**
- **HONOURABLE CABINET MINISTERS AND DEPUTY
MINISTERS;**
- **HONOURABLE JUSTICES OF APPEAL AND JUDGES
OF THE HIGH COURT;**
- **HONOURABLE LEADER OF THE OPPOSITION;**
- **LEADERS OF POLITICAL PARTIES REPRESENTED IN
PARLIAMENT;**
- **HONOURABLE MEMBERS OF PARLIAMENT;**
- **HIS EXCELLENCY JORGE DAVIDE GUNE, DEAN OF
THE DIPLOMATIC CORPS AND HEADS OF
DIPLOMATIC MISSIONS;**

- **MR. ZANGA-ZANGA CHIKHOSI, SECRETARY TO THE PRESIDENT AND CABINET;**
- **SENIOR GOVERNMENT OFFICIALS;**
- **DISTINGUISHED INVITED GUESTS;**
- **LADIES AND GENTLEMEN.**

Madam Speaker,

Malawi stands in the twilight hours between the receding gloom of a long dark night and the rising bloom of a new day. In this time of transition, the providence of God and the profundity of Malawians have conspired to bestow on me the honor of presenting you and this August House with a portrait of the state of our nation.

Although I am no stranger here, having twice graced this body as a legislator, the miracle of my standing here as President is uniquely sobering. It is, therefore, right for me to express, at the outset, my thanks to Malawians for the singular honor of choosing me to address this 49th Session of their Parliament.

Madam Speaker, my intent today is to tell you, along with all Malawians represented here, the truth, the whole truth, and nothing but the truth, so help me God. The truth is our most potent weapon for development, as well as our defence against the false narratives often told about our country. For example, you may have heard it said that Malawi is a poor country, but we must reject this lie. Surely, my country, with 85 million dollars in gold exported to the Middle East every year, is not poor. My country, with a freshwater lake and multiple rivers capable of generating 100 million dollars a year in revenue, is not poor. My country, with soils fertile enough to grow the food needed to end hunger for good, is not poor. My country, home to the coffee-scented hills of Misuku in Chitipa and the tea-covered plains of Satemwa in Thyolo, is not poor. My country, home to the silhouettes of zebras and elephants grazing against the backdrop of a golden sunset, is not poor.

No, Madam Speaker.

As you will soon see from my diagnosis of what ails us, ours is not a poor country, but an impoverished one. Ours is a country stripped of its God-given wealth and potential by syndicates of people in the public sector who exploit decades of bad government policies and practices to enrich themselves and their private sector accomplices. Ours is a country intentionally mismanaged to sustain and commodify a perpetual state of economic misery that affords certain entities, especially political parties and organizations, a *raison d'être* at the expense of Malawians. In short, the poverty of our people is man-made, which means it can and must be unmade.

In the elections we just had, Malawians showed that they are tired of the human causes of their impoverishment. They are tired of electing people to public office who use public funds for personal enrichment, not public service. They are tired of a civil service overrun by the rubble of unprofessional cronies who are neither civil nor of service. They are tired of parastatals ran by incompetent boards and careless executives. They are tired of governance institutions driven by layers of wasteful bureaucracy. They are tired of paying the highest taxes in the SADC region, only to see them wasted on pet projects that add no mileage to our pursuit of Sustainable Development Goals. They are tired of Parliament sessions that produce budget after budget to pay for the status quo without changing it. They are tired of hospitals without care, schools without desks, families without food, roads without tar, homes without electricity, communities without water, courts without justice, crops without markets, markets without capital, skills without jobs,

jobs without wages, and wages without value. They are tired of the biting long winter of economic hibernation.

For this reason, I have chosen to address you today under the theme, **Restoring Warmth to the Heart of Africa**, covering my assessment of the state of the Republic, the state of the citizens, the state of the economy, and the state of governance.

THE STATE OF THE REPUBLIC

Madam Speaker, the framers of our Constitution conceived the Republic of Malawi as a sovereign state, with the Executive, the Judiciary, and the Legislature as its three arms of Government. These arms are meant to have unique functions and complement each other with checks and balances, yet they fall far short of this ideal in practice. By way of diagnosis, my Administration believes that the Executive is too powerful, the Judiciary is too underfunded, the Legislature is too subservient, and all three are too corrupt. This is what Malawians elected me to correct.

THE EXECUTIVE

To reform the Executive, we have embarked on a full-scale orientation of the public sector to the pillars of my SUPER Hi5 Agenda: Servant Leadership, Uniting Malawi, Prospering Together, Ending Corruption, and Rule of Law. This will happen across the public sector over the next year, beginning with Controlling Officers, to promote and inculcate the public sector reforms necessary for mindset change and structural reform as a catalyst for achieving Sustainable Development Goals. To fast

track this process, I have already put in place the key performance indicators for ensuring that I and my Cabinet embody the SUPER Hi5 pillars by our example. As a case in point, my Administration will foster a culture of servant leadership within the Executive by proposing legislation to reduce those powers of the Presidency that stifle the development of our human capital, our governing institutions, and our citizens' supremacy.

Similarly, to advance our agenda for uniting Malawians, my Administration has created the Ministry of Civic Education and National Unity. Through this Ministry, my Administration is working on establishing the Truth and Reconciliation Commission to complete the task left unfinished by the defunct National Compensation Tribunal. Within this Ministry is also the establishment of a Malawi Peace Commission, supported by District Peace Committees in every district. This bold policy to recover together from the wounds we carry will require plenty of civic education. I am therefore delighted to report that within the past 40 days, the draft National Civic Education Policy has been finalized and is ready to launch. This means the National Peace Policy will be reviewed to align the two.

Furthermore, as a Government committed to help Malawians prosper together, my Administration has a Cabinet with the highest representation of women and young people in history. And as a demonstration of my commitment to ending corruption, we are making the Anti-Corruption Bureau fully independent and resourced to investigate and prosecute financial crimes. You will also be pleased to note, Madam Speaker, that in fulfilment of my promise to govern by the rule of law, I will appear before this Session of Parliament three times

to answer Members' questions, the only President in Malawi's history to do so as required by the Constitution. In summary, when it comes to the pillars of the SUPER Hi5 Agenda, we walk the talk.

THE JUDICIARY

Madam Speaker, before I express my support of the Judiciary's reform agenda, I have a request to make of this entire house. Please join me in applauding the Justices of the High Court and Supreme Court for earning Malawi high praise across the globe through their meticulous and transparent handling of the Constitutional case on the disputed 2019 Presidential election.

Madam Speaker, I am pleased to report of other innovative approaches to justice that the Judiciary has undertaken. Below the Supreme Court, which now sits as a full bench of not less than 7 Justices of Appeal, the following specialized divisions of the High Court have been created: Criminal Division, Civil Division, Commercial Division, and Revenue Division. Consultations are underway to soon establish the Probate and Family Division, as well as the Financial Crimes Division to fast track the disposal of corruption cases. This necessitates increasing the number of Judges of the High Court to support the new divisions, clear a backlog of cases, and ensure a fair distribution of work across the justice system. It also means improving both the number and distribution of courts across the country, with the goal of having Senior Resident Magistrates in all 28 Districts by the end of 2022. As a prelude to these coming measures, 50 Non-Professional Magistrates are presently being

recruited to be deployed to satellite courts throughout the country, and a functional review of the proposed reforms is about to be completed.

Madam Speaker, in view of all this, I wish to state categorically that my Administration considers it unacceptable that the entire Judiciary is always allocated less than 1 percent of the National Budget. I therefore call upon this House to support my Administration's measures to correct this and ringfence the Judiciary's funding. It is not right to expect the Judiciary to be at the mercy of the Executive for its finances, nor to operate without proper infrastructure, courtrooms, or offices. The Judiciary has no opportunity to draft the budget or vote for its passage, so it is incumbent on this House to work with my Administration in ensuring that the Judiciary, its Officers, and its Staff are well provided for.

There can be no New Malawi until our courts are able to administer justice without hindrance. All Malawians are equal under the law, so justice must never be the preserve of the rich or powerful. Whether one is a woman, child, person with disabilities, elderly, person with albinism, victim of human trafficking, victim of domestic violence, refugee, person living with HIV/AIDS, or internally displaced, justice must be accessible in an environment that is safe and free from corruption and intimidation. That is why I pledge before God and all Malawians to leave no stone unturned until a beautiful Judiciary Headquarters is constructed across this Parliament Building.

THE LEGISLATURE

Madam Speaker, speaking of Parliament, the Legislature has a critical role in consolidating our democracy. Being a house of representatives, it gives citizens the chance to participate in the governance process. During the year in review, Parliament not only fulfilled its role by passing electoral reform Bills as ordered by the Constitutional Court; it also publicly assessed the competence of members of the Electoral Commission. The fact that both acts reached a dead end upon submission to the Office of the President justifies my resolve to propose legislative amendments aimed at enhancing Parliament's independence and reducing the President's power to obstruct its functions. Despite all this, I congratulate you for registering the following gains during the difficult period in review:

- Passage of a resolution scheduling the Fresh Presidential Election against all odds;
- 3 plenary meetings which passed, tabled, and adopted several Bills, committee reports, statutory reports, and delegation reports;
- 38 Committee meetings which scrutinized Government policies, projects, and expenditure;
- Operationalizing the Parliamentary Budget Office to provide technical support to MPs;
- Conducting orientation programs for political leadership in Parliament; and

- Recruiting and training new staff to reduce the number of vacancies and improve service delivery in support of MPs, part of an ongoing effort to fill all vacancies in the year ahead.

Madam Speaker, allow me to assure you and the Members here of my Administration's support in the implementation of the following innovations soon to be undertaken here at Parliament:

- The development of the 2020-2025 Parliament of Malawi Strategic Plan to guide implementation of activities;
- The automation of both the Hansard Transcription System and Chamber Voting System to address delays;
- The establishment of Parliament Television and Radio to improve public access to information about House activities;
- The construction of new office blocks to increase Committee Rooms and offices for Members of Parliament and Staff; and
- The construction of 193 Constituency Offices to serve as permanent points of access for Malawians to reach their MPs.

Let me also add that it has long been my view that we ought to have official residences for MPs within their constituencies to ensure they are part of the communities they represent. My Administration is therefore actively engaging investors to develop plans for this project and to expedite its commencement.

STATE OF THE CITIZENS

Madam Speaker, allow me to now report on the State of the Citizens, with a focus on the quality of services our people receive from the Ministries of Health, Education, Labour, Lands, Youth, Gender, Social Welfare and Information.

Health

Madam Speaker, my Administration's vision for the health sector is to give all Malawians access to quality, equitable and affordable healthcare through the Universal Health Coverage. The following key interventions will be of focus in our approach:

Maternal and Child Health: My Administration will strive to meet the target of 350 deaths per 100,000 live births by 2022 and the SDG target of 70 deaths per 100,000 live births by 2030. We will also scale up the provision of sexual and reproductive health services, ensuring 100 percent availability of affordable family planning services and commodities. Meanwhile, it is also our goal to eliminate AIDS as a public health threat by 2030, and so my Administration will implement a National Strategic Plan for the HIV response, which aims at 95-95-95 coverage targets for diagnosis, treatment, and viral suppression by 2025.

Madam Speaker, I am also pleased to report that my Administration has recruited 76 Nutritionists across the country to lead our efforts to eradicate all forms of malnutrition. To provide a legislative framework for these efforts, we will be tabling the Food and Nutrition Bill before this House very shortly. However, I recognize that good nutrition must be

augmented by good immunization services, which is why there is K1 billion for that in this budget.

Even so, my Administration's most daring goal is to eradicate Malaria, and we will soon be launching the **"Zero Malaria Campaign"** to support community awareness. We are also extending the Indoor Residual Spraying being implemented in Nkhotakota and Mangochi to Nkhata-Bay and Balaka, with a total budget of about K12.7 billion. Another disease we must win against as a nation is Tuberculosis, which is why my Administration has put in place measures to achieve the United Nations High Level Meeting commitments by 2022. For us as a nation, these include treating 99,200 TB patients, including 14,100 children, and 1,286 Multi-Drug Resistant patients; and putting 343,050 people on Preventive Therapy. Madam Speaker, it is important to my Administration to ensure that the gains we have made against these diseases are not lost in the face of new pandemics like COVID-19.

In terms of the coronavirus itself, as of 12 hours ago, we had 5,593 cumulative confirmed cases, 1,904 active cases, 3,516 recoveries and 175 deaths. To facilitate our response to COVID-19, the Treasury initially availed K2.4 billion to the Ministry of Health to cover prevention and control measures and a further K3.9 billion for the procurement of essential Personal Protective Equipment and the installation of a new Oxygen Plant at Kamuzu Central Hospital. In the 2020/2021 budget, we have allocated K1.3 billion to central hospitals and the Ministry's headquarters, while K2.7 billion will go to district councils.

Admittedly, these measures are part of our last line of defence against the pandemic, our first being stronger community health

systems. Toward that end, my Administration is in the process of recruiting 1,600 Health Surveillance Assistants. Similarly, we will strengthen Community Health Infrastructure by constructing 900 Health Posts and accommodation for staff in hard-to-reach areas by 2022, which is one step towards our long-term goal to put health services within walking distance of every Malawian.

Education

Madam Speaker, obviously a healthy population by itself is not enough. We must develop the capacity of our citizens by giving them skills that are competitive in this fast-changing world. I believe that education is a catalyst for national development, so long as it is accessible and has quality. My Administration is committed to ensuring that every child goes to school, stays in school, and finishes school. One way we will do this is by passing legislation and developing guidelines for implementing our manifesto promise to make primary school education compulsory. As the world forges ahead into the future, we cannot afford to leave any child behind.

I am aware that many of the children in our country have no good school near them to attend. For that reason, it is the policy of my Administration to ensure that all schools have modern classroom blocks, teaching and learning materials and, most importantly, qualified teachers. To push us towards this goal, we will speed up the completion of all new primary schools and classroom blocks. This includes 14 urban primary schools and over 500 classrooms currently under construction, whose progress is at 60 percent; 13 Community Day Schools at 35

percent; 100 laboratories and libraries nationwide whose progress is at 50 percent; 100 girls' hostels; and many secondary schools under the Secondary Education Expansion Development (SEED) Project. Regarding secondary schools in general, our manifesto promised to bring back the Junior Certificate Examinations, and now that we are here, it will be done. Also promised was the removal of the Quota system, and I want to assure all Malawians that while the previous Administration made sure that its Quota system was gone, my Administration will make sure that it is dead.

In the area of tertiary education, my Administration is assessing funding proposals for the construction of Inkosi Mbelwa University for the study of animal science, as well as the establishment of Kamuzu University of Health Sciences and Malawi University of Business and Applied Sciences. Meanwhile, my Administration will increase enrolment in universities from 36,000 in the 2019/20 academic year to nearly 48,000 in the 2020/21 academic year. The construction of three Teacher Training Colleges for training primary school teachers in Mchinji, Rumphi, and Chikwawa will also be done in the coming year, alongside Domasi College of Education with support from JICA. The training of teachers will also include 200 Special Needs Teachers at Machinga TTC. More broadly, though, I am thrilled to announce that my Administration is on course to open all Covid-19 compliant schools next week.

Labour and Land

Madam Speaker, this round up of focus areas in education naturally brings me to the subject of employment, without which

our pursuit of the economic aspects of Sustainable Development Goals would be rendered futile. It is no secret that Dr. Chilima and I promised to create one million jobs in our first year in office. To realize this, we have embarked on a job creation initiative and are treating the creation of a conducive environment for further job creation as an ongoing and multi-sectoral effort. We are currently consulting with and collecting data from key stakeholders for use in our ongoing assessment of the economy's current employment situation. That way, the actionable job creation strategy we are developing is responsive to the evolving fundamentals of the job market. The strategy is a cocktail of the right policies, incentives, partnerships, and microfinance programs that will be applied strategically to produce the enabling environment for sustainable job creation and the productivity of marketable goods and services.

Madam Speaker, it pains me to say this, but I must: One of the things depleting jobs for our people is the influx of expatriates who have no unique expertise. Although we already have laws proscribing this, the institutions mandated to enforce those laws have largely failed to do so. In many cases, we have expatriates doing things dissimilar to what they indicated on first entry. As a nation, we must welcome experts from all over the world, but we must never allow our hospitality to be used in a way that disadvantages our own citizens. For that reason, my Administration will ensure that only those expatriates with transferrable skills we have in short supply are welcome to work within our borders. The point here is to ensure that what jobs we create for our citizens are not a free for all, for that defeats the purpose of this project.

The same principle applies to issues of land, Madam Speaker. Our land must be protected and utilized to benefit our people. With this understanding, my Administration is rolling out land reforms which will be piloted in 8 districts for study before the nationalization of the same. In addition, my Administration is committed to reforming the management of land records through the Land Information Management System and the decentralization of land administration to the district level.

Madam Speaker, I want to be clear. The sale and acquisition of land by unauthorized persons, the concentration of land in the hands of a few, and the use of land without proper documentation are all signs of a nation run amok. We must restore law and order. My Administration is fully aware of various cases of land disputes and encroachment, and since we are committed to the rule of law, we will regulate security of land tenure to ensure that all individuals and entities with legal entitlement to land are protected and violators are brought to book.

We have a similar crisis of lawlessness in relation to housing. My Administration is aware of the acute shortage of housing for its citizens, especially in urban centers, which some have taken as a license to break our country's housing laws with impunity. But the underlying problem is that demand is way higher than supply. According to the National Statistics Office, Malawi needs 21,000 new housing units every year, but we are far from meeting this demand because of the previous Administration's lack of seriousness with the housing needs of Malawians. To address this gap, my Administration is engaging various private sector players in the development of a robust housing programme through Public and Private Partnerships. In any

case, one of the key issues this programme is being designed to address is the chronic disenfranchisement of women and youth in matters of land and housing justice. This, Madam Speaker, brings me to considerations of matters related to the Ministry of Youth and the Ministry of Gender, Community Development, and Social Welfare.

Youth, Gender and Social Welfare

Malawi's population now stands at 17.5 million, of which 75 percent are youths and 51 percent are women. This means that empowering youth and women is key to unlocking the economic potential of Malawi as a whole. To achieve this, my Administration will soon be launching the National Youth Service as I promised before I took office. But in the short term, we will train 3000 youths in vocational, livelihoods and technical skills; train 300 youths in Business; provide start-up tools and equipment to 600 youths; link 600 youths to Financial Lending Institutions; engage 1000 youths in entrepreneurial endeavors; and equip 35,000 youths with leadership skills.

In support of this ambitious programme, we will embark on a nationwide project to rehabilitate existing Youth Centers, build new sports centers, including the National Netball Complex and a Sports Academy as promised in our manifesto. Simultaneously, 800 School Coaches will be trained in various Sports disciplines; sports competitions in all disciplines will be revived at all levels, and 500 schools that teach Physical Education will receive support. Of note, my Administration will provide special support to schools and school programs aimed at educating girls, for that is a key driver for advancing our Tonse cause of gender equality.

Madam Speaker, I am determined to sustain the gains made towards Gender Equality with a view to making new ones. This budget, for example, includes funding for the formulation of women business groups; advocacy for implementation of gender quotas; dissemination of gender laws; development of the Report on the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW); and the review of the National Plan of Action for combating Gender Based Violence.

For the improvement of our children's welfare, my Administration will implement child-friendly programmes that will provide better opportunities for child development, protection, and participation. These include upgrading 150 Community Based Child Care Centres to Model Centres in 10 selected districts, as well as the training of at least 3,000 Early Childhood Development Caregivers and parents, and operationalizing the National Children's Commission.

However, Childhood Development and Community Development must go together, for no child grows up in a vacuum. Therefore, to promote Community Development and Functional Literacy Programmes, my Administration will continue building the capacity of local governance institutions at district council levels by training 1,200 Village Development Committees, 2,000 project committees, and 600 extension workers. I am particularly thrilled to announce the introduction of certificate-level courses in community development and social protection at Magomero Community Development College and Liwonde Community Development Training centre. This is on top of adult literacy classes we are also opening, which will enrol 400,000 learners.

In the Social Cash Transfer Program, my Administration is retargeting and increasing by 5 percent the number of beneficiaries. We are also increasing the amounts transferred to beneficiaries of the Program from the current average of K7,000 per household per month to K9,000, while the e-payment system will also be rolled out to more districts beyond Balaka and Ntcheu.

Information

Madam Speaker, the ICT sector comprises of three broad subsectors: Telecoms, Broadcasting, and Postal Services. Our goal in Telecoms is ensuring that by 2025, at least 80 percent of Malawians should have access to internet services and reap the digital dividends as per SADC commitments. To facilitate this, we will reform MACRA into a people-centred and professional regulator. In broadcasting, our aim is to break the spell of political servility that binds the Malawi Broadcasting Corporation (MBC). In the postal sector, my Administration aims to make the Malawi Posts Corporation a profit-making enterprise through the digitization of postal services.

Madam Speaker, all this will require reforming the Ministry of Information as a key policy driver in the ICT sector. The first signature reform in this regard will be a functional review to restructure the Department of E-Government, the National College of Information Technology, and the Department of Information. The second signature reform is operationalizing the Access to Information Act, which will take place in less than a month.

STATE OF THE ECONOMY

Madam Speaker, at this point, the inevitable question rising in many people's minds is, "What about the economy?" Let me answer that question by looking at our economic performance over the last year, our economic prospects in the coming year, our macro-economic framework, our infrastructure access, our four key Ministries for driving economic growth, and then a word about Sustainable Development Goals.

Economic Performance

Madam Speaker, the growth of the economy measured by the Gross Domestic Product (GDP) is projected to fall to 1.9 percent in 2020 from an initial estimated growth rate of 5.5 percent for the year compared to the 5.0 percent growth rate achieved in 2019. This is due to the impact of political uncertainty and instability, occasioned by the rigged elections of May 2019, which triggered mass demonstrations countrywide. As you may recall, these developments occurred from the onset of the fiscal calendar in 2019 and continued up until the second quarter of 2020. In the middle of it all, the economy was hit by Covid-19 and the shock of local and global containment measures.

Predictably, the inflation rate has been declining, with headline inflation decelerating to an average of 8.9 percent in the second quarter of 2020, mainly due to the decline in food inflation after the improved maize production in the 2019/2020 agricultural season. Subdued industrial demand for maize due to Covid-19 restrictions, declining domestic fuel pump prices, and stable exchange rates also assisted in bringing down the inflation rate.

Annual inflation is projected to average 9.8 percent for the year 2020 on account of lower growth projections.

Madam Speaker, allow me to say a word about fiscal performance. The 2019/2020 fiscal year had a revenue of K1.527 trillion against a total expenditure of K1.841 trillion, which means the year ended with an estimated deficit of K315 billion. This deficit was financed in large part by domestic borrowing, which crowded out private sector from accessing financial resources for productive purposes.

Further, there are arrears amounting to K169.4 billion originating from unpaid bills by Ministries, Departments, and Agencies of Government in the form of water and electricity bills, compensations from court cases, unpaid road construction works, and various suppliers of Goods and Services to the Government. Accruing arrears, Madam Speaker, is a weapon which the previous Administration used to stifle private sector growth and the health of parastatal utility companies. It is therefore not surprising that unemployment in this country has reached unacceptable levels, and that Government has become the source of temporary jobs for fresh graduates in the form of internships. When private sector operators and utility parastatals are constrained in this fashion, they cannot expand, neither can they create new businesses which should ordinarily be the principal sources of sustainable jobs for fresh graduates.

Madam Speaker, cumulative public debt has resulted in total public debt stock of K4.1 trillion as at the end of June 2020, which is 59 percent of nominal GDP. Of major concern is that 57.3 percent of this total debt stock is domestic, representing 33 percent of GDP. In the past year alone, public debt increased

by K430 billion. This position has resulted in interest charges reaching the region of 36.6 percent of GDP. In other words, for every K100 we generate, K36.60 is used to pay interest on the debt that we have accumulated, excluding repayment of the actual loan.

Madam Speaker, by the end of June 2020, the country's trade deficit stood at US\$887.98 million, which is an increase of 9.5 percent over the past year. What this means is that the country imported more goods and services than what was exported, by this amount. Clearly there have not been appropriate policies to support the growth and diversification of exports. The foreign exchange that we used to import these goods and services almost exclusively came from donors in various forms, at the expense of providing the necessary support to existing and potential exporters. The foreign exchange position at the end of June was adequate at 3.27 months of import cover, but this is hardly a consolation. Considering that the number of tourists visiting Malawi has dropped due to international travel restrictions, we need greater cover.

Economic Prospects for the Year 2020/21

Madam Speaker, the success of Malawi's economy going forward will be anchored on solid institutional foundation. We will not tolerate corruption nor will we interfere in the affairs of institutions fighting corruption; we will observe the rule of law in order to provide predictability of the political and economic environment; we will provide the necessary security to all residents, be they natural or corporate persons; we will empower institutions of economic governance to service the needs of

investors and all manner of business people and the general populace; we will continuously carry out public sector reforms in order to reorient public officers' approach to work when offering service to the public. We will demand accountability by all public service position-holders to get the maximum value from them.

We will do this because we love our country and wish to restore confidence in our citizens, but also to give confidence to investors, both existing and prospective. My Administration is aware that there are some investment opportunities that may appear to be high risk, and yet their returns to the economy are also high, because they have potential for employment and new industry creation, new product generation, and technology upgrading. My Administration will not hesitate to lead the way in such instances. In some cases, we will work alongside private sector, and in other cases, we will work alone as trailblazers, without taking opportunities away from the private sector. This is what we mean by a developmental state.

Macro-economic Framework

Madam Speaker, my Administration will maintain macroeconomic, fiscal, and budget stability to not nullify any hope of developing our nation. We will spend for productivity improvements. Moving forward, we will ensure that the Boards of parastatals, which will be announced in the coming days, are held accountable for their actions and delivery on their performance contracts without government interference.

Infrastructure Access

Madam Speaker, following on from this, we will catalyze domestic and external economic integration through improved infrastructure development. Central to achieving this is providing electricity for industrial and commercial purposes and road network to provide access to input and output markets. Currently, only 18 percent of Malawians have access to electricity, while an estimated 80 percent of the country's roads remain unpaved. This travesty has been happening at a time the rest of the world is making phenomenal advancements in transportation, especially rail, neglected by the previous Administration to favor politically connected transporters. My Administration is bringing rail back.

Our intervention to cut the power deficit will be to work with the Mozambican authorities to ensure that the deadline for connecting to their electricity grid in 2022 is not missed. Once this is done, Malawi will have access to the Southern Africa Power Pool. In addition, we will resume construction of the country's 60 MW solar project and secure a strategic sponsor for the 350MW Mpatamanga Hydro Project. We are also concluding Independent Power Producer Agreements, which will open the sector to private investors, which will require new leadership at ESCOM to facilitate such reforms as new tariff structures that reflect market realities. We will, in addition, revisit many of the existing energy contracts and petroleum production sharing agreements in line with the law, ending those that are economically unsustainable and signed under questionable terms during the previous Administration.

Agriculture

Madam Speaker, agriculture has been the lifeblood of the Malawi economy for a long time. The sector, however, can benefit dramatically from a series of reforms. It must become easy to trade within and across borders. Export restrictions without consultation must come to an end. The gazetting of the regulations under the new Control of Goods Act is a step in the right direction. We will put in place deliberate policies to make ADMARC functional again. Smallholder farmers must be able to export through corporations that aggregate their produce. ADMARC should be able to play a very fundamental role in this respect.

Productivity in the agriculture sector lags far behind when we consider that over 80 percent of the population engaged in the agriculture sector contributes only 30 percent to Gross Domestic Product. Starting from this year, my Administration will introduce the Affordable Inputs Programme (AIP) through which about 4.3 million smallholder farmers will access affordable inputs including fertilizer at K4,495 per 50 kg bag. This will tremendously improve the level of productivity in this sector.

Madam Speaker, while tobacco remains Malawi's primary export and a key form of income for many Malawians, the crop is unlikely to provide a sustainable source of income in the longer-term given a decline in global demand. By working with tobacco companies, we can help blend other crop types into the farmers' mix over time. Diversification efforts such as this can contribute significantly to household food security while supporting the establishment of a more resilient agricultural system. This is especially important given the resources,

expertise, and strong domestic and international networks which tobacco companies can offer.

Tourism

Madam Speaker, as any Malawian will attest, we live in a truly remarkable country. From our beautiful game reserves to our magnificent lake, our country should not be kept hidden from the world. Rather we should invite people from far and wide to experience what Malawi has to offer! This is because the generation of business and jobs on a large scale will require mass tourism. However, to successfully leverage tourism, we have to make Malawi an inviting destination. This will involve the legislating of visa-free travel for tourists from high per capita GDP countries; encouraging private investment in the country's hospitality sector; securing agreements with commercial airlines so as to include Lilongwe in their global networks; improving logistics and security in and around the country's airports, and; training duty bearers to view and treat tourists with respect, courtesy and care. Complimenting these developments, we will also need to drive up demand by targeting key markets, including the United States of America and Europe.

Industry

Madam Speaker, Malawi needs to start moving towards industrializing itself for it to become a middle-income country by 2063. Industry conveys a lot of spillovers including providing links to other sectors of the economy such as agriculture. My Administration will emphasize manufacturing as a base for transformation and creation of employment. I recently created

a separate Ministry for Industry to lead Malawi's industrialization efforts. Some of the specific projects designed to promote the industrialization agenda include establishment of Special Economic Zones at Chigumula and Matindi Industrial Parks in Blantyre, Area 55 in Lilongwe, Liwonde Dry Port in Machinga, and Cape Maclear Tourism Hub in Mangochi. The Special Economic Zones Bill will be tabled here shortly, supplemented by the gazetting of the Export Processing Zones Regulations to operationalize the Export Processing Zones Act of 2013.

Foreign Affairs

Madam Speaker, my Administration recognizes that foreign relations have a significant role to play in promoting the socio-economic development and growth of Malawi. In this regard, we will continue pursuing vibrant engagement with our immediate neighbors, and in the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), the African Union (AU) and the United Nations (UN) at the global level. Due to challenges posed by Covid-19, we will participate in the 75th UN General Assembly in a virtual format.

At the regional level, our focus is to integrate within the framework of SADC in the fields of trade and industry and in the maintenance of peace and security. My election as SADC Incoming Chairperson during the recently held meeting of SADC Heads of State and Government aligns with our priorities in international relations. We also intend to fully integrate ourselves within the African Union Agenda 2063, including such

related programmes as the African Continental Free Trade Area, while also helping stabilize the region by participating in UN Peace Keeping Missions like the one our brave soldiers are part of in the Democratic Republic of Congo. By contrast, our focus on the world stage will be reforming the Foreign Affairs Ministry Headquarters and its Missions abroad so that our embassies are able to deliver on the ambitious objectives of promoting Malawi's national interests globally. The reforms will also include a review of our diplomatic presence, including our resolve to have new diplomatic missions in Lagos, Nigeria and Jerusalem, Israel. I will be sharing more details about this in the near future.

The 2020/2021 Budget Framework

Madam Speaker, the 2020/2021 National Budget will contribute to the achievement of the promises the Malawian people voted for. These include investment in infrastructure, provision of loans to an increased number of beneficiaries through the Malawi Enterprise Development Fund (MEDF), and revitalizing farming through the Affordable Inputs Programme (AIP) that will give farmers access to fertilizer. To achieve these policy objectives, the 2020/2021 National Budget has been formulated to promote the following major outcomes:

First, my Administration will exercise strict fiscal discipline. This will require getting monthly expenditure reports from Ministries, Departments and Agencies (MDAS) of Government for the previous months as a basis for additional funding. Since the previous Administration left near-empty coffers, huge domestic and external debts, and an insurmountable budget deficit, we must learn to do much with less. To make matters worse, the

Covid-19 pandemic and its containment measures has hit taxpayers hard, leaving our revenue levels so low that we have to find creative ways to finance our planned activities. Second, my Administration has allocated financial resources strategically by directing its spending according to its priorities and programs with the highest net economic and social benefits. Thirdly, my Administration has allocated resources in such a way that there will be operational efficiency to enable Government to produce and deliver services in a timely and cost-effective manner.

Homeland Security and Defence

My Administration is cognizant of the fact that national security is a prerequisite for the socio-economic development of Malawi. It is only when Malawi is secure that investors, both foreign and local, can have the confidence to invest in this country. To show my commitment to internal security, I recently redeployed General Vincent Nundwe as Commander of the Malawi Defence Force, but I will also be meeting the Defence Council soon to consider their recommendations towards greater security. The following are additional measures in the coming year to strengthen our military:

- Rehabilitation and construction of houses and apartments for our men and women in uniform;
- Construction of the state of the art Military Referral Hospital in area 35, Lilongwe;
- Finalising the rehabilitation of roads within Cobbe Barracks in Zomba;

- Rehabilitation of Cobbe Barracks office structures; and
- Formulation of the National Service Policy and the completion of the Defence Policy.

Other security considerations high on my agenda include the humane custody of prisoners, management of refugees, and promotion of safe and orderly migration. The Malawi Police Service (MPS) is key in this, but that means the historic abuse of its officers must end. The death of precious lives, both for civilians and officers, incidences of sexual violations, physical assault and use of excessive force over inmates, women and girls, within or outside police premises, which have been reported against police officers, create an environment that is unsafe for both police officers and citizens. To restore the dignity of the police uniform in the eyes of the public, my Administration will fast track the implementation of the MPS functional review report to address investigation, prosecution and public order competency needs.

During the 2019/20 Fiscal Year, the Prison Services managed to successfully undertake a functional review which will soon necessitate changing of the Department from a Prison Service to a Correctional Service. This change will bring reforms such as the introduction of a *parole* system that allows well-behaved inmates to be released early. The Department has also constructed 20 modern staff houses in Zomba, as well a 120-bed cellblock in Nkhotakota and a gazetted Half-Way House in Balaka.

During the 2020/21 Fiscal Year, my Administration will continue ensuring that prison services meet international standards by among others:

- Expanding crop and livestock prison agriculture to ensure food sufficiency in our prisons;
- Expanding mechanized irrigation farming in prison farms to ensure food sufficiency;
- Constructing additional cellblocks in prisons to decongest them; and
- Continuing rehabilitation, vocational and correctional programmes to ensure smooth reintegration of prisoners to their communities once released.

In the Department of Immigration and Citizenship Services, the following achievements have been registered:

- Migration to the e-platform for its major operations to improve service delivery;
- Joint Border Operations with Malawi Police Service and Malawi Defence Force to ensure that our borders are secure; and
- Introduction of an e-passport with advanced security features.

During the 2020/21 Fiscal Year, the Department plans to:

- Operationalize the new Dual-Citizenship Bill which will help create an enabling environment for investment;
- Operationalize the new Immigration Act; and

- Move the Immigration Headquarters Offices from Blantyre to Lilongwe to cut operational costs.

Similarly, the National Registration Bureau will embark on a mass registration of all children below the age of 16 years to ensure that each of them has a birth certificate as a human right. Another human right issue my Administration has been working on is the completion of the 2019/2020 functional review on the management of refugees, culminating in the establishment of the Department of Refugees under the Ministry of Homeland Security, as well as the development of the first ever National Migration Policy.

Public Sector Reforms

The current public sector reforms agenda is housed within the Presidency through the Office of the Vice President under the Ministry of Economic Planning and Public Sector Reforms. The Right Honorable Vice President has revived the reforms agenda through consultations with all Government ministries, parastatals, and other constitutional bodies to identify the persistent challenges to efficiency and effectiveness. In the remainder of this year, the reforms will continue to implement the following major activities:

- Enacting and developing reforms laws and policies;
- Training all public servants on the Malawi National Public Sector Reforms Policy and the Malawi Public Service Management Policy; and

- Initiating and Implementing Reforms in Constitutional Bodies.

The goal of all this is the creation of a *results oriented, high performing civil service by 2022 that facilitates positive transformation of the economy and the country's modernisation.*

Local Government and Rural Development

Madam Speaker, the Tonse Government will continue to place Integrated Rural Development and Decentralization high on the national development agenda. I am aware of the slow pace of decentralisation experienced during the past Administrations, mainly due to lack of political will. **But my Administration has a clear timeline for the remaining sectors to devolve, all to be completed within the coming year.** Similarly, I am aware of the need to improve the human resource capacity in the local councils, **which we will address by recruiting qualified individuals.** However, one hindrance to such recruitment is that most Councils do not have a healthy working environment, no less compounded by the fact that some Councils are still using dilapidated buildings as offices. This is unacceptable. My Administration will therefore construct District Commissioner's and Civic Offices in Councils. We will also review the policies and systems related to the administration of local councils and the improvement of Chiefs' welfare.

The Councils are critical stakeholders in our Rural Transformation and Development agenda, for they are at the epicentre of inclusive wealth creation in local communities. As such, we will continue with the development of Rural Growth

Centres. However, we will improve the current approach and format for Rural Growth Centres to establish secondary cities that have such facilities as a commercial bank, ADMARC depot, technical college, secondary school, youth centre, village industries and processing plants, organized markets, and rural buses. To achieve this, I have directed the Ministry of Local Government and Rural Development to work with the Office of the Vice President through the Public Sector Reforms to develop a concept and budget for these cities. As far as I am concerned, the true measure of our nation's development is not the mammoth projects in our cities, but the lifted livelihoods in our villages. It is there, in the rural parts of Malawi, that my Administration desires to build a New Malawi to inspire a generation of New Malawians.

Sustainable Development Goals (SDGs)

Madam Speaker, the world came together in 2015 in an unprecedented effort to adopt the Sustainable Development Goals. The world agreed to end hunger, to end poverty, and that prevention and treatment of measles, malaria and TB is possible, that we can break the cycle of poverty and our people can rise to prosperity, and that investment in public health can work.

The SDGs, just like the African Union's Agenda 2063, are detailed blueprints for delivering to our people the future they deserve. The ambitious goals represent real, tangible progress in the well-being of our people, reflected in improvements to health, economic opportunity, gender parity, and environmental protection.

The National Planning Commission presented the Malawi National Voluntary Report in July 2020 at the United Nations High-level Political Forum to assess progress of SDGs to-date. However, Malawi is not on track to meet the goals. There is some progress in 29, mainly in SDG 3, Good Health, and SDG 4, Education for All, while there is moderate progress on 59 targets and poor performance on 81 targets especially ending poverty and gender equality. I have therefore prioritised the SDGs as integral to the attainment of our national development and achievement of our national priorities, some of which are stated in the Malawi Growth and Development Strategy. The National Development Conference, which I officially opened on 27th August, 2020 as a first step towards the National Transformation 2063 or NT2063, demonstrates this commitment. It is our national roadmap, for transforming Malawi into a middle-income economy by 2063.

Madam Speaker and Honourable Members, I submit for your consideration this report on the Malawian people and their cause.

Thank you for listening. God bless you and God bless Malawi.