



REPUBLIC OF MALAWI

BUILDING RESILIENCE FOR SUSTAINABLE DEVELOPMENT

**STATEMENT
BY**

**HIS EXCELLENCY PROF. ARTHUR PETER MUTHARIKA
PRESIDENT OF THE REPUBLIC OF MALAWI**

On the occasion of the

OPENING OF THE 46TH SESSION OF PARLIAMENT

LILONGWE

Friday, 6th November, 2015

- YOUR EXCELLENCY MADAME GERTRUDE MUTHARIKA, FIRST LADY OF THE REPUBLIC OF MALAWI;
- RIGHT HONOURABLE DR. SAULOS KLAUS CHILIMA, VICE PRESIDENT OF THE REPUBLIC OF MALAWI;

- RIGHT HONOURABLE RICHARD MSOWOYA, 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;
- YOUR EXCELLENCY MADAM THANDIWE DUMBUTCHENA, DEAN OF THE DIPLOMATIC CORPS AND HEADS OF DIPLOMATIC MISSIONS;
- MR. GEORGE MKONDIWA, CHIEF SECRETARY TO THE GOVERNMENT;
- DISTINGUISHED INVITED GUESTS;
- LADIES AND GENTLEMEN.

Mr. Speaker Sir, I am delighted to be here with you all to preside over the opening of the 46th Session of Parliament.

But first, let me extend my heartfelt condolences to you, the honourable members of this House and the bereaved family on the loss of Honourable Chizalo Peter Mangulenje, who until his time of death was a DPP Member of Parliament for Zomba Chisi. (May his soul rest in peace).

Mr. Speaker Sir, the theme of my address today is **Building Resilience for Sustainable Development**. This nation has walked a long path of challenges. For decades, our people have suffered in poverty. Many Malawians are still struggling to survive as we speak. With the floods, the destruction of houses; the drought and the hunger that has followed, let us understand our people's suffering.

But hard times should teach us hard lessons for lasting solutions. The tougher the times, the tougher we must be. And we can turn our challenges into stepping stones for building a resilient economy.

Mr. Speaker Sir, Malawi is at a very critical stage. When we proudly fought for Independence more than half a century ago, we fought for political freedom and economic sovereignty. For years, we have relied on budgetary aid while dependency mentality deepened and our poverty rose. Now, there is no more budgetary support. The age of donor aid seems to be gone. Our

developing partners remain with us only with support outside the budget. More than ever, we need economic prudence and innovation. Malawians must understand the changing times we live in. We must work and endure our painful path to economic sovereignty. And we must do what it takes to end the suffering of our people.

Mr. Speaker Sir, this is the time for us to shape our destiny with a common mindset. But sadly our democracy seems to have taken away our national duty and sense of responsibility. Our freedom of speech has become a celebration for blaming and counter-blaming one another. We are wasting precious time. Our style of democracy seems to be our curse more than a blessing for us. But our children will never forgive us for wasting time and failing to develop Malawi now. History will never forgive us!

Mr. Speaker Sir, let me now turn to the present status of the economy. Our economic growth is slowing down. Our projections are now revised downward to 3 percent in 2015, and 4.5 percent in 2016. The floods we suffered and the prolonged dry spells early this year are part of the causes. Yet, slow economic growth is not peculiar to Malawi. The IMF has actually reduced the global real GDP growth projection. The Sub-Saharan Africa's growth has been revised downwards as well. Malawi is not an exception.

Mr. Speaker Sir, our headline inflation rate has been persistently high in recent years. As we speak, we have not recovered from the effects of two consecutive problems: the wanton looting of public resources during cashgate and the natural disaster that has caused hunger. Now we have high food

inflation. Notably though, food inflation is higher compared to the non-food inflation.

The Malawi Kwacha has depreciated by about 30 percent during the second and third quarters of 2015. This has exerted further pressure on inflation and the execution of the budget. The Reserve Bank of Malawi has introduced strict measures that have slowed down depreciation.

Mr. Speaker Sir, I wish to report that the IMF mission has undertaken the seventh review of the Extended Credit Facility (ECF) arrangement and examined our country's macroeconomic context. The mission commended the Government for actions taken to bolster the financial sector, including the action on recapitalization of locally-based banks to significantly reduce vulnerabilities in the financial sector. The IMF also confirmed that Malawi has met most of the program targets, including Net International Reserves and Net Domestic Assets of the Reserve Bank of Malawi.

This is important because some have given our people a false impression that the entire economy is off-track. The fact is, we met all the quantitative targets except for the target of Central Government net domestic borrowing. We had an over-expenditure of 2% of GDP in the second half of the 2014/2015 year in wage bill. The country also delayed the implementation of structural improvements in the Public Finance Management. These are the ones that led to a conclusion that the EFC programme is off-track.

Mr. Speaker Sir, it is important to reiterate that the over-expenditure was

largely due to revenue under-collection, low grant inflows during the 2014/15 financial year; and the obligated MK40 billion payment on security requirements for the Malawi Police Service and the Malawi Defense Force that was committed by the previous Government. It must be remembered that Government has committed obligations we cannot escape even in hard times.

Mr. Speaker Sir, in order to address the outlined challenges, Government will continue to contain expenditure by cutting down expenditure. The budget needs to reflect available resources. We will also continue to restore confidence in the public finance management system. We will continue upgrading the Integrated Finance Management and Information System (IFMIS) and other related systems to guard against any mismanagement of the public resources.

In this regard, Independent Audit Committees have been constituted and the establishment of an Inspectorate is at an advanced stage. We have also launched a head count of public employees to eliminate ghost workers who are inflating the wage bill. We will aggressively pursue those civil servants who are creating ghost workers and bring them to justice. They cannot escape; and they cannot hide from the eyes of the law.

Additionally, we will continue to implement sound monetary policy. We need to reduce inflation and interest rates in the shortest period possible. And we will maintain the market determined exchange rate regime and automatic fuel pricing in order to create a stable macroeconomic environment.

Mr. Speaker Sir, and Honourable Members

We all know that we have produced less maize due to floods and drought. Production of other major food crops did not do well either. About 2.8 million people in 25 districts of the country are not able to meet their food requirements. This represents 17 percent of the country's total population, which we cannot allow to suffer.

Mr. Speaker Sir, to address the food shortage, Government allocated MK8 billion in the 2015/2016 budget for restocking the Strategic Grain Reserves.

Government has developed a Food Insecurity Response Plan to provide humanitarian assistance to the affected people. The response plan requires a total of US\$146.38 million. I am pleased to report that so far, the World Bank, the European Commission, the United States of America, the United Kingdom, Ireland, Brazil, and Italy, have provided assistance amounting to US\$40.86 million. Through this Parliament, we wish to register our thanks to the above mentioned development partners. With this support, the resource gap is now US\$105.52 million. I reiterate the Malawi Government's further appeal for humanitarian assistance.

Mr. Speaker Sir, I am pleased to inform this august House that out of the targeted figure of about 50,000 metric tons of maize needed, the Government has so far procured over 30,000 metric tons. And procurement is still ongoing. In addition, using our own resources, we are buying 26,000 metric tons of maize through ADMARC at a cost of K3.5 billion locally. We

have also bought 30,000 metric tons of maize from Zambia. Further, the National Food Reserve Agency is procuring 25,000 metric tons to supplement the 66,000 metric tons it already had. Mr. Speaker Sir, we will have enough food for our people.

Mr. Speaker, Sir, as recommended by Malawi Vulnerability Assessment Committee, food distribution started on 1st October, 2015 and will continue until March, 2016. We will reach the food insecure people either with actual food or cash transfers. The World Food Programme and others are on the ground assisting Government in this humanitarian cause.

Mr. Speaker Sir,

We will continue to equip, provide for, and empower our farmers in the coming growing season. We will continue to subsidize our farmers. This year, farmers will now contribute MK6,500 towards the market price for fertilizer and MK500 per bag for the legume seed. Government has done this despite the resource constraints currently facing our budget. We need to work towards a better harvest this year. Further, Government has insured the maize crop against severe drought covering the 2015/2016 agriculture season.

Turning to public health, **Mr. Speaker Sir**, we acknowledge the challenges the health sector has been facing. There has been low availability of drugs, delays in procurement of medicine, slow payment to suppliers and pilferage of drugs. But we are now taking aggressive measures to address the problems.

We are providing resources to Central Medical Stores Trust on a quarterly basis to enable the Trust process tenders in planned time. We have empowered hospital and health advisory committees to ensure community ownership of supplies to reduce pilferage. We are also arranging to amend The Pharmacy, Medicines and Poison Act (1988) in order to strengthen the legal framework for punishing those who steal drugs and cause untold suffering and death of innocent souls and law abiding citizens. Time for stealing medicine is over!

Mr. Speaker Sir, I must report that Central Medical Stores Trust (CMST) has 80 per cent of the “MUST HAVE” medicines and 56 per cent on the overall catalogue. Drug shortage is now on the decline.

Mr. Speaker Sir, there is good news that finally, after a long negotiation on resources to fight HIV and AIDS, Malaria and Tuberculosis, government has secured US\$616 million-the highest allocation so far from the Global Fund. We are grateful to them. Everyone must work to ensure that the resources are used correctly and with transparency and accountability.

There is also good news related to progress on the Public Service Reforms program. Government has commenced the process of issuing National Identity Cards. We intend to issue the first 5,000 ID cards by February 2016 on a pilot basis. The issuance of ID cards to all citizens will be rolled out in 2017. Malawi has waited for this important facility for too long.

Other notable reforms being implemented include: Configuration and

integration of IFMIS to all Government accounts; upgrading of the Malawi Traffic Information System (MALTIS); Power Market Restructuring (separating generation from transmission and distribution of electricity); Parastatal Reforms; establishment of the Green Belt Initiative (GBI) Holdings Limited; and the Doing Business Reforms.

We have also taken unprecedented steps in creating a conducive business and investment environment. The establishment of the One Stop Service Centre at the Malawi Investment and Trade Centre has significantly improved the process of investing in our country. The reforms are yielding positive results. Malawians may be pleased to note that our country has now risen on the World Bank Doing Business Index ranking for 2016. Malawi has jumped up with 23 places up the doing business ladder. This is a positive direction and we are determined to push our global ranking even further. We must claim our place in the world.

Every Malawian now knows that we are making good progress in attracting investors. We now have illustrative examples to show. We have a 300 Megawatts Kam'mwamba Coal-fired Power Plant Project coming up. Other big investment projects include construction of the modern Chileka International Airport and the National Identity Cards Project. Direct investment will create new jobs, create more businesses, create wealth, provide the best of services and turn Malawi into a predominantly producing and exporting nation. Yes, it is about time!

Mr. Speaker Sir,

The decisions we make here must always remember the plight of our people. I am glad that this parliament approved our Malata and Cement Subsidy Programme. I am pleased to report that 80 beneficiaries per constituency in all the 193 constituencies have been identified. Over 75 percent of materials to respective councils, housing development groups and the intended beneficiaries have been delivered. Now a total of 6,948 houses, representing 45 percent of 15, 440 of the targeted houses, have been iron-roofed, plastered and floored with cement. This is good progress.

With the progress in direct investment, skills development, Malata Subsidy and our efforts in empowering our farmers, we now know that we are moving towards a Malawi with decent housing, new jobs, new businesses, and food security.

Malawi must be a society living free from fear. This Government will not relent from safeguarding security, justice and governance. I am aware of the spreading concern, panic and fear around the state of security. Mr. Speaker Sir, contrary to the created perception based on a few known cases, actual official statistics actually indicate declining crime rate. We will continue to ensure public security by deploying officers accordingly and equipping them more than ever.

We are also enhancing security by empowering private security companies. Government has started developing the Private Security Companies Policy and Private Security Companies Guidelines in order to control and coordinate

the management of the sub-sector. This will be supported by complementing security policies which, I know, this house will be happy to pass when time comes.

Mr. Speaker Sir,

Let me now indicate the general policy direction Malawi is taking. We are reviewing the Malawi Growth and Development Strategy II and the preparing its successor. This comes after the world's adoption of the Sustainable Development Goals (SDGs), to which Malawi is committed. Therefore, Malawi will localise the SDGs through the National Development Strategy. This will ensure that SDGs are supported using the national budget and other local development processes. But a proper coordination of our development agenda is critical. I am, therefore, pleased to report that the process of establishing a National Planning Commission, as pledged in the DPP Manifesto, is currently under way.

As I speak, Government has made progress and recently approved a number of policies, including the National Gender Policy and the National Social Welfare Policy. Now we are moving to finalise the preparation of a number of policies. These include the National Policy for Older Persons; National Climate Change Policy; National Industry Policy; National Irrigation Policy; the National Housing Policy, National Trade Policy; National Artisanal and Small-scale Mining Policy; National Education Policy; National Agriculture Policy and the Revised National Forestry Policy. The implementation of these policies will be part of our victory in achieving the Sustainable Development Goals.

Mr. Speaker, Sir, this sitting of Parliament will play a very critical role in strengthening our legal framework. You will pass very important bills that Malawians are waiting for. Some of the bills to be tabled during this Session include the long awaited Access to Information Bill; Communications Bill; the Credit Reference Bureaus Bill; the Land Bill; the Customary Land Bill; and the Payment Systems Bill. I am certain that it is in our interest to support and pass these bills because Malawi, our country needs them.

In conclusion, **Mr. Speaker Sir, and all Honourable Members**

We are driven by the strong conviction that our challenges are not insurmountable. We are making the right decisions. All we need is the unity of purpose to work together to implement our national agenda. Let us today make binding decisions and take enduring actions that will last for us and our children.

Mr. Speaker Sir, it is now my singular honour to declare the 46th Session of Parliament, officially open.

God bless you all; and God bless Malawi

Thank you, Mr. Speaker Sir and all Honourable Members.