



Republic of Malawi

BUILDING NATIONAL CAPACITY FOR SUSTAINED GROWTH AND DEVELOPMENT

STATE OF THE NATION ADDRESS

BY

**HIS EXCELLENCY
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PRESIDENT OF THE REPUBLIC OF MALAWI**

ON THE OCCASION OF THE

**STATE OPENING OF THE
2010/11 BUDGET MEETING OF PARLIAMENT**

**LILONGWE
24TH MAY, 2010**

- **SPEAKER OF THE NATIONAL ASSEMBLY, RIGHT HONOURABLE HENRY CHIMUNTHU BANDA, MP;**
- **EXCELLENCY THE FIRST LADY OF THE REPUBLIC OF MALAWI, MADAM CALLISTA MUTHARIKA;**
- **VICE PRESIDENT OF THE REPUBLIC OF MALAWI, RIGHT HONOURABLE JOYCE BANDA;**
- **YOUR LORDSHIP THE CHIEF JUSTICE HONOURABLE LOVEMORE MUNLO, SC;**
- **JUSTICES OF APPEAL AND JUDGES OF THE HIGH COURT;**
- **HONOURABLE DEPUTY SPEAKERS;**
- **HONOURABLE LEADER OF THE HOUSE;**
- **HONOURABLE CHIEF WHIP;**
- **HONOURABLE CABINET MINISTERS AND DEPUTY MINISTERS;**
- **HONOURABLE LEADER OF THE OPPOSITION;**
- **HONOURABLE MEMBERS OF PARLIAMENT;**
- **LEADERS OF POLITICAL PARTIES REPRESENTED IN PARLIAMENT;**
- **EXCELLENCY MADAM THANDIWE DUMBUTCHENA AND HEADS OF DIPLOMATIC MISSIONS;**
- **CHIEF SECRETARY FOR THE GOVERNMENT, MR. BRIGHT MSAKA, SC;**
- **SENIOR GOVERNMENT OFFICIALS;**
- **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 happy once again to address this august House this morning. This time we are not meeting in the State House Banqueting Room but in our own state-of-the-art purpose built Assembly Chamber. This structure is very distinctive and the ambiance befitting of a nation on the move.

Looking around the House, I cannot fail to notice the exuberance in the faces of the Honourable Members of Parliament. I am sure that all Members of Parliament are delighted to meet in this new chamber. I am sure that you, too, Mr. Speaker, Sir, are pleased to preside over this House.

On my part, I am naturally overjoyed because I have worked relentlessly to give the Honourable Members a Parliament Building you can be proud of. I am happy that I have delivered what I promised.

Mr. Speaker, Sir, how was this possible? I am glad to say that this was possible due to the true and great friendship that we have from the Peoples Republic of China (PRC). As I said when we inaugurated this building few days ago, my Government took a bold decision to recognize the “One China Policy” adopted by the United Nations.

Upon that basis, Malawi decided to establish diplomatic relations with the PRC. We did so in full recognition of the role the PRC has played over the

decades in the Non-Aligned Movement, the Group of 77 in the United Nations Conference on Trade and Development (UNCTAD) and the South-South Cooperation. We were also aware of China's role in world peace and security, and in global trade, financial and monetary relations.

I am happy to say, Mr. Speaker, Sir, that we made a wise decision and this has been validated by the developments in Malawi following our decision to go to Beijing. I am also glad to assure this august House that we as a nation have gained, and stand to gain immensely, from this new found relationship.

Mr. Speaker, Sir, when I visited Beijing in March 2008, the Government of the Peoples Republic of China had promised to fund the construction of the following five major projects in the initial phase of our relations:

- (i) The Chitipa-Karonga Road;
- (ii) The Parliament Building;
- (iii) The International Conference Centre and Hotel Complex;
- (iv) The Malawi University of Science and Technology; and
- (v) The National Stadium.

As this august House can see, the Government of the People's Republic of China has kept its promises. We are today meeting in this magnificent Parliament Building which has been completed in record time. The Chitipa-Karonga road and the International Conference Centre are under construction and funding for the Malawi University of Science and

Technology and the National Stadium have already been approved by the PRC Government.

Mr. Speaker, Sir, on behalf of the National Assembly, the Government of Malawi and my own behalf, I wholeheartedly thank His Excellency President Hu Jintao and the Government of the People's Republic of China, for the financial support that enabled construction of this ultra modern Parliament Building. I am particularly grateful that the construction of this building was done by the Chinese company, the **Anhui Foreign Economic Construction (AFEC)** Group. The new Parliament Building has changed the skyline of the City of Lilongwe.

Mr. Speaker, Sir, as this august House may recall, I gave the State of the Nation Address earlier this year in which I had outlined in great detail the achievements of our nation during the past six years. In my address to this House this morning, I will briefly summarize these developments in order to allow the House to appreciate that growth and development are not static but continuous processes that accumulate over a given period at the end of which a nation can say it has grown or not.

Mr. Speaker, Sir, I have titled my address to the august House **Building National Capacity for Sustained Growth and Development**. I wish to underscore that our country has made remarkable progress in all sectors of the economy, especially in transport and infrastructure development; agriculture and food security; irrigation and water development; education; primary healthcare; maternal and infant mortality reduction; malaria eradication; and in information and communications technology.

Mr. Speaker, Sir, I have selected the theme on capacity building because in order to consolidate our achievements, and to grow further, we need a large

number of scientists, medical researchers and medical doctors. We need more qualified technologists and engineers. We need more teachers, and educationists, and those trained in management of climate change and environment. We need industrial designers and machinists, architects and builders. We also need transport engineers and many more trades.

But Mr. Speaker, Sir, as the august House is aware, our country does not have enough universities and institutions of higher learning to develop these skills. Every year many of our children fail to continue with their education because there are no places at the universities to take them. We need to change this and do so resolutely. I shall make my proposals to address this challenge later in this address.

For the time being Mr. Speaker, Sir, I will remind this august House that Malawi is one of the most peaceful and stable countries in Africa. We have adhered to democracy and good governance, human rights, rule of law. There are no political prisoners or detainees in our jails. We have followed sound economic and financial management principles. We have governed by the law.

Last year in 2009, we held one of the most democratic, free, fair and credible elections ever, and as a result, we have this unprecedented peace and tranquility. We had no post-election violence and no person had been killed in riots or other protests.

Mr. Speaker, Sir, we Malawians have the right to be proud. We have every right to expect uninterrupted economic growth and development. We have every reason to walk with our heads high, proud that we are in control of our destiny.

OUR MAIN ACHIEVEMENTS

Mr. Speaker, Sir, I now turn to highlight the achievements we recorded since 2004 and plans for implementation in the 2010/11 fiscal year.

Malawi's performance in all aspects of development remains a success story. The economy has been recording high annual growth rates of above 7 percent, low inflation rates and a stable exchange rate since 2004. The 2009 Millennium Development Goals (MDGs) progress report showed that Malawi was on course in most of the eight goals, and we are determined to achieve all the eight goals by 2015.

The main driving force behind Malawi's success has been prudent macro-economic policies, high maize production as a result of the Farm Input Subsidy Programme and high tobacco production.

Mr. Speaker, Sir, the House may recall that we started 2010 on a high note with the election of Malawi as the African Union (AU) Chairperson. In this regard, we have advanced an agenda for Africa to focus on Agriculture and Food Security, to be supported by Transport Infrastructure Development, Energy and Climate Change Management. These priorities are in line with our own national development agenda.

In the 2009/10 financial year, Mr. Speaker, Sir, Government primarily focused on the implementation of the nine priorities within priorities. The priorities are: Agriculture and Food Security; the Green Belt Irrigation and Water Development; Education, Science and Technology; Transport Infrastructure and Nsanje World Inland Port Development; Climate Change, Natural Resources and Environment Management; Integrated Rural Development; Public Health, Sanitation and HIV and AIDS Management;

Youth Development and Empowerment; and Energy, Mining and Industrial Development. We will continue to implement these priorities in the 2010/11 fiscal year.

Macro-economic Performance

Mr. Speaker, Sir, turning to macro-economic performance, our country has continued to register significantly high economic growth rates since 2005. In 2009, our economy registered a robust growth rate of 7.6 percent while in 2008 it grew by 9.8 percent. Given the world recession in 2008 and 2009 and the resulting global financial crisis, our growth rate was a big achievement.

The economy maintained a single digit inflation rate of 8.4 percent in 2009 and is estimated to remain at an average of 8.5 percent in 2010. As a result of the low inflation, Government had been able to lower the Bank Rate from 35 percent in 2003 to 15 percent since 2007.

Mr. Speaker, Sir, domestic debt that had accumulated to 25 percent of GDP at the beginning of 2004 was reduced to 13.5 percent of GDP at the close of 2008/09 fiscal year. It is expected to go down further to 7 percent in the 2010/11 financial year.

Mr. Speaker, Sir, the forecast for 2010 points to a 6.5 percent growth in real GDP. The slight reduction in the estimated real GDP growth in 2010 is largely attributed to reduced agriculture output for maize and tobacco due to the dry spell experienced in some parts of the country at the beginning of the 2009/10 growing season.

Our Government's macro-economic management will still focus on continued expenditure controls coupled with the need to reduce public debt. To that end, Government will continue implementing sound macro-economic policies to address all structural problems that may slow down the performance of the economy.

AGRICULTURE AND FOOD SECURITY

Mr. Speaker, Sir, agriculture and food security are Malawi's success story. This has been recognized globally. As the House is aware, our Government has accorded agriculture development and food security an overriding priority and we have invested heavily in this sector, especially in the Farm Input Subsidy Programme. As a result, our country has magically transformed from being a perpetual food deficit to a star performer in food production.

Although our country experienced prolonged dry spells in some areas that threatened our food security status, we expect to harvest 3.2 million metric tons of maize this year, giving us a surplus of 800,000 metric tons above our annual food requirement.

Mr. Speaker, Sir, the Food and Agricultural Organization (FAO) estimates that sub-Saharan countries lose up to 40 percent of their agricultural produce after harvest. In order to reduce such post-harvest food losses, Malawi decided to construct modern silos in Mangochi, Mzuzu and Luchenza. The total storage capacity for maize of all the Government silos is 240,000 metric tons. As of now Government has a stockpile of 216,000 metric tons of maize in the Strategic Grain Reserves and ADMARC depots. We also introduced

small metallic silos for smallholder farmers to improve food security at village level.

In addition, we expect to produce about 102,000 metric tons of rice; 3.7 million metric tons of cassava; 2.3 million metric tons of sweet potatoes; 409,000 metric tons of pulses; 37,000 metric tons of sorghum and 26,000 metric tons of millet.

Mr. Speaker, Sir, livestock and poultry production increased between 2008/09 and 2009/10 fiscal years. For example, the number of cattle increased by 4.5 percent to 1.03 million; pig population increased by 19 percent to 1.64 million; goats by 7.9 percent to 3.75 million; and chicken production increased by 9 percent to 34 million.

Fish production has expanded from 1,200 metric tonnes in 2006 to 2,000 metric tonnes in 2009. In order to increase fish farming and production, 450,000 tilapia fingerlings and 500,000 catfish hatchlings are being produced and distributed to fish farmers nationwide annually.

THE GREEN BELT IRRIGATION AND WATER DEVELOPMENT

Mr. Speaker, Sir, I now turn to the Greenbelt Irrigation and Water Development. This is Malawi's new development frontier because irrigation farming contributes about 10 percent of our national food production. The Greenbelt initiative will utilize water from Lake Malawi and other water bodies for irrigation, livestock and fish production while water development will focus on the provision of sustainable water resources.

Through the Green Belt Irrigation initiative, Government will develop up to 1 million hectares of land under both smallholder and estate irrigation. Design

and other preparatory work at Nthola in Karonga, Mnema in Salima and the Shire Valley Irrigation Project in Chikhwawa and Nsanje are at an advanced stage.

During the 2009/10 fiscal year, over 6,000 hectares of land were developed bringing the total area under smallholder irrigation to about 40,000 hectares benefiting over 238,000 smallholder farmers. The estate farming has over 48,000 hectares of land under irrigation farming.

Mr. Speaker, Sir, in the area of water development, our goal is to ensure that water resources and the country's ecosystem are well protected, conserved and properly managed to meet our domestic, agricultural, recreational and industrial needs.

In the period under review, Government either constructed or rehabilitated a total of 461 boreholes catering for 115,000 users and 835 taps were rehabilitated benefiting 129,000 people. Water intake piped structures were constructed: four in Lizulu and two in Nkhamanga. Construction of treatment works for 6 schemes in Chikhwawa East Bank, Ntonda, Zomba East, Mpira/Balaka, Nkhamanga and Lufilya is in progress. A total of 136 kilometres of water pipelines have been laid in all the schemes.

Government also constructed 3 more dams in the One Dam per District Programme bringing the total to 23 since 2007/08 fiscal year. In the 2010/2011 fiscal year, a large community dam will be constructed on the Lichenza river to serve communities in Chiradzulu and Thyolo Districts.

With regard to urban water supply, all the Water Boards made a total of 12,000 new connections against a target of 12,200. The new connections

benefited 66,000 people. As part of its social contribution, Paladin Africa has upgraded the Karonga Water Rehabilitation plant at a cost of US\$8.2 million.

TRANSPORT INFRASTRUCTURE

Mr. Speaker, Sir, transport and infrastructure development continue to be at the heart of our Government's development agenda. Government has done extremely well in road construction since 2004. This is another great success story.

Mr. Speaker, Sir, a reliable and modern transport infrastructure and network is crucial for any country's socio-economic growth. In this regard, Government has made significant strides in improving our transport infrastructure.

Government is implementing a Road Sector Programme which provides a short to long-term investment framework for both classified and unclassified roads across the country. The Programme includes a provision for the improvement of urban roads where traffic volumes have increased over the years.

Shire-Zambezi Waterway

Mr. Speaker, Sir, Malawi's international trade continues to be adversely affected by high transportation costs. Therefore, our Government has continued to implement the Shire-Zambezi Waterway Project, including the construction of a modern World Inland Port in Nsanje. This Port will be linked to the national road and rail network through the Nsanje-Bangula-Chikhwawa Road and Nsanje-Chiromo-Blantyre Railway line respectively.

As of now, Phase I is at an advanced stage and this involves construction of 200 meters quay for berthing of two cargo vessels and one passenger vessel; acquisition of port handling equipment and construction of the container yard, truck parking, railway siding and fuel farm. The Port is expected to be ready for operations by December 2010. The second Phase, which commences in the 2010/11 fiscal year, will involve construction of a port administration complex and staff houses.

Rail and Air Transportation

Mr. Speaker, Sir, rail transportation is still one of the cheapest transport modes for our country. Government is planning to rehabilitate some 800 kilometres of rail network in order to provide access to the Nacala Port and Nsanje World Inland Port. Meanwhile, to facilitate inter-country connection, the Government of Zambia is expected to complete the construction of the railway line between Mchinji Border and Chipata in Zambia by June, 2010.

Regarding air transportation, Government built a new runway at Likoma and is rehabilitating: the runway and apron at Kamuzu International Airport which is expected to be completed in October, 2010; the terminal building at Chileka Airport; and the terminal building and runway at Karonga Airport.

CLIMATE CHANGE, NATURAL RESOURCES AND ENVIRONMENTAL MANAGEMENT

Mr. Speaker, Sir, Government is committed to integrating climate change mitigation and adaptation as well as natural resource and environmental management in the development process.

In the area of climate change, I am pleased to report that our development partners have provided financial support for institutional strengthening of climate change management in the country.

Government is intensifying monitoring of environmental pollution by effluent discharged into our streams that run along industrial areas and also management of dump sites in our cities and towns.

Forestry

Mr. Speaker, Sir, forests play an important role in climate change mitigation, natural resources and environmental management. To preserve our forests, we plant about sixty million tree seedlings annually through the National Presidential Initiative for Tree Planting.

Government has so far rehabilitated 2,710 hectares of Industrial Timber Plantations which have the potential to generate foreign exchange. However, we are aware of the criminal acts of setting fires to our forests and illegal cutting of trees. I urge all Malawians to take care of our forest reserves and industrial timber plantations.

INTEGRATED RURAL DEVELOPMENT

Mr. Speaker, Sir, the Integrated Rural Development Programme aims to provide basic social and economic infrastructure, promote agro-processing industries as well as financial services in the rural areas.

The Rural Growth Centres Programme is the main vehicle for delivering development to rural communities and for alleviating poverty. Since 2004, we started the Programme at Nthalire in Chitipa, Nambuma in Dowa and Neno. This has now extended to new sites at Jenda in Mzimba, Malomo in

Ntchisi, Mkanda in Mchinji and Chapananga in Chikhwawa where construction of various infrastructures will start in the 2010/11 fiscal year. Preparatory works have already been completed at all these sites.

Mr. Speaker, Sir, another key component of rural development is the construction of rural markets. I am pleased to report that the construction of Thyolo Market is completed while the markets at Erukweni and Ekwendeni in Mzimba, Dwangwa in Nkhosakota, Mangochi and Matawale in Zomba will be completed early 2010/11 financial year.

In the same financial year, construction of modern market infrastructure will start at Nkhamenya in Kasungu, Limbuli in Mulanje, Lizulu and Tsangano in Ntcheu, Jenda in Mzimba, Malomo in Ntchisi, Bvumbwe in Thyolo, Chitekese in Phalombe and at Monkey Bay.

In order to stimulate creation of projects at community level, Government introduced the Local Development Fund (LDF). Some of the programmes implemented in the 2009/10 financial year under LDF are:

- the Public Works Programme that resulted in over 223,000 households earning K536 million; and
- the construction of 1,000 primary school teachers' houses in all district councils at a cost of K2.4 billion.

Mr. Speaker, Sir, I am glad to say that traditional leaders play a significant role in the implementation of community development projects. In view of this, my Administration will continue to improve their welfare. In addition to increasing their salaries, Government has also finished construction of seven

houses for Chiefs in the current fiscal year. The project will construct seven more chiefs' houses in the 2010/11 fiscal year.

PUBLIC HEALTH, SANITATION AND HIV/AIDS MANAGEMENT

Mr. Speaker, Sir, the main goal of the health sector is to raise the level of the health status of all Malawians. In this regard, Government continues to implement programmes focusing on human resource development, procurement of drugs and essential basic equipment as well as infrastructure development.

The Essential Health Package (EHP) continues to be the main strategy for the delivery of a cost-effective package of health services to all Malawians, especially the rural poor. The EHP has led to an increase in the number of facilities that provide outpatient services, immunization, family planning and maternity services.

We also recorded other notable improvements in the cure rate for tuberculosis (TB) that increased from 74 percent in 2004/05 financial year to the current level of 83 percent. In the routine immunization services, 89 percent of one-year old infants were immunized against measles in 2009/10 compared to 82 percent in the 2005/06 financial year.

Mr. Speaker, Sir, in order to address human resource problems in the health sector, Government is, among other things, increasing the output of training institutions by expanding them. We are planning to construct the Lilongwe Campus of the Malawi College of Medicine in the 2010/11 fiscal year. A School of Physiotherapy at the College of Medicine is expected to open in December 2010.

With regard to infrastructure development in the health sector, some of the projects Government has undertaken in the 2009/10 financial year include:

- rehabilitation and expansion of Zomba Central Hospital ;
- completion of construction of an Orthopaedic Centre at the Kamuzu Central Hospital; and
- continuation of the construction of the Ethel Mutharika Maternity Wing at Kamuzu Central Hospital to be completed in September 2010.

The upgrading of Balaka District Hospital to be a fully fledged district hospital is almost complete. At the moment, construction of the \$10.7 million new Nkhata Bay District Hospital is underway and is expected to be completed by November 2011. Preparatory works for the construction of Phalombe and Dowa District Hospitals will be completed by the end of 2010. Government plans to continue with the construction of health centres and community hospitals across the country.

Nutrition, HIV and AIDS

Mr. Speaker, Sir, I wish to inform the Honourable Members that the fight against HIV/AIDS and nutritional disorders is another success story for our country. This august House will recall that there was a time when most of us spent three to four days each week attending funerals from HIV/AIDS related deaths. We spent huge sums of money buying coffins and on other funeral expenses. The DPP Government changed all that.

We have made tremendous progress in addressing nutrition disorders, HIV and the AIDS pandemic. For instance, during the 2009/10 fiscal year, a total

number of 2.65 million individuals received nutrition support. These included 1.5 million people living with HIV and the elderly, 500,000 under-five children living in community-based child care centres and 650,000 orphans. There are about 200 Anti Retroviral Therapy (ART) sites that are providing nutrition treatment to clients that are malnourished.

The provision of Anti Retroviral (ARVs) drugs to eligible people living with HIV remains my Government's priority. To this end, over 377 service delivery points are now providing ART, an increase of 61 percent over the number of 234 in the 2008/09 fiscal year. There are 728 sites that are now providing HIV Testing and Counseling services.

There are also 544 antenatal clinics that are providing Prevention of Mother to Child Transmission (PMTCT) services in the country. The number of HIV pregnant women who received complete ARV prophylaxis to reduce mother to child transmission of HIV increased from 2.3 percent in 2004 to 66 percent in 2009.

YOUTH DEVELOPMENT AND EMPOWERMENT

Mr. Speaker, Sir, the youth are the reservoir of Malawi's capacity building. Government continued to make concerted efforts in order to improve youth health, productivity and participation in development programmes and initiatives.

One of the key achievements made during the 2009/10 financial year, was the establishment of the Youth Enterprise Development Fund which I launched in February this year. The Fund will, among other things, ease youth access to enterprise development and financing. Since the launch, Government has undertaken sensitization campaigns in all the districts in

collaboration with the Malawi Rural Development Fund. The youth are now ready to access the loan in their respective districts.

Other achievements in the year include: the rehabilitation of one of the former Malawi Young Pioneer Training Bases to become Neno Youth Development Centre; and the establishment of over 100 new youth clubs at local level which were provided with standard packages.

In the coming financial year, Mr. Speaker, Sir, Government will focus on building the capacity of the youth by equipping them with relevant skills and knowledge for accessing the Youth Enterprise Development Fund. As the way forward, Government will also: commence the construction of a National Stadium and an in-door sports complex in Lilongwe; procure and distribute sports equipment to youth and community centres; and establish additional youth structures including youth clubs, youth networks and youth centres.

ENERGY, MINING AND INDUSTRIAL DEVELOPMENT

Mr. Speaker, Sir, I now turn to energy, mining and industrial development which is critical to transforming Malawi from a predominantly importing and consuming country into a predominantly producing and exporting country.

Energy Development

In the area of energy development Government's goal has been to improve the management and sustainable utilization of energy. Government is committed to ensuring that the country has adequate power supply for industrial and household use.

With respect to power generation, in the 2009/10 financial year, ESCOM restored 40 megawatts to the grid through the rehabilitation of Tedzani I and II Hydro Power Generation. In order to meet electricity demand, Government will soon start the construction of Kapichila Hydropower Project Phase II that will add 64 megawatts to the system.

Government is implementing the Sixth Phase of Malawi Rural Electrification Project that targets electrification of up to 54 trading centres with 2 centres in each district. Work in 7 trading centres is underway.

Mr. Speaker, Sir, Government has implemented a number of alternative energy sources in a bid to reduce the population using solid fuels such as firewood and charcoal. We have solar/wind hybrid power systems in pilot villages and briquette production centres in the cities. In the area of bio-fuels, a number of companies are eager to invest in production of bio-diesel from jatropha plant that small scale farmers can cultivate as a source of income. In this regard, Government approved bio-fuel standards that will soon be gazetted.

In the next financial year, Government will start the construction of fuel storage facilities to ensure uninterrupted fuel supply in future. This will ensure reasonable fuel cover to sustain economic activities in the event of temporary logistical challenges.

Mining

Mr. Speaker, Sir, as the august House is aware, Kayelekera Uranium Mine in Karonga District owned by Paladin (Africa) Limited is now operational. By the end of March 2010, the Mine had exported over 134.6 metric tons of

uranium concentrates worth US\$19.5 million (MK5 billion) and paid Government over K385 million in royalties and other taxes.

During the coming financial year, Government will intensify coal exploration for power generation. There are indications that we have adequate coal deposits in Chikhwawa, Karonga and Chitipa to feed coal-powered electricity generation for a minimum of 25 years at about 100 megawatts. We shall also grant new concessions for the exploration of gold, diamonds, emeralds and oil.

Meanwhile, a local company called Deans Engineering has finalized a feasibility study on the Bwanje Limestone deposit in Ntcheu. The company is expected to start producing cement using locally available limestone resources at an investment cost of US\$90 million.

Manufacturing

Mr. Speaker, Sir, manufacturing continued to provide a window of economic opportunity in the 2009/10 financial year. During the year under review, some of the notable achievements include the commencement of operations of the Chinese-supported Balaka Cotton Company which has, since October, 2009, ginned and exported 5,000 metric tons of cotton to China and employed a total of 1,300 Malawians. Oil processing operations and spinning for yarn production will commence in the coming year.

The Nyasa Manufacturing Company was established and specializes in cigarette manufacturing; and a US\$12 million chemical company called Cetrifine Limited in Chikangawa was established and will be producing essential oils from eucalyptus trees for export. The project will earn US\$4 million per annum through export and employ 200 people.

Mr. Speaker, Sir, in the 2010/11 financial year, Government will support the establishment of a sugar factory at Lifuwu in Salima with a total investment of US\$50 million that will generate 2,500 jobs, and earn the country US\$40 million in a year. Construction of Limphasa sugar industry is expected to commence later this year. In addition, Illovo plans to implement projects that will add 200,000 metric tons of sugar to the market and generate 4,000 direct jobs.

OTHER DEVELOPMENT PRIORITIES

PUBLIC SECTOR REFORMS

Mr. Speaker, Sir, Government continues to implement public sector reforms aimed at improving the efficiency and effectiveness of service delivery. During the period under review, Government completed the revision of the Malawi Public Service Regulations (MPSR), and undertook a pension reform to replace the three-year averaging method. Government also revised salaries of Public Servants and developed a Parastatal Reform Programme that will lead to the rationalization of parastatals so that there are fewer and more efficient parastatals.

Over the years, the parastatal sector has not been performing to their expected levels both in terms of service delivery and financial integrity. Government is, therefore, reviewing the number of parastatals and will reduce the number by 20 in the forthcoming financial year.

Mr. Speaker, Sir, during the 2010/11 fiscal year, Government will continue with various reform initiatives focusing on the pay policy, the pension

scheme, recruitment and promotion processes, service charters and budgeting and financial management processes.

TRADE AND PRIVATE SECTOR DEVELOPMENT

Mr. Speaker, Sir, trade and private sector development continue to play a key role in advancing the country's local and international trade prospects. During the period under review, our country continued to attract many potential investors. Initial basic estimates show that we are likely to attract US\$756 million worth of investment from Indian investors.

Government has continued to support Small and Medium Enterprises (SMEs). Government registered fifteen cooperatives in horticulture, agro-processing, savings and credit, creating 4,000 job opportunities for farmers. In addition, three rural Enterprise Development Centres were constructed in Thyolo, Nkhotakota and Mzimba which will support 1,800 businesses.

To encourage SMEs to participate in export trade, Mr. Speaker, Sir, a number of them were supported with training and technical assistance worth US\$717,000 benefiting 15,000 people.

Through the Chinese Tariff Preferential Scheme for Less Developed Countries, Malawi is exporting tobacco and cotton to China. In addition, a six-million-Euro package has been allocated to Malawi for small scale sugar production.

INFORMATION AND CIVIC EDUCATION

Mr. Speaker, Sir, information and civic education are critical to the socio-economic development of our country. Government continued to make

strides in Information and Communication Technology advances in various areas. With respect to access to information, we have in the past financial year, established Public Information Access Centres in Mchinji, Mulanje, Chitipa, Dowa and Kasungu Districts. These centres will enhance delivery of and access to information for the local communities.

With regard to postal services, Mr. Speaker, Sir, Government embarked on the Global Monitoring System Project under the Universal Postal Union to ensure speed and security of international mail. In partnership with Moneygram International, we have expanded electronic money transfer service to some rural areas of Malawi.

Mr. Speaker, Sir, in 2010/11 financial year, Government plans to undertake the following: roll out Government Wide Area Network (GWAN) to Blantyre, Mzuzu and Zomba; construct multipurpose tele-centres in Neno, Rumphu, Dowa, Chikhwawa, Nkhotakota and Ntchisi; introduce physical addressing and post codes; and expand Money Gram International money transfer service to all post offices across the country.

GENDER EQUALITY

Mr. Speaker, Sir, in the last six years, Malawi has made considerable progress towards gender equality. Representation of women in decision-making positions in the public service has increased from 19 percent in 2007 to 23 percent in 2009. Representation of women in Parliament has equally increased from 14 percent in 2005 to 22 percent in 2009.

Government is committed to the attainment of gender equality and the advancement of women in all sectors of our society. In this regard, the signing of the SADC Protocol on Gender and Development in October, 2009,

marked an important milestone towards the achievement of gender equality in this country. The Protocol, among other things, obligates Government to scale up to at least 50 percent decision-making positions in the public and private sectors held by women by 2015.

Government has prepared a Deceased Estates (Wills, Inheritance and Protection) Bill that will provide for improved administration and protection of deceased estates in this country. Once enacted, the Bill will, among other things, act as a deterrent to property grabbing and abuse of deceased estates.

CHILD DEVELOPMENT

Mr. Speaker, Sir, Government has continued to develop and implement programmes aimed at grooming children into productive and responsible citizens.

In this regard, Government has assisted over 65,000 children with cash in 7 districts since the commencement of the Social Cash Transfer Scheme in 2006. Seventy eight percent of these beneficiary children are orphans. The social cash has enabled the children to afford basic necessities including food and clothing. In the coming financial year, Government will scale up the programme to cover more districts.

To ensure that children are adequately protected, Government is currently reviewing the Adoption Act. In addition, Government has prepared a Child Care, Protection and Justice Bill, which Parliament will soon debate.

NATIONAL SECURITY AND DEFENCE

Mr. Speaker, Sir, Government continued to implement reform programmes in the security sector in 2009/10 fiscal year.

The Police services expanded the Victim Support Programme to all the police stations across the country. In an attempt to curb the incidence of crime in our society, our Police Service has adopted modern investigation skills, improved detection of crime, increased response to scenes of crime and improved crowd control.

In continuing to improve infrastructure of our police service in the 2010/11 financial year, Government will rehabilitate some Police institutions and staff houses at the Police Headquarters.

Construction of a maximum security prison in Lilongwe will commence soon. To reduce the incidence of escapees, we will strengthen security by providing Closed Circuit Television (CCTV) in all the maximum security prisons.

Mr. Speaker, Sir, in the area of national defence, Government has taken important steps in building the capacity of the Defence Force and improving the welfare of our military officers. Some of the achievements that have been made in the 2009/10 financial year include training of 500 new recruits as soldiers; construction of a hospital and 100 new houses at Chirumba Garrison in Karonga; completion of new houses for senior officers at Kamuzu Barracks; and commissioning of 55 university graduates as officer cadets at the Malawi Armed Forces College (MAFCO) in Salima.

LABOUR RELATIONS

Mr. Speaker, Sir, the labour market plays a significant role towards the realization of the country's economic and development goals. Industrial peace and sound labour relations are essential for investment, economic growth, poverty reduction and wealth creation.

Government settled more than 3,000 labour complaints and managed to claim and pay out the sum of K11.3 million to the complainants. Government also processed over 1,000 workers compensation cases and claimed K127 million that was paid out to the injured workers and dependants of the deceased. Government also inspected over 1,000 workplaces to ensure enforcement of occupational safety and health standards,

In the 2010/11 financial year, Government will continue inspection of work places to ensure that they are safe and conducive for workers. Government will also continue to implement policies that foster harmonious employer-employee relationship.

RULE OF LAW AND ACCESS TO JUSTICE

Mr. Speaker, Sir, the realization of economic and social development hinges on the promotion of the rule of law and justice. This financial year, Government continued to implement various programs that promote rule of law and access to justice.

In facilitating an environment conducive to implementing sound policies and strategies, Government in 2009/10 fiscal year, published 38 Bills, out of which 33 were passed by this august House. Several other Bills are expected to be passed during this meeting. In addition, we are preparing a Law Revision Supplement for 2010 to be published later in the year.

Mr. Speaker, Sir, in line with Government's stance on zero tolerance to corruption, the Director of Public Prosecution gave 59 consents to the Anti Corruption Bureau to prosecute corruption cases.

On the fight against crime, Government recorded a significant increase in the prosecution and trial of criminal cases from 2,500 in the 2008/09 financial year to 4,500 in 2009/10. There was also prosecution and trial of 400 homicide cases in 2009/10 compared to 189 homicide cases that were handled in 2008/09. We established a Criminal Division in the High Court that will quicken the processing of criminal and corruption cases. Government continued to offer improved legal representation in criminal and civil cases as well as legal advisory services to needy Malawians.

During the 2010/11 financial year, Government will continue to clear the backlog of homicide cases and to offer quality services to the vulnerable by increasing its visibility in the rural areas and representation of poor people appearing in courts.

Mr. Speaker, Sir, Government registered over 17,000 business entities and civil events during the period under review. Revenues of K482 million were collected representing an increase of 7 percent over the estimate of K451 million. In the 2010/11 fiscal year, the Department of Registrar General will open a regional office in Mzuzu and launch the pilot phase of the Integrated Business Registration Platform.

Mr. Speaker, Sir, with regard to deceased estates, the Administrator General opened an office in Lilongwe during the year under review. In the 2010/11 financial year, Government will continue reforms in the Administrator

General Department to reduce delays and maladministration in handling deceased estates.

LANDS, HOUSING AND URBAN DEVELOPMENT

Mr. Speaker, Sir, I now turn to the issue of land, housing and urban development and to state that the thrust of our policy is to make Malawi cities and towns architecturally modern and beautiful. Government is committed to promoting equitable access and secure tenure to land as well as decent housing facilities in a sustainable built environment for all Malawians.

In the 2009/10 financial year, Government will continue to acquire idle estate land for reallocation to landless households under the “*Kudzigulira Malo Project*”. In the current financial year, about 1,400 households have benefited from this project. Plans are underway to scale up the initiative to benefit more households in other districts.

Mr. Speaker, Sir, Government embarked on a “Build and Sell” initiative through which the Malawi Housing Corporation (MHC) is building houses in urban areas that will be offered for sale to private tenants. A total of 96 houses are under construction in Blantyre and Lilongwe. The Corporation is further developing 762 plots for construction of houses in Blantyre, Lilongwe and Mzuzu under the same Initiative. In the 2010/11 financial year, the Corporation plans to construct a total of 823 houses under the Initiative.

Mr. Speaker, Sir, in order to address the challenges slums pose in urban areas, Government has embarked on a “Slums Upgrading Programme” aimed at providing amenities in squatter areas. The Programme will start in Lilongwe on a pilot basis and will eventually expand to the other cities.

Following the establishment of the 804-km watershed line that marks the boundary between Malawi and Zambia, the two Governments constructed international boundary pillars on a stretch of 575 kilometres of the boundary. We expect to complete the exercise in the 2010/11 financial year. With regard to the Malawi/Mozambique boundary, so far 38 km of the 1,004-km stretch of the Malawi/Mozambique boundary has been physically demarcated.

TOURISM, WILDLIFE AND CULTURE

Mr. Speaker, Sir, tourism, wildlife and culture have great untapped potential for economic growth. In order to attract foreign tourists, Government continued to showcase Malawi as a tourist destination by among other things, participating in international tourism fairs. As a result, in 2009/10 fiscal year, the country attracted an estimated 800,000 tourists who, in total, spent at least K69 billion or US\$45 million on goods and services in Malawi.

Mr. Speaker, Sir, this year's inspection of tourism facilities revealed a 29 percent improvement in the number of facilities meeting the minimum required standards and quality when compared with last year.

In 2009/10 financial year, there were over 50 new investors in the hotel industry, car hire and tour operator firms with a combined investment of K5 billion generating over 4,000 jobs in the process. By June, 2010, the process of star grading of hotels and lodges will have begun in order to improve service delivery.

I am pleased to inform the House that construction of the International Conference Centre, a five-star hotel and 20 presidential villas is on course.

The project is expected to be completed by June, 2011. In order to address shortage of skilled labour force in the tourism and hospitality sector, Government plans to construct a modern Malawi Institute of Tourism Campus in Lilongwe.

Mr. Speaker, Sir, with regard to culture, the Mpale Model Cultural Village in Mangochi meant to showcase Yao Culture as a tourism product has now become operational. Electrification of fences in Lengwe, Liwonde and Kasungu National Parks and Vwaza Wildlife Reserve will be continued to minimize human-wildlife conflicts.

DISASTER MANAGEMENT

Mr. Speaker, Sir, our country experienced an increased number of disasters over the past year. This included strong winds, storms, floods and earthquakes. These disasters affected over 28,000 households in several parts of the country. Government provided food and non-food items to the affected households and will supply inputs for winter cropping to those whose fields were affected.

DISABILITY AND THE ELDERLY

Mr. Speaker, Sir, Government continues to place priority in support and uplift the welfare of people with disabilities and the elderly so that they effectively contribute towards the development of the country. During the year under review, Government undertook a number of activities aimed at promoting the rights of persons with disabilities. Government trained 200 youths with disabilities in vocational and other professional skills; produced information materials in Braille, large print, audio format and sign language interpretation

for some television programmes; and provided some assistive devices to 1,000 persons with disabilities.

Mr. Speaker, Sir, the welfare of the elderly has, for a long time, been neglected. For this reason, Government has been implementing a number of initiatives aimed at alleviating the plight of the elderly. In the 2009/10 financial year, a substantial number of destitute elderly persons were provided with assistance or committed to institutions that take care of elderly persons.

Mr. Speaker, Sir, in the next financial year, Government plans to construct a drop-in centre for poor and elderly persons in Neno and train 400 Elderly and Disability Programme Assistants in order to effectively manage implementation of programmes at local level.

EDUCATION, SCIENCE AND TECHNOLOGY

Mr. Speaker, Sir, having said the foregoing, we need human capacity to implement our growth and development strategy. In this regard, the main challenges facing our country in the field of education, science and technology are twofold.

- First, to establish more universities and institutions for higher learning to absorb a growing number of secondary school graduates.
- Second, to make our education system directly relevant to our development needs. Hence, our Government prioritized education, science and technology because this sector is a catalyst for development.

Since 2004, Government has implemented reforms in the education sector aimed at improving quality and relevance of as well as access to education. These reforms have been in the areas of curriculum development; teaching and learning materials; infrastructure development and rehabilitation; teacher-training; special needs education; and school inspection.

Through these reforms, Government constructed over 1,000 classrooms; built or rehabilitated 66 community day secondary schools; trained over 4,000 teacher trainers; commenced expansion of education faculties in public universities; and distributed 405 Brailers and 6,000 Braille textbooks.

Mr. Speaker, Sir, I wish to reiterate that there are inadequate places in the public universities to accommodate a growing demand for university education. This necessitated the selection of students to the Malawi universities based on the equitable distribution system. I believe that the small cake that we have must be shared fairly among all our deserving sons and daughters.

But this does not help us alleviate the problem of inadequate places in the universities. The problem will also not be resolved by finger-pointing or court injunctions. This is a deep structural problem. We need to do more to meet the demand for higher education.

Mr. Speaker, Sir, this problem can only be solved by increasing the number of public universities in our country. I am therefore proposing a mega paradigm shift in the education sector in Malawi. Within the next ten years, Malawi should have at least five new good universities spread all over the country.

In the Southern Region we will construct the **Malawi University of Science and Technology (MUST)** in Thyolo. This will offer among others, research and courses in health and medical sciences, applied engineering and technology, earth and climate change sciences, and cancer research. Funding for this has already been sourced from the Peoples Republic of China under the first stage of their bilateral support. We shall also establish a new **University of Bangula** in Chikhwawa with special faculties devoted to Cotton Research and Water Resources Management. For the first time we shall have a university in the lower shire to serve education in that area.

The Eastern Region already has the University of Malawi (Chancellor College) and will incorporate the Domasi Teachers Training College. We shall also establish a new **University of Marine Biology** in Mangochi to advance the Presidential Initiative on Aquaculture. There will also be a **Research Institute** in Mangochi for the Green Belt Initiative.

In the Central Region, we will establish a new **Lilongwe University of Agriculture and Natural Resources** that will be achieved by upgrading and transforming the Bunda College of Agriculture into a fully fledged University. The new university will integrate the Natural Resources College, the Chitedze Research Centre and the Agricultural Research and Extension Trust (ARET). We shall also establish a new **University of Nkhotakota** with its immediate hinterland covering Salima, Nkhotakota, Ntchisi, Nkhata Bay and Likoma. Again the Central Region that has hitherto no university will have two.

In the Northern Region, work on upgrading and expanding the Mzuzu University has already started. We shall establish a new **University of Mombera** in Mzimba district whose curriculum could include Advanced

Livestock Research. We shall also establish a new Mineral Research College and a Rice Research Institute in Karonga.

Mr. Speaker, Sir, is this proposal ambitious? Yes it is. Is it unrealistic? No it is not. It is pragmatic and implementable. I wish to express my firm belief that it is not beyond the capability of this country and our cooperating partners to establish these new five universities. We need them. We must have them. We will have them.

Mr. Speaker, Sir, I believe that when these new universities are completed, we shall have considerably improved access to higher education in our country. Our curriculum should be adjusted for these new and existing universities to have faculties related to one of the nine priorities. We shall also be able to redesign our education system to adequately serve our needs. Indeed, there will be no need for the equitable or “quota” system to determine admission for our children. This is because the cake will be large enough to cater for everyone.

I, therefore, appeal to all political parties, all non-governmental organizations, all religious leaders, all women organizations, all youth organizations, all international development partners and all people of Malawi to support this forward looking strategy to promote education and build capacity for the development of this country.

INTERNATIONAL RELATIONS

Mr. Speaker, Sir, I now turn to international relations and to say that Government continued to maintain cordial relations with all countries as well as the international community as this is critical to our development. During the 2009/10 fiscal year, Malawi signed a Technical Cooperation Agreement

with the Republic of Brazil, and agreed to open an embassy there. The agreement will strengthen the economic, social, political and technical cooperation between Malawi and other countries in South America.

Malawi also participated in international and regional fora where we advanced our interests. These include the 64th Session of the United Nations General Assembly, the Southern African Development Community Summit, the United Nations Development Programme Conference on Capacity Development, the forum on China-Africa Cooperation and the 14th African Union Heads of States Summit in Ethiopia. Recently, we participated in the opening of the World Expo 2010 in China where Malawi has an opportunity of showcasing its tourist attractions and trade products.

Mr. Speaker, Sir, in order to strengthen our diplomatic presence abroad, Government constructed a chancery in Addis Ababa, Ethiopia, and also purchased an official residence in New York. Meanwhile, Government is constructing a chancery in Lusaka, and will soon finish the rehabilitation of the chancery in Washington D.C.

In the forthcoming financial year, Government will continue with rehabilitation of chanceries and official residences in London, Mozambique and Berlin.

CONCLUSION

In conclusion, Mr. Speaker, Sir, I believe this august House will agree that our country continues to be a success story. No sector of the economy has lagged behind in this feat of accelerated development. I would like to impress upon all Malawians that the success we have so far attained should not make us to relent in our efforts, rather this should give us the impetus to strive for greater success. The whole world is looking at us to see if we can

sustain the rates of growth and development that we have achieved for our country.

We have the added responsibility of chairing the African Union this year and therefore we cannot afford to slow down but to accelerate our development efforts.

Mr. Speaker, Sir, I urge all Malawians to speak with one voice on issues of national development, irrespective of our different political, social and religious ideologies. This way, together as a nation, we can surmount whatever development challenges may be in our way and propel this country to prosperity.

I acknowledge with thanks the support that our development partners have continued to render to us in the implementation of various programmes.

I also thank the Chief Secretary, Principal Secretaries and all senior government officials and the entire public service for the relentless support to my growth policy. To the private sector, non-governmental organizations, civil society organizations, religious leaders, traditional leaders and all Malawians I am grateful for their contribution in the development process.

Mr. Speaker, Sir, I inform this august House and the Malawi nation that over the past six years, Malawi has done extremely well in social and economic development and in consolidating our democracy. We have got our act together. We have set ourselves a realistic agenda for sustainable macroeconomic growth. We have created the enabling conditions for our country to move out of poverty into prosperity. We have been exposed favourably to African leadership and we are in a position to contribute positively to events at the African and global levels.

What we need now is to consolidate these gains. We need to work together as one nation. Therefore, we need to cultivate the spirit of love, understanding, tolerance and accommodation. We must find a *modus vivendi* for all of us to live together under one roof as one people and one nation.

If as a nation we have to move forward, we must come out of the past. We cannot live in the past permanently. The past belongs to history. There is no room in Malawi for politics of hatred. There is no room in Malawi for politics of vengeance. There is no room in Malawi for politics of retribution.

Let us remember that in life you reap what you have sown.

- **If you sow wickedness and malice, you will reap violence and destruction.**
- **If you sow treachery and dishonesty, you will reap disgrace and shame.**
- **If you sow division and hatred, you will reap revenge and retribution.**
- **If you sow righteousness and fairness, you will reap respect and love.**
- **If you sow integrity and prudence, you will reap knowledge and wisdom.**
- **If you sow tolerance and understanding, you will reap peace and harmony.**

Let us agree to work together to develop our beloved country.

Mr. Speaker, Sir, it is now my singular honour to declare the 2010/11 Budget Meeting of Parliament officially opened.

Thank you, Mr. Speaker, Sir.