

*The House met at 9.30 a.m. and the Speaker was in the Chair.*

## **THE PRAYER**

The Speaker read the Prayer.

## **GENERAL BUSINESS**

### **ANNOUNCEMENTS FROM THE CHAIR**

**The Speaker:** Honourable Members, welcome back. I have two announcements.

The first one is to inform the Honourable House and the Chamber that His Excellency the President, Dr Bingu wa Mutharika, assented to the following Bills on the 3<sup>rd</sup> of April, 2007.

1. *Bill No. 1 of 2007: Export Import Bank of the Republic of China (Karonga-Chitipa Road Project) Loan (Authorisation);*
2. *Bill No. 2 of 2007: OPEC Fund of International Development (Nkhata Bay District Hospital Project) Loan (Authorisation).*

Secondly, as we are all aware, His Excellency the President, Dr Bingu wa Mutharika, will today open the Budget Meeting of Parliament at 10.00 a.m.

I therefore now suspend proceedings until His Excellency the President arrives into the Chamber.

Thank you.

**The House was suspended at 9.35 a.m. to 10.00 a.m.**

*(His Excellency the President enters the Chamber at 10.00 a.m.)*

## **GOVERNMENT BUSINESS**

**“ TOWARDS A NATIONAL CONSENSUS ON DEVELOPMENT”**

**STATE-OF-THE-NATION ADDRESS**

**DELIVERED BY**

**HIS EXCELLENCY THE PRESIDENT, DR BINGU WA MUTHARIKA,**

**AT THE OPENING OF**

**THE BUDGET MEETING OF THE NATIONAL ASSEMBLY**

**His Excellency the President (Dr. Bingu wa Mutharika):** The Speaker of the National Assembly, Honourable Louis Chimango; Cabinet Ministers and Deputy Ministers; Honourable Deputy Speakers; Honourable Leader of the House; Honourable Leader of the Opposition; Honourable Members of Parliament; Your Lordship the Chief Justice, Justice Leonard Unyolo; Leaders of All Political Parties Represented in Parliament; Members of the Diplomatic Corps; The Chief Secretary and Senior Government Officials; The Commander of the Malawi Defence Force; The Inspector General of the Malawi Police; The Chief Executive of the City of Lilongwe; Religious Leaders; Traditional Leaders; Distinguished Guests; Ladies and Gentlemen.

Mr Speaker, Sir, I am delighted to be here this morning to open the 2007/2008 Budget Meeting of Parliament and to deliver my statement on the State of the Nation.

I have chosen the topic for this address as: “**Towards a National Consensus on Development.**” This topic is germane because I believe that the time has come for the people of Malawi, through this august House, to learn to work together and build a national consensus based on the full knowledge of our potentials and human capacity.

Mr Speaker, Sir, before I elaborate on the State of the Nation during the past year, I need to clarify an important matter. This is to say that the purpose of the Budget Meeting is for this august House to adopt a national budget that is necessary for the nation’s building, and for us to attain a sustained growth rate of the economy, as a way to effectively combat poverty in this country.

My understanding of the budgetary process, Mr Speaker, Sir, is that the national budget is not the concern of the State President alone, nor the Cabinet alone, nor the National Assembly alone. It is the concern of the whole Malawi nation.

We can either decide to move forward together or pull one another down or even pull down the entire government machinery. But that can hardly be regarded as democracy or progress.

Mr Speaker, Sir, there is a general concern that during the past three years, certain decisions affecting our nation were based on hatred and envy. Sometimes such decisions have negatively impacted on foreign direct investment and hence, the development prospects of our country. We must be bold enough to change our mindset and move from the self-destructive course that some people are taking.

I have, therefore, come here this morning to seek a national consensus on development and to ask this august House to adopt the National Budget so as to enable this nation to continue on the long journey from poverty to prosperity.

## **KNOWING OUR PRIORITIES**

Mr Speaker, Sir, last year when I addressed this august Assembly, I informed the Malawi nation that this administration was implementing six top priorities within priorities with the aim of enhancing the rate of growth of our economy as the way to combat extreme poverty in our country. I then cited these as agriculture and food security; irrigation and water development; transport and communication infrastructure; energy; integrated rural development; and HIV and AIDS management.

I then appealed to this august House to support these priorities so that together as a nation, we could move towards prosperity. I now reiterate the appeal that we continue implementing these priorities because we have now established a record of tangible development results.

## **ECONOMIC MANAGEMENT**

Mr Speaker, Sir, I am pleased to report to this august House that based on these top priorities, we have had extraordinary performance of our economy. We have achieved rapid economic transformation of our country within a short period of time.

Right from the beginning, my vision was to bring about high macroeconomic growth within a stable political and economic environment. A stable political environment involved the adherence to human rights and the rule of law. The stable economic environment involves low interest rates, low inflation, and a stable exchange rate.

We are also steadily moving towards transforming Malawi from a predominantly importing, to a predominantly exporting country.

Mr Speaker, Sir, I had also said that I would transform Malawi into a hunger-free nation. Today, I can say with pride that there are very few people, if any, in Malawi who go to bed on an empty stomach. That, too, is a major achievement. *(Applause)*

## **Macroeconomic Performance 2006/2007**

Mr Speaker, Sir, the attainment of high macroeconomic growth and economic prosperity is no longer just a vision, but a reality. This august House is aware of the impressive growth rate of 8.5 per cent that our economy attained in 2006.

The growth rate is conservatively estimated at 6 per cent of 2007. But we know that we will attain a higher rate of growth. This growth rate is within the target that we set in the Malawi Growth and Development Strategy and can engender sustainable poverty reduction.

Similarly, the annual inflation rate has been decelerating rapidly from 17.1 per cent in February 2006 to about 8.2 per cent in end-March 2007. This is irrefutably good performance.

The major factor influencing the drop in inflation is the increased availability of food at affordable prices following the positive shift in the mindset of the people, and the successful fertilizer subsidy programme.

Mr Speaker, Sir, interest rates have also dropped from 30 per cent in 2005 to 20 per cent now. We plan that these should continue to come down in line with my vision to assist the private sector, especially indigenous entrepreneurs and households, to access credit facilities for investment at reasonable costs. Financial statistics show that as of March 2007, the seasonally adjusted annual growth in credit to the private sector had increased from MK22 billion in the third quarter of 2005 to MK36 billion in the third quarter of 2006, representing a growth of 63 per cent.

Equally important, Mr Speaker, Sir, is the fact that we have maintained stability of our currency against the currencies of major trading partners such as the US dollar, South African rand, and the euro. This is a prerequisite for stimulating exports.

Mr Speaker, Sir, in terms of fiscal performance, Government has successfully implemented the budget during the 2006/2007 financial year. For instance, both external and internal revenue collections performed exceedingly well because of external debt cancellation under the enhanced Highly Indebted Poor Countries (HIPC) initiative and the Multilateral Debt Relief Initiative (MDRI). Our external debt that was about US\$3 billion before the debt relief has now been reduced to less than US\$480 million.

Mr Speaker, Sir, the good economic management of this Government has not come about accidentally. This is the direct result of the sterling leadership that I have provided to this nation. *(Applause)* I have given the Malawi nation a very clear sense of direction. In other words, we know as a nation where we came from, where we are now, and where we are going.

Mr Speaker, Sir, this august House may be pleased to know that in recognition of our Government's track record in managing the economy, the International Monetary Fund (IMF) Board has assessed that the Poverty Reduction and Growth Facility programme is still on track and that Malawi will continue to benefit from IMF resources.

This august House might also wish to know that this is the first time in the entire history of our country that the IMF has sustained a programme through four consecutive reviews without interruption. Previous operations with the IMF were suspended because Malawi could never meet the agreed conditionalities.

Mr Speaker, Sir, in a related area, the august House may also wish to know that Malawi's creditworthiness on the international market was upgraded by Fitch Ratings of London on 6<sup>th</sup> March 2007 from 'CCC' to 'B-'. The B- rating indicates that Government is currently meeting most of the financial commitments and that its credit risk has gone down. This means that the private sector can easily borrow from the international market without a lot of problems. It is my hope that Malawi can be upgraded to 'AAA' rating in the near future.

As a result, Mr Speaker, Sir, this administration has won back all the donors and I am glad to report that the amount of aid that we are receiving from our cooperating partners has since increased from MK28 billion in 2003/2004 to MK63.7 billion in 2006 and current projections for 2007 are at about MK70 billion. This is indeed a remarkable achievement.

Mr Speaker, Sir, as Head of State of our country, I pledge to continue with prudent economic, fiscal and financial management of our economy and to consolidate our past sound public finance management. In that regard, we will endeavour not to accumulate new arrears in the system. This Government will continue to repay the huge domestic debt that we inherited from the previous Government.

I would also like to assure this august House that my "zero-tolerance" stand against corruption is now stronger than ever before. We now know that the corrupt officials operate under a mafia-style network. If you tackle one, he informs the network and they hide or destroy the evidence. We also know that they have a mafia-like godfather who finances their legal fees and has been able to corrupt some members of the Judiciary. But Government has better information and we will soon bring their leader and the rest of them to book. *(Applause)*

## **AGRICULTURE DEVELOPMENT AND FOOD SECURITY**

Mr Speaker, Sir, I now turn to agriculture and food security, and to say that our Government successfully implemented a Farm Inputs Subsidy Programme in the year 2006/2007 growing season. Since the "taste of the pudding is in the eating" this Government is saying that the subsidy programme has been a great success. *(Applause)* The Programme has resulted in significant increase in maize production from 2.6 million metric tons of maize in the 2005/2006 season to an estimated 3.2 million metric tons in the 2006/2007 growing season, an increase of 23 per cent.

Our estimated annual grain consumption is 2.1 million metric tons, and this leaves us with a surplus of 1.1 million metric tons. *(Applause)* This is the largest surplus ever realised in this country. We have also surpassed many SADC countries in creating a huge surplus.

Mr Speaker, Sir, I would like to thank all Malawians for heeding my advice to work hard in their gardens and farms and to follow modern agricultural practices that have evidently resulted in this unprecedented bumper harvest.

As a nation, let us above all be thankful to God the Almighty for providing us with adequate rains. Government is now very certain that there is enough maize around to guarantee food security for the whole nation. This is why we have now allowed some maize to be exported for licensed traders. I hope that the private sector will seize this opportunity to export some maize in order to improve the prices on the open market.

Mr Speaker, Sir, it is noteworthy that there are also increases in the production of other essential food crops in 2006/2007 such as rice, beans, groundnuts, pulses, potatoes, both sweet and Irish potatoes and cassava. These are essential for dietary diversification and good nutrition for our people.

I believe that attaining of food security is an issue in which there is a national consensus. We must have the capacity to store food efficiently in order to avert hunger in future. This is why our Government is constructing a new modern silo complex in Mangochi with a storage capacity of 20,000 metric tons of grain. This will be operational by the end of June this year. In the 2007/2008 financial year, Government will construct two silos, one in Luchenza and the other in Mzuzu.

With these silos in place, Malawi will be able to buy and store food to last us two years even if there was prolonged drought. We will also be able to assist other SADC countries in need. Can anyone say that ensuring food security for our nation is bad? I hope not. Therefore, I am asking for national consensus. Let us leave politics aside and unite to feed ourselves. (*Applause*)

I wish to inform this august House that with the support of the Food and Agriculture Organisation (FAO), Government is also planning to construct small village-based metallic silos of up to 2 metric tons. This is to ensure reduction of post-harvest grain losses, now estimated at 40 per cent, and hence achieve food security at the village level.

Mr Speaker, Sir, with regard to livestock development, our Government imported some 250 heads of cattle for dairy which have since been distributed to potential farmers who have demonstrated capacity to manage them. This programme will eventually reduce the importation of meat and dairy products while at the same time increasing the incomes of the farmers.

Mr Speaker, Sir, before I leave the agricultural sector, I wish to remind this august House of the danger and risk of the Bird Flu that attacks poultry and also poses health risk to human beings. I am pleased to report that with the support of the United States Agency for International Development and the Food and Agriculture Organisation of the United Nations, Malawi has set up three rapid response teams in all regions to

immediately handle any suspected cases of Bird Flu. I am pleased to report that so far, there have not been any reports of suspected cases of the disease in our country.

## **IRRIGATION AND WATER DEVELOPMENT**

Mr Speaker, Sir, I now turn to irrigation and water development and to underscore that water is life. Let us also build a national consensus around Irrigation and Water Development. This will be a key priority in our economy. With respect to irrigation, in the 2006/2007, our Government distributed 27,892 treadle pumps that irrigated 20,750 hectares; 773 motorised pumps that irrigated 6,165 hectares; and 73,083 watering cans.

Government also established 1,500 sites of gravity-fed irrigation that covered 6,892 hectares. In all, there were 202,693 beneficiaries from the irrigation and water development initiative. Land under irrigation has increased from 11,187 hectares in 2004 to 33,807 hectares to date of which 14,789 hectares were developed in the 2006/2007 financial year alone. Rehabilitation works have been completed for the following irrigation schemes: Bua, Rufira, Wovwe, Chonanga, Hara, Domasi and Zumulu.

Mr Speaker, Sir, during the forthcoming 2007/2008 financial year, Government will continue its efforts towards the rehabilitation and construction of irrigation schemes and earth dams. More especially, Government will develop 8,000 hectares of irrigation schemes using both simple and complex technologies and these will include gravity-fed schemes, treadle and motorised pumps and dam rehabilitation.

The Government will also rehabilitate the old schemes like Mkhate, Muona, Likangala and Limphasa covering 1,747 hectares. Financial resources for the rehabilitation of these schemes are already available through funding from the World Bank.

Mr Speaker, Sir, in relation to water supply, our Government undertook the following activities during the past one year:-

1. Rehabilitation of Water Supply Scheme at Kasinje in Ntcheu;
2. Construction of 22-kilometre pipeline from Dwambazi in Nkhotakota to Nkhata Bay side;
3. Construction of Ngodzi Rural Water Supply Scheme in Salima;
4. Drilling of 89 boreholes in Ntchisi;

5. Construction of earth dams at Chaliwa in Dowa and at Kamanda in Mzimba; and
6. Rehabilitation of Kabango dam in Ntcheu.

In addition to this, Government has embarked on the construction of large-scale multi-purpose dams. Resources have already been identified through the National Water Development Programme to undertake detailed engineering studies to confirm the development of dams on the Mulanje Mountain and the rivers of Lilongwe and Mzimba. The multipurpose approach would make water relatively more available and less costly to users such as Water Boards and ESCOM.

Mr Speaker, Sir, I would like to report that considerable progress has been made in the drilling of boreholes in the last financial year. The Government, both from its own resources and with the support of development partners, has constructed 1,130 new boreholes and repaired 1,800 boreholes that had broken down. The Government has also rehabilitated and extended 15 rural piped schemes, providing an additional 2,000 communal water points.

This august House might also wish to know that Government has successfully negotiated with the World Bank through the International Development Association (IDA) to implement the National Water Development Project Phase II which will be implemented countrywide.

The project will, inter alia, focus on Urban Water Supply and Sanitation especially in Lilongwe and Blantyre and the preparation of an enabling legislation for the implementation of the National Water Policy. Government also plans to construct a water dam in each district in the next few years.

## **INDUSTRY, TRADE AND PRIVATE SECTOR DEVELOPMENT**

Mr Speaker, Sir, turning to industry and trade, our Government places high priority on the development of the private sector with greater emphasis on more participation of indigenous entrepreneurs in agricultural production, industrial manufacturing, mining, tourism, and trade. I believe this is an area where we can also have a national consensus on the way forward.

Accordingly, this administration is implementing a Private Sector Development Strategy and Reform Programme aimed at improving the legal and regulatory environment for private sector investment. Within this programme, Government is introducing Business Licensing reforms to create favourable business licence regimes. Additionally, support will be provided to firms that employ Malawi nationals to help them raise their annual turnover. The Government has also launched the African Trade

Insurance which is a facility to support Malawian business hedge against the risks in export trade.

Mr Speaker, Sir, in trade negotiations, the Government signed a revised bilateral trade agreement with Zimbabwe in July 2006 aimed at rebalancing the trading relationship between the two countries. We also have signed a trade and bilateral agreement with the Republic of South Africa.

In another field, we have also agreed to extend the lifetime of the Malawi-Mozambique-Tanzania-Zambia-Southern Africa Customs Union arrangement, and the third country fabric provision of the US African Growth and Opportunity Act (AGOA).

Mr Speaker, Sir, in order to promote the growth of industries in Malawi, Government has spearheaded the following:-

1. construction of a fertilizer plant in Lilongwe which is near completion to reduce fertilizer imports;
2. re-opening of a fruit processing factory in Mulanje;
3. resumption of the Liwonde Tannery to add value to hides and skins within the country; and
4. establishment of Premium Tobacco Limited, a tobacco processing company that has local shareholders.

Government has also identified the following investment prospects:-

1. a bio-diesel production plant which is a large investment portfolio of US\$40 million to be undertaken by Malawi Investment Corporation.
2. a bus manufacturing which is another major investment portfolio of US\$100 million to be undertaken by AVM of Zimbabwe.

These initiatives will help save foreign exchange as well as increase employment and income of our people.

## **TRANSPORT INFRASTRUCTURE AND PUBLIC WORKS**

Mr Speaker, Sir, let me now turn to transport and infrastructure. The development of transport and infrastructure is one of the top priorities. Government

believes that improved transport network would greatly contribute to rapid macroeconomic growth. In this regard, Government is implementing the following projects:

### **The Shire-Zambezi Waterway Project**

The Shire-Zambezi Waterway multi-modal project Mr Speaker, Sir, is intended to provide our country with cheaper access to the sea. The Nsanje port will be turned into a Malawi World Inland Port and will make Malawi more competitive in international trade. The Government of Malawi has signed a Memorandum of Understanding (MOU) on the Shire-Zambezi Waterway Project with Government of the Republic of Mozambique and the Republic of Zambia on 25<sup>th</sup> April, 2007. Together, the three countries have agreed to jointly mobilize financial resources to facilitate the implementation of various activities envisaged under the Project.

I am pleased to report that the Government has received a number of pledges from several cooperating partners and the private sector for the project. These include the Common Market for East and Southern African, the European Union, the World Bank, the Government of Japan and other international and bilateral financial institutions. It is Government's intention that shipping vessels along the Shire-Zambezi Water Project would start sailing on that waterway by the end of 2008.

Mr Speaker, Sir, the Shire-Zambezi Waterway Project will largely be financed through public private sector participation. Under this Project, the Government will make land available to investors to build a fuel depot, warehouses, hotels, shopping centres, restaurants, duty free shops, tourists attraction centres, factories, luxury holiday villas and an international airport. When completed, Nsanje will turn into a modern city, creating a large number of jobs and business opportunities for the whole of Malawi. *(Applause)*

### **Roads Construction and Rehabilitation**

Mr Speaker, Sir, since 2004, our Government has been building new roads and bridges, rehabilitating and upgrading rural roads into all weather roads. During the past year, our Government completed a number of road projects which include the following:-

1. Rehabilitation and construction of a number of roads in the cities of Blantyre and Lilongwe;
2. Construction of Bridges at Kalwe on the M5 Road in Nkhata Bay, Lisasadzi on the M1 Road in Kasungu, Kasangadzi and Liwadzi on the M5 in Nkhotakota, with funding from the European Union;

3. Construction of the Likuni Bridge and Lali-Lubani Road in Lilongwe, with funding from the World Bank;
4. Construction of the Kamphata-Nkhoma Road with funding from the Malawi Government; and
5. Construction of Nankhokwe, Luwadzi and Angoni Bridges on the Salima-Balaka M5 Road with funding from the Japanese Government.

The construction of the following roads is underway-

- The Zomba-Jali-Phalombe-Chitakale Road with funding from the Kuwait Fund, the Arab Bank for Economic Development in Africa, the OPEC International Fund, and the Malawi Government;
- The Karonga-Chitipa Road, with funding from the Republic of China and the Malawi Government;
- The Mponela-Ntchisi Road with funding from the Malawi Government.

Government also started to upgrade and gravel the following roads under the Infrastructure Services Project with funding from the World Bank-

- Rumphi-Nyika-Chitipa ;
- Ntcheu-Tsangano-Neno-Mwanza;
- Bangula-Tengani-Makoko; and
- Monkey Bay-Cape Maclear.

Mr Speaker, Sir, in the coming 2007/2008 financial year, Government will implement new projects in this sector that include the following-

1. The Malawi Backlog Maintenance Programme for resealing works for the following selected roads: Chikwawa-Nchalo; Chikwawa-Chapananga-Mwanza; Salima-Balaka; Lilongwe-Nsipe; Mzuzu-Bwengu and Mzuzu Urban roads. This will be funded by the European Union.
2. The rehabilitation of the Mangochi-Monkey Bay Road; Nchalo-Bangula Road; Karonga-Songwe Road; Chiweta-Bwengu Road and South Rukuru Bridge, with funding from the European Union.
3. The rehabilitation of the Liwonde-Naminga Road, with funding from the OPEC International Fund and the Malawi Government;

4. The construction and upgrading of the Golomoti-Monkey bay Road under the European Union funding;
5. The upgrading and construction of the Thyolo-Makwasa-Thekerani-Muona Road, with funding from the Kuwait Fund, the Arab Bank for Economic Development in Africa, the OPEC International Fund and the Malawi Government;
6. The upgrading of the Lumbadzi-Dowa-Ntchisi Road including the Dowa-Salima Turn Off Spur, with funding from the Malawi Government; and
7. The feasibility study and design for the Chiradzulu-Kamwendo-Chiringa Road, with funding from the Malawi Government.

Mr Speaker, Sir, Government has a number of other projects in the pipeline which include the following:-

- Jenda-Edingeni-Euthini-Chikwawa Road;
- Bangula-Nsanje-Marka Road;
- Mzimba-Kafukule-Ekwendeni Road; and
- Old Lilongwe Airport-Kasiya-Santhe Road.

### **Other Public Works**

Mr Speaker, Sir, our Government is determined to complete on schedule the construction of the following projects that are currently being implemented-

- The Memorial Tower at Capital Hill in Lilongwe, together with the erection of statues of prominent Malawians and others starting with that of the late Dr. Hastings Kamuzu Banda; (*Applause*)
- The New Parliament Building Complex in Lilongwe;
- The Grain Silos in Mangochi, Luchenza and Mzuzu; and
- The new Nkhotakota District Hospital.

### **Railway Transport**

Let me now turn to railway transport. Mr Speaker, Sir, during the period under review, our Government received a donation of four locomotives from Taiwan for freight and passenger service. In addition, Government also undertook major rehabilitation works on the Nacala Port.

In the 2007/2008 financial year, Government will develop and rehabilitate the railway system in the country. Plans are underway to rehabilitate the Beira-Sena Railway line, the railway line from Nsanje to Blantyre, Balaka, Salima and Lilongwe.

## **LAND AND HOUSING**

Mr Speaker, Sir, I would now like to turn to issues concerning land and housing.

### **Land Tenure and Management**

During the past year the Government continued to provide land and housing management services to the public so as to promote economic growth and reduce poverty. So far, a total of 126 groups comprising 3,000 farm families have acquired more than 6,000 hectares of land.

As part of the efforts to promote sustainable land use, Government will continue to implement the Community-Based Rural Land Development Project funded by the World Bank. The project will assist the poor and landless households to acquire land for agricultural production.

### **Joint Projects with Neighbouring Countries**

Mr Speaker, Sir, our Government is working with the Government of the Republic of Tanzania to implement the Songwe River Basic Development Programme. The goal is to improve the livelihoods of the inhabitants of the basin on both sides of the River, through a number of sub-projects. More importantly, we are planning to jointly stabilize the course of the Songwe River and therefore permanently fix the boundary between the two countries.

Our Government is also working with the Government of the Republic of Zambia on a joint project to physically demarcate the watershed which is the boundary of the two countries. About 200 kilometres have so far been covered and 604 km are remaining.

### **Housing Projects**

Mr Speaker, Sir, in terms of housing, the Government has plans to construct more houses and offices for the Police and Defence Forces as well as for traditional chiefs to provide suitable accommodation and facilities.

Our Government also plans to build another office block at Capital Hill in order to move out of rented premises and save resources on rent. It is anticipated that work on the new office block will commence this year.

Government also plans to construct an ultra modern Judiciary complex in Lilongwe to house the Supreme Court, the High Court and the Commercial Courts. When completed, this will ensure that all the three branches of government, namely the Executive, the Legislature and the Judicature, are properly housed in the Capital City. *(Applause)*

## **LOCAL GOVERNMENT AND RURAL DEVELOPMENT**

Mr Speaker, Sir, I now turn to Integrated Rural Development, which is another top priority of the nation. The rationale behind this is to empower the rural communities by taking development to them. Presently, Government is implementing three Rural Growth Centres at Nthalire in Chitipa, Dowa and Neno with the construction of modern schools, markets and dwelling houses.

This is made possible with funding from the Clinton-Hunter Foundation. In the Neno district, Government is constructing a modern hospital, access roads, an office complex for the District staff and other subsidiary buildings. Furthermore plans are underway to establish three Village Polytechnics at these Growth Centres.

Mr Speaker, Sir, I am pleased to announce that the Government has now completed the Dedza Secondary Centres Development Programme which was opened on 19<sup>th</sup> of May 2007. *(Applause)* This has provided ultra-modern infrastructure comprising a produce market, a bus station, civic offices, a sporting complex and a community centre ground as well as a truck park.

I must point out, Mr Speaker, Sir, that Dedza is the home of the Honourable Leader of the Opposition. Similarly, the projects in Neno and Dowa are located in opposition MPs' constituencies. *(Applause)*

In other areas, Government has also continued to implement the Rural Livelihoods Programmes, the Income-Generating Public Works Programme and the Poverty Reduction Project in the 27 District Assemblies.

Mr Speaker, Sir, it is also my wish to improve the general outlook of our cities by putting up modern infrastructure, especially roads. I would like, therefore, to mention that in the 2007/2008 budget, resources have been set aside to construct infrastructure

that will transform the appearance of the cities of Blantyre, Lilongwe, Mzuzu and the Municipality of Zomba.

In another area, the construction work of flea markets has commenced in the cities of Blantyre and Mzuzu. This will provide adequate and environmentally-friendly trading areas for vendors.

Regarding the One Village One Product Programme, Mr Speaker, Sir, 38 small industries have so far been established across the country. The products from these small-scale industries are currently being sold in a number of supermarkets and some are being exported to other countries.

Mr Speaker, Sir, Government greatly appreciates the role of traditional chiefs in our development process. Accordingly, during the year under review, Government promoted two Senior Chiefs to Paramount Chiefs, three Traditional Authorities to Senior Chiefs and one Group Village Headman to a Traditional Authority.

Government is designing a Local Development Fund (LDF) as a comprehensive financing mechanism to succeed the District Development Fund. The Local Development Fund will be a tool through which all funding to rural and urban development will be channelled.

## **ENERGY, MINES, FORESTRY AND NATURAL RESOURCES**

Mr Speaker, Sir, with regard to the energy, mining and natural resources sector, our Government commenced the rehabilitation of machines at Nkula B. Further, rehabilitation works at Tedzani I and II Power Stations also commenced with a view to restore and contribute 40 megawatts of power to the national grid. The Blantyre-Salima-Lilongwe high voltage power line has been modernized through the installation of the fibre optic cable.

Government also plans to implement Phase V of the Malawi Rural Electrification Programme that will electrify one Trading Centre in each district.

Mr Speaker, Sir, in order to strengthen fuel capacity into the nation, Government has commissioned a feasibility study for the construction of an Oil Pipeline from the port of Beira in Mozambique to the Malawi World Inland port of Nsanje within the framework of the Shire-Zambezi Waterway Project. A firm of financiers with vast experience and resources has indicated a keen interest in this project.

Mr Speaker, Sir, the august House may be aware that Government has issued a mining licence to Paladin Africa Limited to start mining uranium at Kayelekera with an investment of US\$180 million. The mine is expected to contribute at least 50 per cent of Malawi's total export earnings and 20 per cent of the Gross Domestic Product. It will

employ over 800 people in the initial phase of construction and 280 people in the operational phase.

The small-scale lime-making project at Uliwa will supply lime to the Kayelekera Uranium Mine.

Mr Speaker, Sir, in the area of environmental protection, Government is determined to address the problem of deforestation and resulting land degradation. Since 2005, I have personally led the nation in tree planting exercises through the initiative of the National Forestry Season. Today, 96 million trees have been planted. Furthermore, Government is implementing the Tree Planting and Management for Carbon Sequestration and Other Ecosystem Services to encourage extensive tree growing.

In the fisheries sector, the Lake Malawi Artisanal Fisheries Development Project is being implemented in Mangochi, Salima, Nkhotakota, Nkhata Bay and Likoma. The project is assisting small-scale fishermen with support in form of loans, motorized fishing boats and nets to venture into the deep waters of Lake Malawi where fish stocks abound.

I am pleased to report that the Presidential Initiative on Aquaculture that I launched in 2006 has helped the private sector companies and individuals to join hands with our Government in a fish farming enterprise and Malawi plans to increase fish production to 5,000 tonnes per year by 2011 from the current 500 tonnes.

We are pleased that MALDECO is implementing an Aquaculture Development Limited Cage Culture Initiative that now produces 10 tonnes of Chambo every week.

Mr. Speaker, Sir, in the field of management of toxic wastes and hazardous materials, Malawi is determined to face the challenge to a developing nation free from such hazards. We are meeting this challenge through Strategic Plans for the phasing out of hazardous wastes and chemical substances, including Persistent Organic Pollutants and Ozone-Layer depleting substances.

In this regard, I also wish to inform this august House that Malawi has phased out leaded fuel, which was a health hazard. Plans are also underway to reduce the content of sulphur in diesel to the level that is not injurious to human health.

## **PUBLIC ENTERPRISES**

Mr. Speaker, Sir, let me now turn to the role of public enterprises in our economy. The performance of the majority of the parastatal organizations continues to show signs of recovery. There are, however, weaknesses in the performance of others. While a

good number of parastatals have recorded some profitability, there is still a large number that has been unable to make adequate profits, to pay dividends to government or to meet their obligations such as payment of utility bills, salaries and other arrears.

Examples of statutory corporations that have recorded reasonable profitability levels include the Malawi Communications Regulatory Authority (MACRA), the Malawi Housing Corporation (MHC), the Electricity Supply Corporation of Malawi (ESCOM) and the Malawi Posts Corporation, among others. I would like to encourage these parastatals to continue and improved on their performance.

The performance of some statutory corporations in particular the five water boards has remained poor. Government is therefore taking special interest in the performance of these water boards. More specifically the Lilongwe and Blantyre water boards will continue to undergo restructuring with financial assistance from the World Bank, the European Union, the European Investment Bank and other cooperating partners. These Boards must become financially viable within a short period of time.

Mr Speaker, Sir, Government will continue to implement a number of rationalisation policy reforms in the parastatal sector. In order to achieve this, Government will in the forthcoming financial year dissolve a large number of subvented parastatals. I have directed that some of the loss-making parastatals be wound up, restructured, or merged in order to gain efficiency. The result will be some savings on the Government budget because most of these institutions will never survive without Government funding.

## **CIVIL SERVICE REFORMS**

Mr Speaker, Sir, the Public Service in particular, the Civil Service, continue to undergo reforms focusing on benchmarking, improved conditions of service, human resources training, capacity building and enhancement of integrity, patriotism and high performance.

As part of this reform, in the 2006/2007 financial year, Government continued with the implementation of the Medium-Term Pay Policy that aimed at ensuring that compensation packages in the Public Service are uniform, comparable and competitive. We hope to attract and retain highly qualified professional, technical and managerial personnel who are critical to improving the quality of service delivery.

Government has set up the Public Service Remuneration Board as an independent body to review all issues relating to the pay structures in the public sector. Government also developed and implemented a computerized Human Resources Management Information System for the Civil Service. This aims at controlling the establishment and management of the payroll, eliminating ghost workers and improving human resources management procedures.

We are convinced of the need to promote a result-oriented culture in the Public Service. Government has therefore introduced performance monitoring of the implementation of development activities that involve production of quarterly progress reports by all ministries. Government will develop a performance management system covering all Civil Servants by December 2009.

In order to give direction, purpose and improve performance of ministries and departments, strategic plans have been developed for 14 ministries. This will be extended to the remaining ministries in the 2007/2008 fiscal year.

## **EMPOWERMENT OF WOMEN**

Mr. Speaker, Sir, let me now turn to empowerment of women. Our government is committed to empowering women in the political, economic and social areas. For instance, in the past three years, there are more women in ministerial and management positions than ever before. *(Applause)* Additionally, we will continue to promote the welfare of women so that they become self-reliant and active participants in the process of national development.

The situation of women is characterised by high adult illiteracy levels of 48 per cent as compared to 24 per cent for men, high girl dropout rates from formal schooling system, high vulnerability to HIV/AIDS infection. In fact, out of the 930,000 infected adults, it is believed that 58 per cent of them are women.

To address this situation, Mr. Speaker, Sir, last year, our Government provided adult education to 800,000 adults, out of whom, 540,000 are women and continued to train women groups in credit and business management.

Mr. Speaker, Sir, government will continue to train women in business and credit management, agro-processing, manufacturing and mobilise groups to form associations and cooperatives so that they can easily be linked to lending institutions.

This government, Mr. Speaker, Sir, has appointed more women to ministerial and other positions than the two previous governments. We are proud of this achievement. *(Applause)* Government will continue promoting more women to decision-making positions and Malawi will attain the SADC requirement of 50 per cent in the not too distant future.

## **CHILD DEVELOPMENT**

Mr. Speaker, Sir, I now turn to child development. One of the main challenges that our government has been facing is the increase in the number of orphans and street children due to HIV and AIDS pandemic. Currently, it is estimated that there are over 1 million orphans in Malawi that need care and support.

I am sure, this august House will agree that the future of this country depends on preparing the children through their education, protection, care and support regardless of their vulnerability status. The government is, therefore, implementing a number of programmes aimed at supporting children.

In 2006/2007, among other activities, government paid fees for 3,833 orphans and other vulnerable children; it supported 4,410 children under social cash transfer programmes, and established 6,277 Early Childhood Development Centres that are serving 619,478 children and established Social Rehabilitation Centres for street children.

Mr. Speaker, Sir, government will continue to support orphans and other vulnerable children within our communities. Government will also roll out programmes in Early Childhood Development, Child Protection, Social Cash Transfer and build additional Social Rehabilitation Centres so that more street children can be rehabilitated and given the chance to grow into useful citizens of our country.

## **PUBLIC HEALTH**

Mr. Speaker, Sir, turning to public health, I will start by stating that this sector is a critical component of the development paradigm. A health nation is a nation that has a future. Therefore, public health is an area where our country has achieved remarkable progress.

This has largely been through government's adoption of the 'Essential Health Package' as the main strategy for the delivery of a cost effective package of health services through the Sector-Wide Approach (SWAP).

Government has also undertaken to increase access to the Essential Health Package, especially for rural communities and the most vulnerable groups including mothers and under-five children. We are happy with the SWAP arrangement.

During the past two years, Mr. Speaker, Sir, health indicators reveal that the health of Malawians has generally improved. For example, the infant mortality rate dropped from 76 deaths as per 1,000 live births in 2005 to 69 per 1,000 live births in 2006 whereas the mortality rate for 133 deaths per 1,000 live births in 2005 to 118 per 1,000 live births in 2006. This is a remarkable performance, but we must do more.

We are concerned that health indicators reveal that the quality of life of certain groups of Malawians remains poor. For example, the TB prevalence rates are still very high. Government has, therefore, declared TB as an emergency and also launched a five-year plan for addressing this problem.

Mr. Speaker, Sir, this august House will agree that the maternal mortality rate of 984 maternal deaths per 100,000 live births is unacceptably high. In this respect, government launched *'The Roadmap for Accelerating the Reduction of Maternal and Neonatal Mortality and Morbidity in Malawi'*. Through this initiative, government hopes to further reduce the maternal mortality rate.

The government also strengthened its collaboration with the Christian Health Association of Malawi (CHAM), who are now providing free maternal and neonatal health services to the population. So far, a total of 54 Service Level Agreements have been signed. It is the wish of the government to expand the range of services and geographical coverage of these agreements with CHAM as a means of improving access to essential public health services.

Mr. Speaker, Sir, through the accelerated training programme in health sector, Malawi is now producing 846 health workers annually in various cadres. This output is expected to increase over time, and as the infrastructure development programme in the training institutions progresses, we expect tremendous changes. Efforts are also continuing to address the human resource problems currently adversely affecting the health sector due to brain drain of medical personnel.

Government is also implementing a Health Infrastructure Improvement Programme, through which government will improve access to quality essential public services. This envisages the rehabilitation and upgrading of primary and secondary level health facilities in the construction of new health centres.

The new Nkhotakota District Hospital that is under construction is expected to be operational by December 2007. Government is also rehabilitating infrastructure at the Zomba Mental Hospital.

Mr. Speaker, Sir, in the 2007/2008 financial year, our government will commence the construction works of new district hospitals at Phalombe, Dowa and Nkhata Bay and the rehabilitation of Balaka District Hospital. In addition, a total of 16 rural health facilities in Rumphi, Mzimba, Kasungu and Lilongwe districts will be upgraded through the Rural Health Infrastructure Project.

Mr. Speaker, Sir, I wish to underscore that government has increased budgetary allocations to drugs and medical supplies. This is to mitigate the frequent shortages of essential drugs and medical supplies at the service delivery level. Government is currently implementing strategies aimed at reforming the Central Medical Stores so as to improve management of drugs and medical supplies in the health system and to stamp out corruption.

## **NUTRITION, HIV AND AIDS**

Mr. Speaker, Sir, as part of improving the health facilities in our country, government recognises that adequate nutrition is a prerequisite for human capital development and a healthy nation. Nutrition deficiencies reduce child survival, growth and development, resulting into physical and mental retardation, low IQ and decreased productivity among adults. We are determined to address this problem.

In order to prevent, control and manage the nutrition disorders, Mr. Speaker, Sir, our government has developed a National Nutrition Programme that outlines a number of interventions to address the nutrition problems in a co-ordinated and comprehensive manner.

Mr. Speaker, Sir, with regard to responses to the HIV and AIDS pandemic, government has increased antiretroviral therapy (ART) sites from 109 in 2006 to 140 in 2007. Over 500,000 clients have been tested while 55,000 more clients have been put on free ARVs. Furthermore, our programmes have now reached a total of 6 million individuals to whom we are providing different HIV and AIDS services.

The 2007/2008 programmes will include training of nutrition, HIV and AIDS workers, development of a research agenda to ensure evidence-based interventions, intensification of nutrition therapy, service delivery at all levels, and increase in universal access to prevention and care of HIV and AIDS.

Government will also launch the National Nutrition Policy and will table the Nutrition Bill that will provide legal framework for nutrition services in this country and in addition, a Bill on HIV and AIDS Prevention and Management will be submitted to Parliament at its next meeting.

## **INFORMATION AND TOURISM**

Mr. Speaker, Sir, in the area of information and tourism, government has continued to place high priority on ways of attracting more visitors to the "W arm Heart of Africa."

Starting with information and communications technology, government has maintained an environment conducive to the establishment of the print and the electronic media. Government has also opened dialogue with the media to ensure that there is mutual trust and understanding between the media and government. The Presidential Chat with the media is one of such initiative.

Government has acquired all equipment for satellite broadcasting. Actual satellite studio broadcasting is expected to begin in May 2008. Meanwhile, live broadcasting from the field has started.

Mr. Speaker, Sir, our government signed a NEPAD Protocol to facilitate Malawi's access to a broadband fibre optic cable with other SADC countries and the East African Submarine Cable that will bring down the cost of digital communication. In addition, government has trained a total of over 600 senior officers in various computer skills with financial support from the Republic of China (Taiwan).

In the area of tourism, Mr. Speaker, Sir, we have witnessed a significant rise in investment in the hospitality industry. More than 50 new accommodation and catering facilities have been opened in cities and in lakeshore resort areas during the period under review. As a result, more than 1,000 new jobs have been created. Quality of service in the hospitality industry has improved in the past year, largely due to the extensive inspections and licensing campaign.

A total of 450 accommodation units were inspected in 2006 and 363 of them were licensed but 87 were shut down because they failed to meet required standards.

Mr. Speaker, Sir, government will continue with the classification of tourism units and grading of hotel accommodation according to international specifications. As the 2010 World Cup to be hosted by South Africa approaches, the tourism sector will undertake a more aggressive marketing campaign to attract tourists and other football teams to Malawi.

Government has constructed 40 kilometres of electric fences around Kasungu and Lengwe National Parks in order to reduce human/wildlife conflict. Measures were also put in place to reduce poaching of animals in the Nyika, Liwonde and Lengwe National Parks.

In the 2007/2008 fiscal year government plans to—

- Intensify measures to create new "Mountain Tourism Attractions" in Mulanje, Thyolo, Zomba, Dedza and Nyika mountains. We shall search for caves and other exciting areas to attract visitors.
- Increase visitations and visitor accommodation at protected areas including Majete, Vwaza, Kasungu, Nkhosha and Nyika Game Reserves by constructing additional rooms for accommodation, upgrading facilities and rehabilitating roads, bridges, and sign-posts.
- Intensify law enforcement to curb poaching in protected areas and restock protected areas that have been poached.

- Extend boundary electric fences to reduce human/wildlife conflict.
- Create wildlife-based enterprises through game farming/ranching and establishing community ecology-tourism lodges and also develop a new Memorial Park and Tower as a tourist attraction in the City of Lilongwe.

## **LABOUR AND SOCIAL DEVELOPMENT**

Mr. Speaker, Sir, I now turn to Labour and Social Development. Government has, over the past one year, helped to maintain harmonious labour relations in workplaces.

I am unhappy to report that some estates are still paying employees below the minimum wage stipulated by government. This minimum wage will be enforced seriously. On the other hand, some tea and coffee estates have adjusted the minimum wages upwards. I commend their action.

Mr. Speaker, Sir, during the year, government enforced safety standards in almost all workplaces through out the country. This has resulted in a substantial decrease in the number of accidents in these workplaces. It is saddening that there are some employers who lock up their employees in their factories that do not have fire escapes.

This inhumane practice cannot be condoned and must stop forthwith. *(Applause)* I want people in our country to be treated with dignity and to work in safe environment. Government will in future revoke the licences and employment permits of those establishments that continue to ill-treat Malawians and some of them will be deported.

Mr. Speaker, Sir, this august House will be pleased to know that government will introduce Social Security Insurance that will be a periodic payment of compensation unlike the present system of lump sum payment, which benefits only a few recipients.

Mr. Speaker, Sir, government has intensified the fight against child labour. To that end, a number of children were rescued from some of the estates throughout the country and have since returned to school. Government will ensure that child labour is eliminated in both the formal and informal sectors.

## **EDUCATION AND VOCATIONAL TRAINING**

Let me now turn to Education and Vocational Training. Mr. Speaker, Sir, government continues to place high priority on the development of education and is

determined to improve the learning environment in our schools as well as the quality and relevance of education in Malawi.

To address the challenge of inadequate teaching and learning materials, government procured assorted teaching and learning materials to the extent of more than 12 million textbooks to primary schools in order to facilitate the roll-out of the new primary school curriculum that was launched in January 2007.

Mr. Speaker, Sir, government continues to train primary school teachers under the regular and special programmes so that our schools are adequately staffed. At the moment, 2,600 teachers are in the field for practical training while another 2,600 will begin in October this year. Curriculum reforms are being implemented in all levels of education to ensure relevance of education to the development of our country.

Government launched the National Strategy for Community Participation in the Management of Primary Schools. This strategy will ensure that communities, teachers and pupils that manage their own schools, are accountable for the quality of education and that schools are adequately resourced.

Mr. Speaker, Sir, I am happy to inform this august House that our government has increased funding to the Universities of Malawi and Mzuzu. For instance, in 2003/2004, the University of Malawi received an annual sum of MK960 million. This was raised by my government to MK4.9 billion in 2007/2008. (*Applause*) This is a phenomenal increase indicating how seriously education is being viewed by this administration.

Mr. Speaker, Sir, let me also mention that government is undertaking a Credentials and Evaluation exercise of newly established universities and training institutions in Malawi to recognise qualifications that awarded by these institutions. As of now, Corporate Governance College and Share World Open University are among institutions that have been recognised by government. Furthermore, government is in the process of establishing the Malawi National Qualifications Authority to ensure standardisation and accreditation of qualifications offered by local training institutions.

I am pleased to report, Mr. Speaker, that during the year under review, government constructed 100 teachers' houses and 45 primary schools to the total of 350 classrooms, with support from the Department of International Development of the British Government.

Government is upgrading community day secondary schools by rehabilitating infrastructure and providing library and laboratory facilities.

The education of the girl child has been given high priority. In that regard, government has increased the number of girls selected to secondary schools. It has

also intensified equipping resource centres for students with special needs in primary and secondary schools. During the past year, construction of girls boarding facilities in 10 secondary schools has started and an additional 20 are earmarked for construction in the 2007/2008 financial year.

Mr. Speaker, Sir, through the School Feeding Programme, up to 500,000 primary school pupils have been provided with food in 15 districts of the country. The programme will be extended to the remaining districts in the next financial year. Government also launched a Social Health and Nutrition Programme which provides the schoolchildren with micronutrients and drugs for basic illness to ensure that minor illness and other nutritional deficiencies do not unnecessarily prevent children from attending school.

## **INTERNATIONAL RELATIONS**

Mr. Speaker, Sir, turning to international relations, I am pleased to report to this august House that during the past three years, Malawi's relations with the international community have significantly improved. Specifically, I can say that people of Malawi generally have a better perception and appreciation of the role of our cooperating partners.

In return, I believe the cooperating partners have a better understanding and more trust in the integrity and commitment of our government to implement our reform programmes.

Government continued to advance Malawi's interests and image abroad with traditional and non-traditional partners. At the bilateral level, the government firstly:

- Is opening an Embassy in New Delhi, India that will serve as our gateway to other countries in South East Asia;
- Established a Joint Economic Commission with Turkey;
- Signed an economic and technical cooperation agreement with Ethiopia;
- Initiated consultations for cooperation agreements with the Republic of Venezuela and the United Arab Emirates.
- Improved our bilateral relations with the Kingdom of Morocco; and
- Establish new partnership with the Flemish Government.

It is my expectation, Mr. Speaker, Sir, that these initiatives will translate, in the near future, into increase bilateral funding for our economic and social development programmes.

I must specifically mention that through the Malawi/Flanders Cooperation Agreement, the Flemish Government has pledged €2.5 million for food security and €1.5 million for combating HIV and AIDS pandemic. Similarly, under the Malawi/Scotland Joint Commission of Cooperation, government is implanting programmes in health, education and governance, among other things.

Other notable bilateral and multilateral events include Malawi's qualification for threshold allocation in the USA Millennium Challenge Account; increased allocation of funding from the British DFID, Japan and the European Union, the World Bank and the continuation of the Poverty Reduction Growth Facility of the International Monetary Fund. These interventions are greatly appreciated.

Mr. Speaker, Sir, during the year, government strengthened our relations with other countries in the SADC/COMESA region as well as the African Union through effective participation of Malawi in these bodies.

Mr. Speaker, Sir, the Government will ensure that all missions abroad have qualified personnel with requisite profession experience.

## **NATIONAL SECURITY**

Mr. Speaker, Sir, turning to the national security, I am happy to state that the Malawi Police Service has continued to perform very well despite limited resources. The service is being reformed, with a special emphasis on transforming the policing style, standards, culture and systems. The strategic focus of Community-Based Policing is on crime prevention, preservation of human rights especially of women and children; victim support and gender empowerment; and civic education on Police public relations. During the past year, the Victim Support and Child Protection Unit handled an increasing number of cases concerning domestic violence, sexual offences and assault.

Mr. Speaker, Sir, government also directed most of its attention to crime management. Some 11,438 criminal cases were reported and 5,487 were dealt with. The 997 Rapid Response System has since its inception, contributed towards the recovery of property worth more than MK50 million.

Government will continue to improve the 997 Rapid Response System and has strengthened the fleet of vehicles for the 997 System for Lilongwe and Blantyre and plans to do the same for Zomba and Mzuzu.

This administration is also committed to improving the safety of road users. In this regard, government acquired speed cameras, breathalysers as well as highway patrol vehicles, which have helped to reduce road accidents.

Mr. Speaker, Sir, with regard to the Prisons Services, government is continuing to construct new prisons to ease congestion. The Mzimba Prison, which is now operational, has helped to ease the problem by accommodating 600 prisoners. Government is currently in the process of acquiring more land for constructing prisons in districts where the services are lacking.

In order to promote food security in the prisons, government has established two new prison farms at Mkhate in Chikwawa and Makande in Thyolo. Farming activities in these prisons has been successful and this year alone an estimated 724 metric tons of maize will be harvested.

Mr. Speaker, Sir, with regard to immigration, the government continued to intensify its efforts to curb illegal immigrants and to prevent Malawi from being used as a conduit for illegal trafficking to other countries. During the year under review 859 illegal immigrants were deported and 49 were prosecuted.

## **NATIONAL DEFENCE**

Now turning to National Defence, Mr. Speaker, Sir, in the area of National Defence, Government has provided adequate protection to our nation. Our government is fully committed to ensuring that the Malawi Defence Force is up-to-date and alert at all times to defend and uphold the sovereignty and territorial integrity of our country and guard against any threats to the safety of the citizens.

Government will continue to modernize our Defence force with new equipment and train more personnel at the Malawi Armed Forces College and other military-related institutions abroad. We will also continue to hold joint exercises and training on defence mechanisms with other Defence Forces including the British Defence Force and those of the SADC countries.

Mr. Speaker, Sir, our country recently signed a Memorandum of Understanding with the United Kingdom's Government that would facilitate collaboration between the Malawi Defence Force and the British Defence Force. At present, arrangements are underway to sign similar memoranda with other countries.

In the area of peacekeeping, government continued to play a useful role in the promotion of regional and international peace by participating in the United Nations and African Union Peacekeeping Missions. Over the past year, a total of 330 officers and men were deployed to the Democratic Republic of Congo (DRC), Darfur in the Sudan, Burundi, Liberia and Kosovo as military peacekeepers and observers.

I am proud to say that these officers have been consistently commended for their excellent performance. This has provided the opportunity for our officers to acquire

special skills and international experience critical to capacity building of our National Defence.

In fact, the Malawi Armed Forces College (MAFCO) in Salima has been identified as the main training centre in peacekeeping within the SADC Region. Three international training courses in peacekeeping have so far been held at the College. It is expected that the college will become a centre of excellence in peacekeeping training in the Region.

Mr. Speaker, Sir, in order to facilitate the activities of our armed forces, the Government continued to develop the requisite infrastructure in the barracks including maintenance and upgrading of roads and rehabilitation of water and sewer works. To check the housing shortages, government plans to construct 80 new houses annually for the next five years, to concurrently carry out maintenance works of existing houses.

With regard to promotion of civil-military relations, the Malawi Defence Force embarked on the construction of bridges to deal with emergency situations caused by heavy rains and floods. It was also involved in protecting forest reserves and checking against deforestation.

On food security, the Malawi Defence Force Agricultural Production Unit has on average produced 100 metric tons of maize, which has assisted in providing supplement rations to the Malawi Defence Force troops.

## **THE RULE OF LAW AND ACCESS TO JUSTICE**

Mr. Speaker, Sir, I now turn to issues of Rule of Law and access to justice. This government recognizes the promotion of the Rule of Law and justice as a prerequisite for economic growth and sustainable development. With regard to access to justice, Government reduced the backlog of civil cases from 5,000 to 3,500. More effort will continue to be directed towards civil litigation to avoid default judgements against the government.

I am also happy to report that government has now opened offices in Mzuzu for the Departments of Legal Aid, Administrator General and Directorate of Public Prosecutions. This development will help people in the Northern Region have easy access to legal services.

Mr. Speaker, Sir, in order to enhance effective legislative framework, government tabled 30 Bills before Parliament. However, this august House is aware that only 13 of these Bills were passed while the rest are still awaiting Parliamentary consideration and approval.

The government is also implementing a programme aimed at the promotion of the Rule of Law and civic education in Malawi with funding from the European Union. This is benefiting the Ministry of Justice, Judiciary, the Anti-Corruption Bureau, the Law Commission, the Malawi Electoral Commission, the National Archives, the Malawi Prison Services and the Law Faculty at Chancellor College.

Mr. Speaker, Sir, the government is committed to fair and efficient enforcement of commercial and intellectual property rights. We believe this will create and maintain a well regulated and viable competitive environment for commerce, industry, investment and science and technology. Government has finalized the establishment of a Commercial Court which will fast track and trial of business related disputes.

I am pleased to report that during the past 12 months, government collected a total of K144,608,725.00 in revenue from registration related to births, deaths, marriages, and companies, among other things.

The government is also continuing with its efforts to reduce the problem of shortage of staff. For the first time in history, government recruited 31 lawyers this year alone and it is our plan to recruit more lawyers to efficiently and effectively deliver services in legislative drafting, civil litigation, legal aid services, administration of deceased estates, registration of companies, patents and intellectual property rights, prosecution of criminal cases and legal advice.

## **SOCIAL PROTECTION AND DISASTER RISK MANAGEMENT**

Let me now come to social protection and disaster relief management. Mr. Speaker, Sir, in disaster relief management, floods and droughts and bush fires are our greatest challenges but we know that this occur in same areas and generally affect the same people each year. This provides a good framework for government to find a lasting solution to these problems.

For the first time in many years, government has been able to reach out to households experiencing food shortages on our own without recourse to humanitarian assistance from the donor community. In other words, Malawi is able to feed its people in disaster-affected areas.

Mr. Speaker, Sir, in order to mitigate the impact of disasters in our country, government policy will now focus on disaster risk reduction. This entails addressing risks and vulnerabilities that expose certain communities to disasters. To achieve this, government intends to integrate disaster risk reduction into development programmes and plans in all departments of our government. We shall expect all government Ministries, Non-Governmental Organisations, Development Partners and Local Communities to play a part to reduce the impact of disasters in our country.

In another area, in order to improve the life of the most vulnerable, government has decided to change the approach from Safety Nets, which are short-term, to Social Protection, which is broad- and long-term. The government is also formulating a National Social Protection Policy that will guide the implementation of Social Protection programmes as well as provide a framework for coordination of the programmes.

## **PERSONS WITH DISABILITIES AND THE ELDERLY**

Mr. Speaker, Sir, with regard to persons with disabilities and the elderly, this administration places very high priority on the development policies and legal framework to create an enabling environment to address challenges faced by persons with disabilities and the elderly. Government will mainstream all these issues in all sectors of our economy.

In that regard, government continues to improve access to education and training for persons with disabilities and special needs as key to enhancing their income generating capacity. Government is developing Braille Literacy Programmes for the blind and visually impaired persons.

Government is also stepping up efforts to link persons with disabilities with institutions that provide soft loans for small-scale enterprises such as Malawi Rural Development Fund (MARDEF). Similarly, government has been sensitising employers in both the public and private sectors to recruit skilled persons with disabilities.

In addition, government has embarked on a programme of providing resettlement packages to graduating and former trainees of Vocational and Rehabilitation Training Centres to enable them to practice their trades and earn a living.

With regard to the elderly, Government's policy will be to recognize the role played by the elderly in our society. Civic education will be intensified to prevent discrimination and cruelty against the elderly. One of the interventions will be to create a new national policy framework that will empower and encourage the elderly to become self-reliant.

As a short-term intervention, government will, in collaboration with NGOs, continue to support the elderly with their immediate needs such as food and non-food items such as blankets and clothes for their upkeep, and also to improve their access to agriculture inputs such as subsidized fertilizers.

## **YOUTH, SPORTS AND CULTURE**

Mr. Speaker, Sir, with regard to youth empowerment, our government has started implementing the National Youth Development Service that I mentioned in my inaugural

speech in May 2004. Under the programme, out-of-school youths are being trained in various livelihood skills of their choice by using local artisans as trainers in various communities.

As part of this programme, government is converting former Malawi Young Pioneers training bases at Ntonda in Ntcheu, Ngapani in Mangochi, Kamwanjiwa in Mzimba and at Neno to turn them into multi-skills training centres for the youth.

Mr. Speaker, Sir, government implemented the following in the past year—

- First trained 2,000 youth club members in sexual reproductive health, HIV and AIDS and life skills in Karonga, Nkhata Bay, Salima, Dedza, Mangochi and Chikwawa.
- Secondly, prepared a National Plan of Action for HIV Prevention among the youth.
- Thirdly, opened a National Youth and Guidance Centre in Lilongwe.

Mr. Speaker, Sir, with regard to sports, Government made the following remarkable achievements in the 2006/2007 fiscal year—

- First it launched the first ever Sports Policy to provide guidance to the development of sports in the country.
- Secondly, procured the BAT Football Ground at a cost of K35 million, to be used exclusively by the youth.
- Third, commenced the rehabilitation works at the Kamuzu Stadium and BAT Ground to rectify the current structural and security concerns to meet internationally acceptable standards.

Mr. Speaker, Sir, in the area of culture, government will continue to implement a number of activities including the introduction of a National Cultural Policy; the rehabilitation of National Monuments found in all districts of our country; the construction of the New Memorial Park in Lilongwe as a new National Monument; and promotion of cultural exhibitions, including Music Crossroads and Art Galleries.

## **SCIENCE AND TECHNOLOGY**

Mr. Speaker, Sir, I now wish turn to science and technology and to report that the work on the establishment of the University of Science and Technology in Lilongwe is progressing well. In November, 2006, government appointed an Executive Director to head the Secretariat for the establishment of the University. During the 2007/2008

financial year, efforts will be devoted to setting up the physical infrastructure of the University and finalizing the curriculum.

The government has, during the year under review, undertaken the following initiatives in Science and Technology—

- First, encouraged some farmers in some parts of the country to adopt better technology such as windmills for pumping water for irrigation. This technology is more user-friendly than other pumps used for irrigation;
- Secondly, undertook research on the Ethanol-Propelled Motor Vehicle. The use of ethanol is not only cost effective but also environmentally friendly because, unlike fossil fuels, ethanol does not release green house gases when burning. More research will be undertaken in the 2007/2008 in this field.
- Thirdly, facilitated the formation of Women in Science and Technology Network (WISNET). The objective of this network is to provide science and technology to women and girls and to build capacity for research.
- Finally, developed a Biotechnology Policy aimed at providing direction on how best Malawi can deal with genetically-modified products, including crops and animals.

## CONCLUSION

Mr. Speaker, Sir, it is with a sense of pride that I conclude my statement to this august House and to say that I am happy that by any African or international standards, Malawi, as a nation, has performed exceptionally well in enhancing social and economic development of our country. These are not empty platitudes. No. The record speaks for itself. *(Applause)*

In fact, Malawi will go down in economic history as one of the few countries in Africa that achieved such impressive economic performance within such a short period of time.

I wish to say that we have laid solid foundations upon which our economy will grow. This administration has demonstrated to the rest of the world, and indeed to ourselves, that we are a nation that can be trusted, a nation on the move, and a nation of achievers.

I wish to repeat what I said elsewhere that: *Let the work of my hands speak for me. (Applause)*

I am delighted to see the extraordinary achievements that we have attained within a relatively short period of time. It is my hope that all Malawians and all our development partners will join hands to continue to build a national consensus for a prosperous Malawi.

Mr. Speaker, Sir, I now wish to pay special gratitude to our development partners for the considerable and generous financial and technical support that they have provided to this government. This achievement would not have been possible without the understanding and direct support of our development partners.

I would like to appeal to them to continue to support Malawi to become a development model for Africa. *(Applause)*

I take this opportunity to assure all our development partners that the resources they give us will continue to be used through a strict system of reporting, transparency and accountability. This is the hallmark of this administration.

Mr. Speaker, Sir, I would like to conclude my address this morning by reiterating my earlier appeal to this august House to adopt this National Budget. Do not reject this budget. *(Applause)*

In this regard, I would like to remind the opposition members of this august House of the following pertinent facts:

1. Without the National Budget, our programme to alleviate poverty in rural and urban areas, through the construction of hospitals, schools, clinics and roads will not be implemented.
2. Without the National Budget, the programmes to rehabilitate schools and to build girls' hostels throughout the country will be derailed.
3. Without the National Budget, the school feeding programmes that have so far benefited so many children will be jeopardised. Our children will go to school on empty stomachs.
4. Without the National Budget, the scholarship programmes at the secondary schools and the universities will have to come to a standstill and students' books allowances, loans and other financial support will not be paid.
5. Without the National Budget, the good programmes for the construction of roads and bridges that are necessary for economic growth and for opening up the rural areas will not be implemented

6. Without the National Budget, the water and irrigation schemes that we are now rehabilitating or constructing in order to give the people of Malawi potable water will be halted.
7. Without the National Budget the fertiliser subsidy programme that has been so successful in feeding the people of Malawi will not be implemented. Our country will slide back into hunger and malnutrition that we have experienced for a long time.
8. Without the National Budget, the housing programmes for the Malawi Defence Force and the Malawi Police Service and the traditional chiefs will have to be put on hold.
9. Without the National Budget, the private sector who have delivered goods and services to government or who have been constructing public works will not be paid.
10. Without the National Budget, all civil servants, the police, the army, the nurses, the teachers, etc, will not be paid their salaries.
11. Without the National Budget, the Public Works Programme that has helped people in rural areas to earn K200 per day will be stopped and so many people will suffer.
12. Without the National Budget, government will not be able to erect a statue of the late Dr. Hastings Kamuzu Banda at the National Memorial Park in Lilongwe. *(Loud applause)*
13. Without the National Budget, government will not be able to construct the mausoleum for the late Dr. Tom Chakufwa Chihana that we planned to start this year. *(Applause)*
14. More poignantly, without the National Budget, even the salaries, allowances and loans of the Members of Parliament cannot be paid. *(Loud applause)*

Mr. Speaker, Sir, this is the reality surrounding the National Budget. I have outlined these issues in order to underscore that there is a fallacy among some opposition leaders that they can punish me as State President by rejecting the National Budget. *(Applause)* In reality, Mr. Speaker, Sir, I am not the one to be hurt. In fact, the economic growth and development that has taken place during the past three years will grind to a halt. Therefore, it is the poor people of Malawi who will suffer. This is the reality. *(Applause)*

Is this what the opposition in this august House really want to happen? Is it morally correct that the 14 million Malawians be punished for a political agenda they do not understand?

I therefore appeal to all Members of Parliament, regardless of your political affiliation, to reflect deeply on these issues. I want you to seriously search your hearts and take a responsible and rational decision.

I am convinced that none among you, Honourable Members, really want Malawi to slide back and remain in the 'overty trap'. Therefore, the future of Malawi is in your hands.

I now declare the 2007/2008 Budget Meeting of the National Assembly officially open. (*Loud Applause*)(*Interjection: Boma! Boma! Boma!*) God save Malawi. Thank you Mr. Speaker, Sir.

#### **ANNOUNCEMENTS BY THE CHAIR**

**The Speaker:** Honourable Members, it is exactly twelve on the dot. Now that His Excellency the President has graciously delivered his State-of-the-Nation Address on the opening of the Budget Session, I request Honourable Ministers, Deputy Ministers and Honourable Members of Parliament to remain in their seats in order to receive copies of the State-of-the-Nation Address.

Members of the diplomatic corps will get their copies from the Ministry of Foreign Affairs.

Honourable Members, I now adjourn the House till tomorrow, Tuesday, 22<sup>nd</sup> May 2007 at 9.30 a.m.

**The House adjourned at 12.03 p.m.**