

FINANCIAL RESOLUTION MOTION

Madam Speaker, I beg to move that the House authorizes the Minister of Finance to withdraw an amount not exceeding **Seven Hundred Twenty Two Billion, Four Hundred and One Million, Nine Hundred Ten Thousand, Seven Hundred and Eighty Kwacha (K722,401,910,780)** from the Consolidated Fund to enable the Government to deliver services for a period of four months, from 1st July, 2020 to 31st October, 2020 or until the Appropriation Act, 2020 comes into force, whichever is earlier. This Madam Speaker, is consistent with Section 178 of the Constitution of the Republic of Malawi, and this amount of money will be part of the 2020/2021 Financial Year Budget.

Madam Speaker, as Honourable Members are aware, that Malawi conducted Fresh Presidential Elections on 23rd June, 2020 which has ushered in a new Government of His Excellency, the State President, Dr. Lazarus McCarthy Chakwera. It is therefore, not possible to formulate and bring to this August House a full budget, that incorporates the aspirations that were promised to Malawians, before the start of the new financial year on 1st July, 2020.

Madam Speaker, it has therefore become necessary that I move a Motion on financial resolution to have a Provisional Budget.

Madam Speaker and Honourable Members, in my submission, I will not make an elaborate statement of the Provisional Budget since it is presented as a Motion. Madam Speaker the Budget Statement and the detailed budget will be presented when Parliament discusses the full national budget. As I earlier indicated, the Provisional Budget figures will also form part of the 2020/2021 national budget.

Madam Speaker, the following are the underlying assumptions for the Provisional Budget:

- (i) Inflation is expected to average 9.4% during the period under review;
- (ii) Exchange rate is expected to average MK750 to One US Dollar;
- (iii) A policy rate to remain constant at 13.5%;

- (iv) Only ongoing projects will be provided for in the Provisional Budget while the provisions for new projects will be made in the main budget;
- (v) Allocation to cater for affordable fertilizer and seed has been made; and
- (vi) All contractual obligations which fall due within the four months under consideration have been provided for.

Madam Speaker, the Provisional Budget has total revenue and grants amounting to K459.1 billion of which K407.3 billion is domestic revenues and K51.9 billion are grants. Total expenditure and net lending amounts to K722.4 billion for the period of four months. The major highlights in the Provisional Budget are as follows:

Wages and Salaries

Madam Speaker, Wages and Salaries are projected at K166.7 billion, representing 36.6% of the 2019/2020 financial year's approved Personal Emoluments figure of K456.0 billion. The projection has been based on Government Ministries, Departments and Agencies' (MDAs)

actual expenditure on wages and salaries. In addition, the estimate has taken into consideration the recent recruitment of health personnel.

Other Recurrent Transactions (ORT)

Madam Speaker, Other Recurrent Transactions (ORT) is based on provision of public services by MDAs from July to October 2020, and their existing commitments. It has also taken into account the provision to enable farmers procure fertilizer at an average price of K4,495/50kg bag.

Development Expenditure

Madam Speaker, Development expenditure has a total provision of K169.8 billion of which K119.8 billion is foreign financed while K50.0 billion is domestically financed. **Madam Speaker,** K50.0 billion development expenditure is for ongoing projects only.

Net Domestic Borrowing

Madam Speaker, the Provisional Budget has a Net Domestic Borrowing of K209.5 billion.

Policy Measures

Madam Speaker, in fulfillment of the campaign promises, the Government of His Excellency, the State President, **Dr. Lazarus McCarthy Chakwera**, has taken into consideration the following policy measures in this Provisional Budget:

- (i) Government will implement the Affordable Inputs Programme (AIP) whereby all smallholder farmers, estimated at 3.5 million, will access fertilizer at K4,495/50kg bag. Each smallholder farmer will be able to purchase two bags of fertilizer and enough seed for maize and legumes commensurate with their land holding size. In order to ensure that the programme is managed effectively, National Identity Cards, which will be linked to an electronic tracking system will be used when purchasing the fertilizer and other farm inputs. Government will also tighten border security to control cross border smuggling of the cheap farm inputs;

- (ii) The tax free band has been increased from K45,000 to K100,000;
- (iii) The Malawi Enterprise Development Fund (MEDF) Youth loans provision has been increased from the current K15.0 billion to K40.0 billion. This amount, **Madam Speaker**, will gradually be increased to reach K75.0 billion. With the increased allocation, Madam Speaker, Government is expected to support creation of 200,000 enterprises run by the youths and women. These enterprises in turn are expected to create over 600,000 jobs which will result in increased tax base, creation of more jobs and improved welfare of our people, especially the youths and women. Government will also review the implementation of MEDF loans to ensure that they are depoliticized;
- (iv) Government has allocated resources in the Provisional Budget for ADMARC to purchase maize and other farm produce from farmers. In addition to the allocated resources, ADMARC will also be allowed to borrow from the commercial

banks. This **Madam Speaker**, is expected to provide smallholder farmers with a reliable market to sell their farm produce;

- (v) Government will engage Malawi Congress of Trade Union (MCTU) and Employers Consultative Association of Malawi (ECAM) to review the minimum wage from the current rate of K35,000 per month to a proposed K50,000/month; and
- (vi) Government will also expand the Youth Internship Programme and the private sector will be incentivized to give internship opportunities to the youth. With this arrangement, Madam Speaker, more jobs are expected to be created among our youths. Honourable Members may also wish to note that the Expanded Internship Programme will be the beginning of the National Youth Service Programme that the Government of His Excellency, Dr. Lazarus McCarthy Chakwera intends to introduce.

In conclusion **Madam Speaker**, I wish to inform the August House that more and detailed information on the budget and fiscal policies will be provided in the full 2020/2021 budget. **Madam Speaker**, I wish to indicate that Honourable Members will have an opportunity to discuss the budget in detail when I will deliver the full National Budget in this August House. May I therefore, **Madam Speaker**, invite the House to support the Motion so as to enable the Government to finance operations between July and October, 2020.

Madam Speaker, I beg to move.