



THE MALAWI GOVERNMENT 2014-15 BUDGET IN BRIEF: CITIZENS BUDGET

The Malawian Economy

The Malawi economy grew by 6.1 percent in 2013 compared to 1.9 percent in 2012. The growth is driven by strong performance in agriculture; manufacturing; mining and quarrying; information and communication; and transport and storage.

The economy is projected to grow at a rate of 6.3 percent and 5.8 percent in 2014 and 2015 respectively. Inflation is expected to decline from the 2013 levels of 27.3 percent to 19.4 percent and 9.9 percent in 2014 and 2015, respectively due to increases in agricultural production and prudent monetary policies.

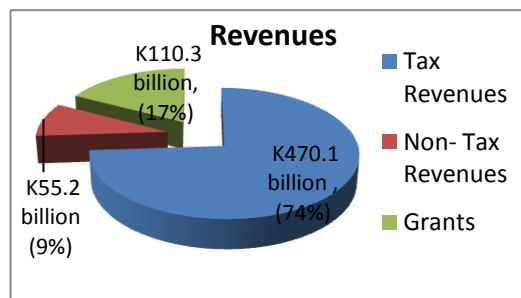
2014-15 Budget Highlights

The budget this year has been designed to require donor support to cover only 14.7 percent. Any further support that may be indicated during the course of the financial year will be earmarked for increased payment of arrears and reduction of domestic debt.

2014-15 BUDGET FRAMEWORK

Total Resources

Total revenue and grants are estimated at K635.6 billion comprising K525.3 billion in domestic revenues and K110.3 in billion in foreign grants. Government has taken a conservative approach on tax revenues and assumed that they will grow by 21 percent to K470.1 billion in 2014/15.



Grants from development partners have been conservatively programmed to contribute K110.3 billion or 14.7 percent of the budget in 2014-15. In 2013-14, out of the approved grants of K240.3 billion only K79.2 billion were received. Grants that are dependent on certain conditionality for disbursement have not been included. However, government will rigorously implement public financial and economic management reforms that may trigger some aid commitments within the fiscal year. Any further support that may be indicated and any additional domestic revenue that may be collected during the financial year will be earmarked for increased payment of arrears and reduction of domestic debt to stabilise the economy.

Expenditure

Government expenditure is estimated at K742.8 billion. Of this amount K535.1 billion is recurrent expenditure (salaries, interest payments and government operations) whereas K194.6 billion is capital expenditure. In terms of expenditure this represents a growth of 14 percent from the previous budget.

Budget Balance

Overall balance which is revenue and grants less expenditure is a deficit of K107.1 billion. This deficit