

Malawi National Budget in Brief

2026-27 FINANCIAL YEAR BUDGET

Macroeconomic Assumptions



4.1%

Fiscalized GDP Growth



MK31.5 trillion

Nominal GDP



15%

Inflation

End-period projection

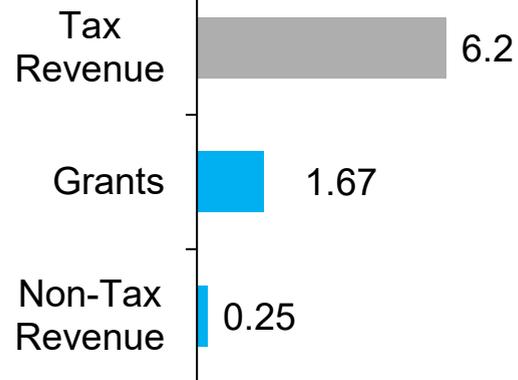


18%

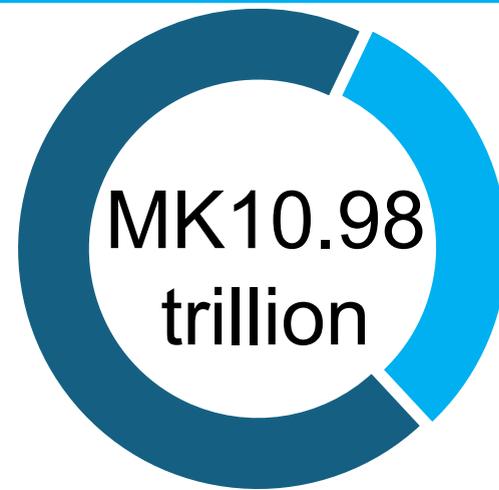
Policy Rate

Revenue & Grants

Total MK8.13 trillion



Budget Expenditure



69% Recurrent Expenditure

31% Development Expenditure

↑ Total Expenditure **up by 27.8%** from MK8.59t revised 2025-26 expenditure (representing 34.8% of GDP)

↑ Development expenditure **increased to 30.9%** from 20.9% in 2025/26 FY

↓ **MK5.09t** total statutory expenses at 78.9% of domestic revenue, down from 97.5% in 2025-26. (Wages MK1.923t + Debt Interest MK2.793t + Pensions MK296b + others)

Budget Deficit

MK2.85 trillion

↓ Deficit improving to 9.0% of GDP from 11.9% in 2025/26 FY

Policy Objectives

- 1 Reduce Budget deficit (to 9.0% from 11.9% of GDP)
- 2 Create fiscal space through debt restructuring
- 3 Allocate to key sectors, i.e., ATMM & SMEs
- 4 Export promotion and import substitution
- 5 Fiscal decentralization

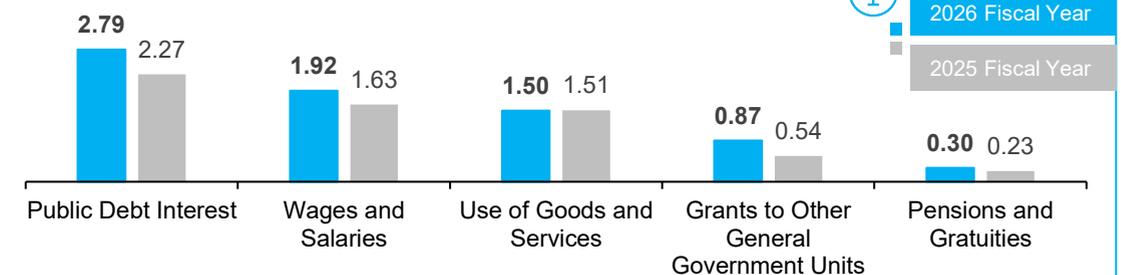
Public Debt

MK23.9 trillion

90.9% of GDP as of December 2025

65% Domestic | 35% Foreign

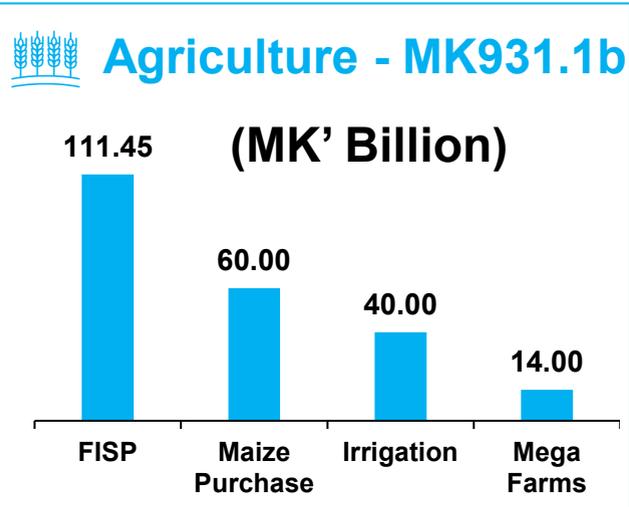
Key Highlight allocations (MK' trillion)





Sector Allocation & Reforms

Allocations to Agriculture, Tourism, Mining & Manufacturing MK1.33 trillion (12.2% of Budget)



- Fiscal Consolidation Goals**
- Reduce budget deficit to 9.0%
 - Reduce borrowing
 - Debt restructuring
 - Strengthen domestic revenue

- Mining & Energy (MK352.0b)**
- Energy: MK219.8b
 - Mining Regulation & MAMICO: MK25b+

- Tourism & Manufacturing (MK51.2b)**
- Special Economic Zones
 - Industrial Development
 - Tourism Promotion

- Transport & ICT Infrastructure (MK664.4b)**
- Major road rehabilitations
 - Rail expansion
 - Airport upgrades
 - Port development

Social Sectors (MK2.7t)

- Education – MK1.28t (11.7%)**
- Free Primary & Secondary: MK47.6b
 - Student Loans: MK42b
 - Universities: MK234.3b

- Health – MK1.02t (9.2%)**
- Medicines: MK108.3b
 - Central Hospital Operations: MK65.7b
 - District Hospital Operations: MK25.3b
 - Dialysis Centers: MK3b

- Social Protection – MK9b**
- Social Cash Transfer: MK7b
 - Disability Fund: MK2b
 - Relief maize distribution

Public Sector Reforms

- Mandatory electronic procurement (MANePS)
- Reformed Constituency Development Fund → MK1.15t (MK5b per constituency)
- Development Bond (MK78b) for strategic projects
- Austerity measures continue
- Fuel entitlements for public officers reduced by 30%
- Moratorium on vehicle procurement

Major Revenue Reforms

- ✓ Import surcharge on selected goods
- ✓ Export duty on scrap metal
- ✓ Carbon tax increase
- ✓ Excise on luxury goods
- ✓ Gaming tax reform
- ✓ VAT on foreign digital services
- ✓ VAT threshold raised to MK50m
- ✓ Import surcharge on selected goods
- ✓ Replace Capital Gains tax with 2% withholding tax on listed shares

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