

**STATEMENT BY THE PATRON OF ECAMA**

**MR THOMSON MPINGANJIRA**

**AT THE 2013 ANNUAL CONFERENCE FOR  
THE ECONOMICS ASSOCIATION OF MALAWI (ECAMA), NKOPOLA  
LODGE, MANGOCHI**

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**Your Excellency the State President of the Republic of Malawi  
Mrs. Joyce Banda**

**Your Excellency Retired Chief Justice Richard Banda**

**Honourable Minister of Economic Planning and Development**

**Honourable Minister of Finance**

**Deputy Governor of the Reserve Bank of Malawi**

**The President of Economics Association of Malawi and your  
committee**

**My Fellow Trustees of ECAMA**

**Ladies and Gentlemen**

**Introduction:** It is an honour for me, on behalf of the Trustees of ECAMA and indeed on my own behalf, to welcome you, Your Excellency, to this Annual Conference. Your willingness to personally grace this conference, as you did last year - is once again a clear demonstration that Your Excellency values the contributions of the business community to policy-making processes in Government. We are profoundly grateful to Your Excellency for this encouragement.

Allow me also to welcome to Malawi our guest, Prof Anastase from the Republic of Rwanda and who is particularly suited to give this year's Keynote Speech, learning from the experience of Rwanda.

On behalf of my fellow Trustees of this Association, allow me Your Excellency to congratulate the Executive Committee of ECAMA for organizing this conference.

The theme of the conference, **Achieving Efficiency in the Economy: The Role of the Public Sector** . builds on our discussion last November. One of the key take-a-ways from that conference was the recognition that an efficient public sector . and more specifically the civil service . constitutes a fundamental building block in support of shared economic growth.

Your Excellency, as we look forward to celebrating 50 years of independence, Malawi's dismal performance in transforming the economy would seem to be partly attributable to the deterioration in civil service work

ethic since multiparty democracy, and partly to the absence of a truly shared vision, one that binds succeeding governments to adhere to. The latter is what you, Your Excellency, is reported in the media to have said Tuesday at Sanjika. We welcome this wholeheartedly, and wish to encourage others leaders to join Your Excellency in the search for such a national agenda.

Indeed, it is reasonable to ask what happened to the Vision 2020 and the MDGS processes. To what extent has the public service been focused on the implementation of these blue-prints?

Your Excellency, our understanding is that this is exactly what your government did when you launched the Economic Recovery Program (ERP) . it was not to replace but rather to improve the focus and expedite implementation of the MGDS II. This is the kind of statesmanship that Malawi needs to forge ahead. We wish, therefore, to applaud Your Excellency's government for the steps already underway to strengthen accountability and delivery of services by the civil service. It is my hope that the outcomes of this conference will be strongly supportive of Your Excellency's ongoing efforts as well as to contribute to the setting of the country's future development path.

Your Excellency, distinguished guests, Ladies and Gentlemen, when we gathered at last year's conference, the Malawi economy was still reeling

from the harsh realities of needed reforms. While there were signs of progress, uncertainties remained with regard to the timing of some stability. Today we are all witnesses to the fact that well-coordinated fiscal and monetary policies can bring about desired stability in time.

There is still a lot of work to be done in order to rejuvenate private sector investment and set the economy on a sustainable growth path, but the foundations have been well laid.

Almost unexpectedly, the Kwacha's fortunes changed in April . quite early in the tobacco season. Some of us thought it was a fluke, but the kwacha exchange rate fared fairly well since then. Moreover, inflation has continued to decelerate and the outlook is that it will be below 20 percent by the end of the year.

The country's total foreign exchange reserves . which stood at about 2 months of imports in June last year, now stand at a good 3.5 months. With all the external payments arrears cleared, the macroeconomic environment has definitely improved remarkably. However, we still face daunting challenges as the country's appetite for imports remains burdensome and investment spending, including foreign direct investment, is yet to pick up. This year's food situation also adds to the country's problems.

In spite of the uncertainties ahead, I want to join all Malawians of good will to congratulate Your Excellency for sticking to the reforms despite the challenging political situation. Your Excellency, the success of the reform program to-date can be attributed to a number of factors, but in my view two factors stand out. First, Your Excellency's government delivered on its fiscal objective - that of non-recourse to domestic borrowing. Your Excellency's government should be applauded for not adding to the net domestic borrowing which was incurred in FY2011/12.

There is no doubt that the combined effect of prudent fiscal policies and appropriately tight monetary policies has been the relative stability that the economy has experienced in the last few months. I therefore want to join many others in the private sector to urge Your Excellency to stay the course. I have no doubt that in time; we will witness a much needed reduction in interest rates.

Second, I want to applaud Your Excellency for your leadership in ensuring continuous monitoring of the ERP implementation process. We hear of meetings chaired by you, with participation from private sector representatives, to focus on the ERP. This is an important process to foster private investment in productive capacity in export diversification, including processing of Malawi's rich agricultural produce, as well as manufacturing. Expansion of investment in these areas, combined with Your Excellency's efforts aimed at increasing winter cropping, provide the

only sure way to reducing seasonality factors in our economy and thereby creating real conditions for durable long-term stability.

Your Excellency, this is the context in which this year's conference theme was arrived at . a search for an institutional framework for sustaining and consolidating Your Excellency's economic reforms. It is ECAMA's belief that wide-ranging public sector reforms need to accompany implementation of ERP. This conference will have the opportunity to discuss what further reforms may be required as we focus into the future.

Your Excellency, Honourable Ministers, Distinguished Guests, ladies and gentlemen, it is now my pleasure to call upon our guest speaker to make his Keynote Address.

I thank You Your Excellency.