



GOVERNMENT of Malawi

Malawi Development Bond 2019/20FY

General Information Supplement

As indicated in the Budget Statement, the Government of Malawi plans to issue a Development Bond for the construction of houses for security institutions. While the financial details can be found in the prospectus, this supplement provides background information on the project.

The Development Bonds will be denominated in Malawi Kwacha and will be open to all investors either directly or through any major Malawian bank. Especially patriotic individuals and institutions who would like to contribute to the advancement of Malawi are encouraged to participate in the auction on 14 April 2020 where Government wishes to raise MK21 billion.

The Project

The Development Bonds will fund the first stage of the project, in which 1,000 residential buildings for security officers are built. Future phases of the project will increase this number to a total of at least 10,000 houses. The houses will be used by men in uniform from all four major security institutions, the Malawi Defence Force, the Malawi Police Service, the Malawi Prisons Service and the Department of Immigration.

Motivation and Expected Impact

Building additional buildings for security institutions will create adequate housing for the security officers and save the Government rental expenditures. The primary impact will be that security officers will live in modern housing close to their duty stations. This will strengthen the work that security services perform and increase the quality of the services that these officers offer to all Malawians. Additionally, the Government will free up cash flows which otherwise would have gone to rental budgets, which then can be used to develop Malawi.

Furthermore, it should be highlighted that the constructed houses will add to the stock of adequate housing available in Malawi. The Government projects that this will also free up quality housing for families outside the security institutions.

Combined, the project will contribute strongly to the Malawi Growth and Development Strategy III (MGDS III), especially in the areas of Human Settlement and Physical Planning by promoting the increased access and availability of affordable and decent houses, as well as in the area of peace and security by assisting the development of a professional and modern security force. The project also employs the financing strategy suggested by the MGDS III to leverage domestic debt for the development of the country.

Execution

The project will be executed by the Ministry of Lands, Housing, Physical Planning and Survey which will in turn engage public and private constructors. To finance the project, the proceeds from the Development Bond will be kept in an account to which no other Ministry, Department or Agency has access. Repayments, however, will be made from the national budget. This will ensure the same high level of security and service as with all other Government securities.