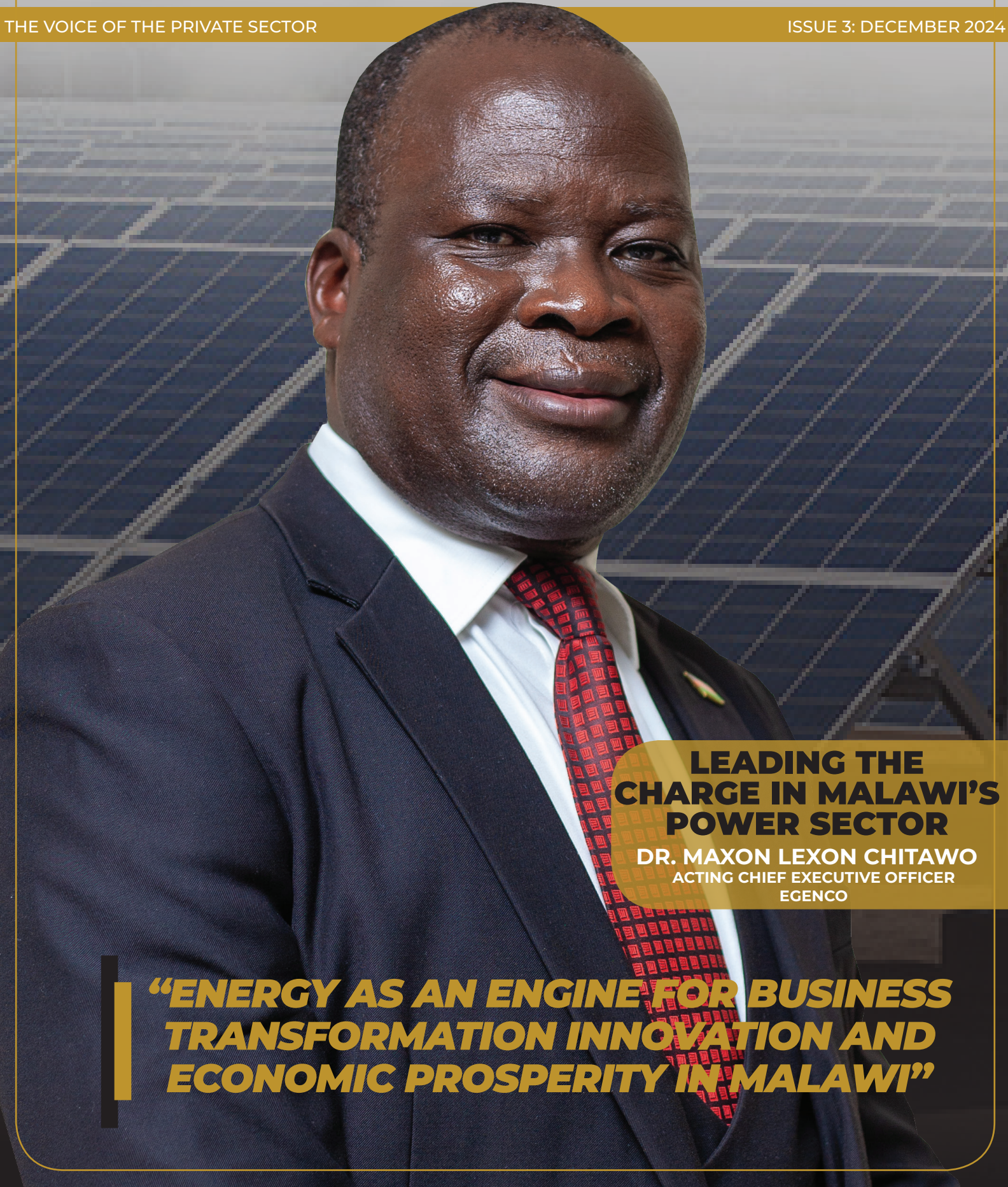




THE BUSINESS VOICE

THE VOICE OF THE PRIVATE SECTOR

ISSUE 3: DECEMBER 2024



LEADING THE CHARGE IN MALAWI'S POWER SECTOR

DR. MAXON LEXON CHITAWO
ACTING CHIEF EXECUTIVE OFFICER
EGENCO

“ENERGY AS AN ENGINE FOR BUSINESS TRANSFORMATION INNOVATION AND ECONOMIC PROSPERITY IN MALAWI”

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Electricity Generation Company (Malawi) Ltd



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GENERATING **POWER** FOR GENERATIONS

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EDITOR'S NOTE



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I am delighted to extend a warm welcome to this edition of the Business Voice Magazine. As a pivotal platform for disseminating essential business insights and thought leadership, our publication is dedicated to addressing key issues shaping Malawi's business landscape.

Our content is carefully curated to offer valuable perspectives, industry trends, and insights from key players, making it an indispensable read for business professionals and decision-makers alike.

This edition places a spotlight on energy, exploring how reliable and sustainable energy solutions—including electricity and other energy sources—are transforming businesses, driving innovation, and contributing to economic prosperity in Malawi.

We shed light on the strides made in energy infrastructure, the significance of diversified energy sources, and the pivotal role of energy in enhancing business operations. Reliable energy access is fundamental to the growth and success of our business community.

Please dive into our feature on the pictorial highlights of

various MCCI activities in the year including the 20th National Agriculture Fair, the Lakeshore Business Summit, Malawi International Trade Fair, business sessions and workshops and the inaugural Zomba SME Fair and Farmers' Market.

Explore our comprehensive assessment of the business environment in the year, coupled with an insightful outlook for 2025. Additionally, don't miss our calendar of events for the year 2025.

As we look forward to 2025, we are filled with optimism and excitement for the opportunities that lie ahead. May the coming year bring you prosperity, growth, and continued success. Together, we can build a sustainable, resilient, and thriving future for Malawi.

Thank you for your unwavering support and dedication. Wishing you all a prosperous and fulfilling 2025.

A heartfelt gratitude to our contributors whose substantial efforts have played a pivotal role in ensuring the success of this publication. I invite you to peruse the pages and savor the content.

Enjoy the read!

Orama Chiphwanya

PRESIDENT'S MESSAGE



Dear Esteemed Readers,

I am filled with immense pride and gratitude for the extraordinary journey we have shared in the just ended year. The Malawi Confederation of Chambers of Commerce and Industry (MCCCI) has continued to play a pivotal role in advocating for and supporting the business community through an ever-evolving landscape.

It is my pleasure to reflect on some of the significant milestones the MCCCI has achieved in 2024. Our efforts have been focused on creating a conducive environment for economic growth and trade, and it is heartening to see the progress we have made together.

This year, MCCCI undertook several notable initiatives to promote a favorable business environment. We collaborated with foreign trade missions from Botswana, India, and Mozambique, fostering stronger trade relationships. Our engagement with Trade, Industry, and Private Sector Development partners in Blantyre has been instrumental in aligning our strategies with national economic goals. Additionally, we co-hosted an awareness and recruitment symposium for the Malawi International Arbitration Centre with the Malawi Law Society and facilitated roundtable discussions between the State President and business leaders in the Northern and Eastern Regions in March and July, respectively.

In terms of lobbying and advocacy, MCCCI achieved significant

milestones. We completed a comprehensive Non-Tariff Barriers (NTB) study, which will guide our policy direction and advocacy efforts. Our advocacy addressed the challenges posed by the Control of Goods Act, collaborating with the Ministry of Trade to draft regulations for the Open Export License. We also championed the Agricultural Extension Policy launched in 2024 to enhance the development of extension services tailored to the specific needs of distinct regions just to mention but a few.

In the ending year, MCCCI hosted a series of highly successful events, showcasing significant growth and impact. The 20th National Agriculture Fair saw increased participation from Malawi and neighboring countries, with 183 exhibitors and MK939 million in secured market contracts. Other flagship events, including the Lakeshore Business Leaders' Summit which attracted and Malawi International Trade Fair collectively attracted over 300 delegates and exhibitors and facilitated valuable business sessions and workshops. The inaugural Zomba SME Fair and Farmers Market generated substantial market opportunities worth over K10 million.

Looking ahead to 2025, we are excited to announce several initiatives that reaffirm our commitment to member value and exploring how the private sector can be a conduit for the transformation of the economy. We will continue engaging with authorities on key economic issues and advocating for

an improved business environment and continue engagement authorities on key economic issues and advocating for improved business environment. We also aim to fostering international and local trade relations through facilitating trade missions, and promoting platforms for trade amongst our Membership.

I want to extend my heartfelt thanks to our members and the broader business community for your unwavering commitment to enhancing the business environment in the year. Your dedication to driving positive change and fostering a culture of sustainability is inspiring and commendable.

As you immerse yourself in the wealth of knowledge presented in this publication, we extend our heartfelt gratitude to the contributors who have played a pivotal role in bringing these insights to life. We believe that within these pages lie the seeds of innovation and resilience that can and should propel Malawi towards economic prosperity through sustainable and reliable energy.

Wishing you all a prosperous and fulfilling 2025. May the new year bring you continued success and new opportunities for growth and collaboration.

Here's to a year of new achievements, stronger partnerships, and brighter horizons!

**Warm regards,
Wisely Phiri**

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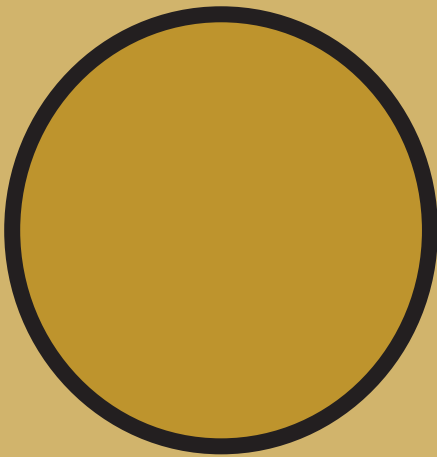


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LEADING THE CHARGE IN MALAWI'S POWER SECTOR

The Electricity Generation Company Malawi (EGENCO) is a cornerstone of Malawi's energy sector, responsible for generating and selling electricity primarily to the Electricity Supply Corporation of Malawi (ESCOM). Since its inception on January 1, 2017, following the unbundling of ESCOM, EGENCO has been instrumental in generating and supplying power across the nation.

With an installed capacity of 442.85

megawatts, the company is dedicated to expanding its electricity generation capabilities through various innovative and ambitious projects.

Join us in this insightful conversation as EGENCO's acting Chief Executive Officer, Eng. Dr. Maxon Lexon Chitawo, shares the utility provider's efforts to overcome the challenges posed by climate change, diversify their energy sources, and drive sustainability.

Discover how EGENCO's strategic initiatives aim to bolster Malawi's power generation, and learn about their significant contributions to the community and the economy.

energy sources such as solar, gas, geothermal, and wind, alongside traditional hydropower, to enhance the reliability and sustainability of the power supply system from a generation point of view.

Q: Tell us about the current state of the energy sector in Malawi and EGENCO's role in it.

A: The energy sector in Malawi is both exciting and challenging. The government has opened the electricity industry to independent power producers (IPPs), which is excellent for national development. However, EGENCO, as the main government special purpose vehicle mandated to generate electricity in Malawi, is still not generating enough power to meet the growing demand. The current generation capacity is just neck to neck with the current electricity demand. For many years, we relied on one main source of power (hydro) on the Shire River. Climate change and cyclones have severely affected this power source over the past few years. Additionally, environmental degradation in the catchment area of the Shire River and its tributaries has caused severe siltation in our dams.

Despite these challenges, EGENCO is playing a leading role in providing reliable electricity in Malawi, and we intend to maintain this leading role by expanding the nation's electricity generation capacity through various ambitious projects that we have lined up. So far, EGENCO is generating more than 80 percent of the electricity sold to the Single Buyer in Malawi.

Q: What are some of the key projects EGENCO is currently working on to increase power generation?

A: Based on our strategic plan to increase electricity generation capacity, diversify our power sources, and achieve operational excellence, we have several ongoing projects. For instance, we have carried out the Nkula Capital Dredging project to reclaim the water pond at Nkula Power Station, and we have engaged consultants to modernize Nkula B and Kapichira

Q: Can you provide an overview of EGENCO and its role in Malawi's energy sector?

A: The Electricity Generation Company (Malawi) Limited (EGENCO) is a key player in Malawi's energy sector, specifically in electricity generation. We are responsible for generating and selling power predominantly to the Single Buyer, ESCOM. Our main strategic objectives are, firstly, to generate reliable and sustainable electricity from existing power plants spread across the country, and secondly, to expand the nation's electricity generation capacity through various ambitious projects. As we work on expanding electricity generation capacity, we are focusing on utilizing other available alternative



**WITH ENGINEER DR. MAXON LEXON CHITAWO
ACTING CHIEF EXECUTIVE OFFICER
EGENCO**

Phase I Power Stations to achieve operational excellence and enhance plant reliability. These projects aim at improving the operations of the power plants and associated ancillaries, which are old.

In terms of diversification of power sources, we are still considering the possibility of developing the Kammwamba coal-fired power plant to increase the baseload, which is necessary to enhance the reliability of electricity generation in case of drought, which may negatively affect the available capacity of hydropower plants. We are also developing the 50MW Salima Solar project to be implemented in phases. The first phase will be 10MW, and the contractor is already on-site, with significant progress made. Currently, the contractor is working on civil structures, and the first lot of solar modules are in transit to Malawi. We are also conducting feasibility studies for the development of a 100MW Combined Cycle Gas Turbine, with the consultant already on the ground doing the feasibility study.

In addition to the sites mentioned earlier, we are also working on general expansion and maximizing the available hydropower resource. In this regard, we intend to double the installed capacity of Wovwe Station by expanding it from 4.5MW to 9MW. We are also working with partners in developing the 358MW Mpatamanga hydropower project. Furthermore, we are undertaking feasibility studies for developing two hydropower stations on the Bua River, with a total combined capacity of 80MW.

These projects are part of our strategic plan to contribute to increasing power generation in Malawi.

Q: How does EGENCO ensure sustainability in its operations?

A: Sustainability is at the core of our business. For example, we ensure timely maintenance (both preventive and unplanned) to keep our electricity generation plants running in good condition at all times. We are working with communities in the management of the catchment area of the Shire River to minimize environmental degradation. We collaborate with an array of stakeholders to monitor lake levels and the flow of the Shire River to ensure continuous flow to our power stations, considering that our major power plants are hydro-based. We are also diversifying our energy sources by investing in solar plants with battery backup to ensure the stability of the nation's grid system. We focus on generating power for the current population while also ensuring that future generations can benefit from the resources. Our motto, "Generating Power for Generations," drives our decision-making in business management, ensuring that



our investments are sustainable for the future

Q: What are some of the challenges EGENCO has faced, and how have you addressed them?

A: One of the significant challenges we have faced is the impact of climate change on our hydroelectric power plants. Declining rainfall patterns and recent cyclones have severely affected our power generation. For instance, the Kapichira Power Station, which accounts for 30 percent of our installed capacity, was severely damaged by Cyclone Ana in 2022. Siltation and blockage of the intakes due to the cyclones affected the water ponds in all three power stations along the Shire River. We face many other operational challenges related to climate change, which sometimes result in damaging load shedding across the country.

Meanwhile, we have resolved

some of these challenges, while we continuously address others. For instance, we were able to bring Kapichira back online in 2023, and we are currently working on reconstructing a more resilient dam structure so that it can withstand the impacts of climate change. This is part of our "Building Back Better" project, supported by the Malawi Government and the World Bank. Additionally, we are working on projects to develop new power stations at other sites far from the cyclone-prone areas in Malawi and using other energy sources apart from hydro. These projects are aimed at increasing electricity generation capacity and the reliability of the power generation system.

Q: How is EGENCO addressing these challenges and working towards sustainability?

A: Sustainability is at the core of our operations. We are

implementing several projects to diversify our energy sources and increase our generation capacity. For example, our solar plants include battery backup to ensure grid stability. We are also working on the Nkula Capital Dredging project, the Kammwamba coal-fired power plant, the Wowwe expansion, the Salima Solar project, the 358MW Mpatamanga hydropower project, and the 100MW Combined Cycle Gas Turbine project. These projects are part of our strategic plan to increase EGENCO's power generation capacity to more than 1000MW by 2030.

Q: How significant is each of these projects? Can you elaborate on some of the key projects?

A: Certainly. The Nkula Capital Dredging project involves maintenance dredging to reclaim lost active storage at the dam due to heavy siltation. The Kammwamba coal-fired power plant aims to diversify our power sources and increase the baseload. The Wowwe expansion project is investigating the flow of the Wowwe River to add more units at existing power stations. The Salima Solar project, with Chint Electric as the contractor, is developing the first 10MW of a scalable 50MW project with battery storage capacity. The 350MW Mpatamanga project is a significant hydropower plant, and we are making good progress. Lastly, the 50MW Combined Cycle Gas Turbine project is in the feasibility study phase and will help diversify our energy mix.

Q: How does EGENCO contribute to the community and the economy of Malawi?

A: EGENCO is committed to contributing to the community and the economy of Malawi. We generate more than 80 percent of the power supplied in Malawi, which is distributed to both domestic and commercial customers by ESCOM. We have brought reliable electricity to the islands of Likoma and Chizumulu, which are major tourist attractions. We also engage in corporate social responsibility activities at community and national levels. As a company, we believe in equal opportunity, diversity and innovation to grow our business. Our vision is to continue to be a leading company and a generator of choice by the off-taker, ESCOM, by generating reliable and affordable power for over 50 percent of the Malawian population in the next 15-20 years. By generating reliable and affordable power, we aim to improve the lives of many people, especially in rural areas, by providing an enabler to socio-economic development, access to information, and provision of quality

social services such as education and health.

Q: What are EGENCO's priorities for the coming years?

A: Our top priority is to sustain and operate the current power plants more efficiently and effectively. Secondly, we aim to redesign and build a more resilient Kapichira dam to withstand climate change. Thirdly, we plan to fast-track the diversification of our power sources in terms of geographical location and energy sources. To that effect, we are focused on completing the implementation of the solar power plant in Salima. We are also working with our partners in the implementation of the Mpatamanga Hydropower project. These projects are crucial for meeting the current demand for electricity and growing the national capacity to ensure more businesses in the service and manufacturing sectors and households have access to reliable power.

Q: How does EGENCO ensure innovation and sustainability in its operations?

A: Innovation and sustainability are key to our operations. We explore and nurture ideas that improve our ability to generate safe, reliable, affordable, and sustainable energy. Our motto, "Generating Power for Generations," drives our decision-making, ensuring that our investments are sustainable for future generations. We also focus on the efficient and

sustainable utilization of natural resources to benefit both current and future generations.

Q: What impact has EGENCO had on reducing power load shedding in Malawi?

A: EGENCO's entrance into the power market has significantly contributed to reducing power load shedding in Malawi. We are currently able to generate enough electricity alongside other IPPs to meet the current suppressed demand. In collaboration with ESCOM, we have strived to put to an end load shedding in the country. Our ongoing projects and strategic initiatives aim to further stabilize power supply and increase power generation capacity, thereby ensuring the availability of reliable electricity for all end users.

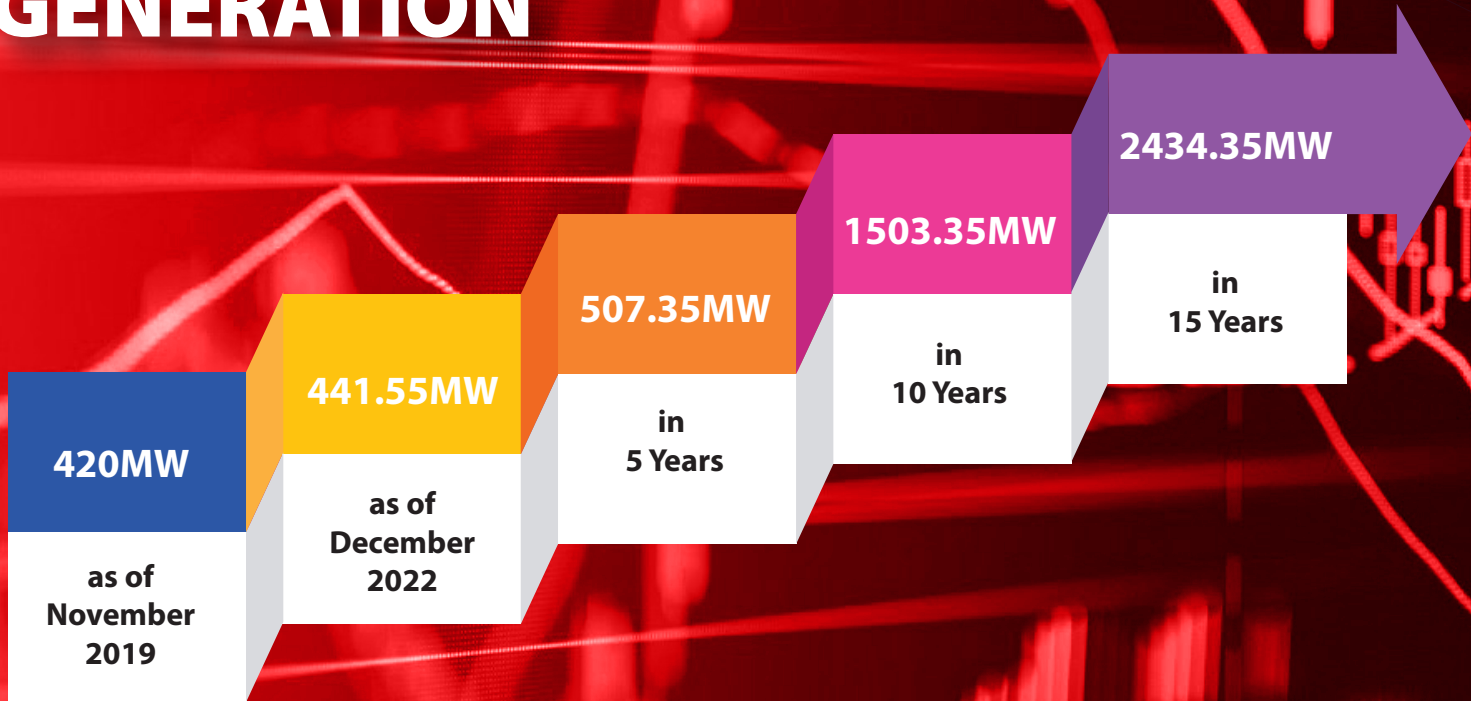
Q: What is EGENCO's long-term vision for energy in Malawi?

A: EGENCO's vision for energy in Malawi is to sustainably and innovatively increase electricity generation capacity. Our aim is to increase power generation capacity through various projects by utilizing other energy sources to reduce over-reliance on hydroelectric power. EGENCO is committed to leveraging diversity, fostering innovation, and ensuring equal opportunities within the company to deliver on its mandate. We are also focusing on making the electricity generation infrastructure resilient to climate change to ensure reliable power supply for future generations.

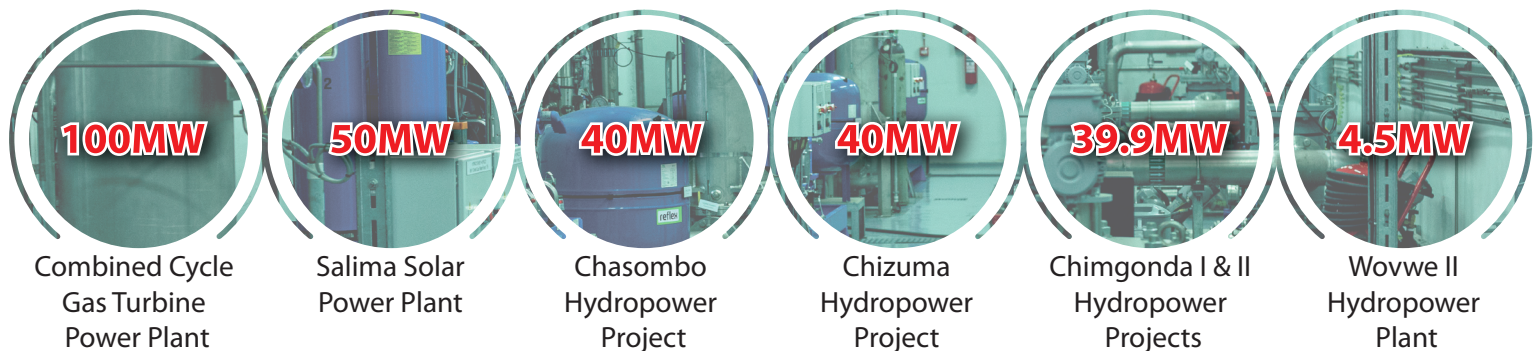


President Dr. Lazarus MacCathy Chakwera presents the best overall exhibitor award to EGENCO acting CEO Dr. Maxon Chitawo at the 34th Malawi International Trade Fair

INCREASING POWER GENERATION



FUTURE POWER GENERATION PROJECTS



EGENCO aims to increase its power generation capacity from the present

441.55MW
as of December 2022

507.35MW
within 5 years

1503.35MW
in 10 years

2434.35MW
in 15 years.

The Company also aims to enhance its power generation mix from a hydro-based composition of 88% to 61% in 10 years.

ENERGIZING ENTERPRISES: HOW RELIABLE ENERGY FUELS BUSINESS SUCCESS IN MALAWI



Reliable electricity supply is crucial for business success



Kambalame: Reliable electricity is essential for businesses

STAFF REPORTER

In Malawi, electricity is more than just a convenience—it is a critical driver of economic development and business growth. As the nation strives to boost its economy, the importance of reliable and sustainable energy cannot be overstated.

For businesses across various sectors, electricity is the lifeblood that powers operations, drives innovation, and enhances productivity.

Malawi's energy sector is characterized by a heavy reliance on hydropower, which accounts for the majority of the country's electricity supply. However, the increasing frequency of droughts and fluctuating water levels have

highlighted the vulnerabilities of this dependence.

As a result, businesses often face power outages and load shedding, which can disrupt operations and increase costs.

"Electricity is the backbone of any business operation," says Thoko Jemitala, proprietor of Meat Masters Butchery in Limbe Market, Blantyre.

"Without a steady power supply, we face significant challenges in maintaining our operations and serving our customers."

Jemitala's experience is not unique; many businesses in Malawi struggle with the unreliability of the power grid, which impacts their productivity and profitability.

The Malawi Confederation of Chambers of Commerce and

Industry (MCCCCI) has been at the forefront of advocating for improved energy infrastructure to support the private sector.

"A reliable electricity supply is essential for businesses to thrive and contribute to the economy," says Daisy Kambalame, Chief Executive Officer of MCCCCI.

"We need to invest in energy projects that will ensure a stable and sustainable power supply for all businesses."

MCCCCI has been instrumental in fostering dialogue between the private sector and the government, pushing for reforms and investments that will enhance the energy sector.

Their efforts include advocating for diversified energy sources, such as solar and wind power, to reduce

the country's dependence on hydropower and enhance energy security.

The government of Malawi however recognizes the critical role of electricity in driving economic development. President Lazarus Chakwera has reiterated the administration's commitment to improving energy access and infrastructure.

"Electricity is a key enabler for poverty eradication and economic growth," says President Chakwera.

"We are committed to working with the private sector to improve energy access and drive economic development."

To this end, the government has launched several initiatives aimed at boosting the energy sector. These include the Malawi Electricity Access Project (MEAP), which aims to increase electricity access in rural areas, and the National Energy

Policy, which outlines a strategic framework for achieving energy security and sustainability.

For many businesses, the challenges posed by unreliable electricity have prompted them to explore alternative energy solutions.

"We have installed solar panels to ensure that we have a backup power source," says Jane Moyo, owner of a small manufacturing company in Blantyre. "This has helped us maintain our production schedule and reduce our reliance on the national grid."

Solar energy is increasingly being seen as a viable and sustainable alternative for businesses looking to mitigate the impact of power outages. By investing in renewable energy solutions, businesses can not only ensure a more reliable power supply but also contribute to the country's efforts to combat

climate change.

Despite the progress being made, challenges remain. The initial costs of renewable energy installations can be prohibitive for small and medium-sized enterprises (SMEs). Additionally, there is a need for greater awareness and education about the benefits and feasibility of alternative energy solutions.

In this regard, partnerships between the private sector, government, and international organizations are crucial. These collaborations can provide the necessary resources, technical expertise, and financial support to drive the energy transition.

The journey towards a more reliable and sustainable electricity supply is ongoing, but the commitment from both the private sector and the government is a promising step towards a brighter economic future for Malawi.



Electricity drives economic development



MOMA PROJECT TOUTED AS POTENTIAL FOREIGN EXCHANGE EARNER

Matola (R) briefs Kumwenda (C) and Mulimakwenda (L) on the project expectations

demand and export the surplus to countries within the SAPP block, according to Minister of Energy Ibrahim Matola.

“This project is the gateway to the SAPP market. It could make it possible for us to tap power from countries in the region, and where there is a surplus in Malawi, export it and generate forex. This project could spur the growth of tourism, agriculture, and mining sectors in the country,” he said.

Matola made these remarks during a recent tour organized by ESCOM in Mwanza, Neno, and Phombeya for the media to appreciate MOMA’s progress and how it has empowered Project Affected Persons (PAPs) who relocated to pave the way for the construction of the line in the three districts.

ESCOM Chief Operations Officer, Maxwell Mulimakwenda, said the project was on track, with construction works set to wind up in December 2024.

“So far, out of the 190 towers that we are supposed to construct on this project, 152 have been constructed already. In terms of foundations, about 183 have been done, so we are very happy in terms of the progress now. Of course, the project has been delayed but we are looking forward to the finishing line, so for now we are happy,” he said.

On his part ESCOM Limited Chief

PETER KANJERE,
Senior Public Relations Officer
Electricity Supply Corporation of
Malawi

The Mozambique-Malawi (MOMA) Power Transmission 400kV Interconnection Project, which the Electricity Supply Corporation of Malawi (ESCOM) Limited is implementing, has the potential to become the country’s foreign exchange earner, authorities have said.

ESCOM is constructing transmission towers on the Malawi side, from Mwanza and Neno to Balaka, along the 76-kilometre stretch of the overall 218-kilometre high-voltage transmission line. Eletricidade De Mocambique is implementing the MOMA project

on the Mozambique side.

Overall, the line will stretch from Matambo Sub-station in Tete, Mozambique to Malawi via Mwanza, extending to Phombeya in Balaka. Once completed, it will enable Malawi to tap 50 Megawatts from the Southern African Power Pool (SAPP).

According to the Integrated Resource Plan of 2017, the peak electricity demand is projected to be 1,860 MW by 2030. Currently, however, Malawi’s installed electricity generation capacity hovers around 500 MW. This is excessively low to meet the growing power demands. Therefore, power interconnections will help address the capacity problems.

The additional megawatts would enable ESCOM to meet its local



Government and Escom officials pose for a photograph after the tour

Executive Officer, Kamkwamba Kumwenda said the company organized the tour to appreciate the role the media plays in informing and educating the masses on the benefits of such a project, which would make it possible for Malawi to access 50 megawatts from SAPP.

ESCOM is drilling two boreholes in Neno and three in Mwanza, building two school blocks, a health clinic, a community-based childcare center, a church, and a waiting bay at Chifunga Health Neno.

Communities have benefited from 24 houses, with 10 of them built in Chifunga and Chapita in T/A Mlauli, 11 houses spread among Kazunga, Jonathan, and Chapita villages, and three in Kagonamwake.

Five houses were built in Siledi and Mpasabwire villages in T/A Kanduku in Mwanza.

Malawi government funds MOMA alongside KfW, the European Union, and the World Bank to the tune of USD 127 million. The MOMA Project resonates with Malawi Vision 2063, which seeks to ensure that the country has a diversified range of affordable energy sources to increase energy supply and ensure energy reliability.

Malawi State President Dr. Lazarus Chakwera and his Mozambican counterpart Filipe Nyusi laid a foundation stone for MOMA in the neighboring country on April 21, 2022, a year after the two leaders launched the project at Phombeya Sub-station.

EMPOWERING THE FUTURE: ENERGY EFFICIENCY AND BUSINESS COMPETITIVENESS



Solar power enhances energy efficiency

STAFF REPORTER

In a nation striving for economic resilience and sustainability, energy efficiency is proving to be a game-changer for business competitiveness. Malawi's high energy costs and frequent power outages have long posed significant challenges for businesses, but recent strides in energy efficiency are helping companies lower operational costs, boost productivity, and reduce their environmental impact.

Energy efficiency is about optimizing energy use to achieve more with less. For businesses, this translates to lower energy bills, improved operational efficiency, and a reduced carbon footprint. In Malawi, where energy costs are among the highest in the region, enhancing energy efficiency is essential for businesses to stay competitive both locally and internationally.

"Energy efficiency is not just about reducing consumption; it's about using energy more intelligently," said Grain Malunga, an energy expert.

"For many businesses, this means significant cost savings and the ability to reinvest those savings into growth



Malunga: Energy efficiency means significant cost savings

and innovation."

One of the companies leading the charge in energy efficiency is Malawi Breweries Limited (MBL). The company has implemented a series of energy efficiency measures that have markedly reduced its energy consumption and

operational costs. These measures include upgrading production facilities with energy-efficient machinery and implementing a comprehensive energy management system.

"Our commitment to energy efficiency is not just about cost savings; it's about creating a sustainable business model that benefits both our company and the environment," said MBL's Managing Director, Leston Mullui. The energy savings have enabled MBL to reinvest in other areas of the business, fostering growth and innovation.

PressCane Limited, a leading ethanol producer, has also embraced energy efficiency as a core component of its business strategy. The company has installed various energy-saving technologies, including heat recovery systems and energy-efficient boilers.

These initiatives have not only improved the company's bottom line but also contributed to the reduction of greenhouse gas emissions, aligning with global sustainability goals.

Similarly, Bakhresa Grain Milling has taken significant steps towards improving energy efficiency in its operations. The company has invested

in state-of-the-art milling equipment that consumes less energy and increases production capacity.

The company's focus on energy efficiency has positioned it as a leader in the milling industry in Malawi, demonstrating how green practices can drive economic success.

Presently, The Malawian government has recognized the importance of energy efficiency in driving economic growth and has introduced several initiatives to promote it. The National Energy Policy emphasizes the need for businesses to adopt energy-efficient practices and technologies.

"Energy efficiency is critical for our country's economic development. We are committed to supporting businesses in their efforts to improve energy efficiency," said the Minister of Energy, Ibrahim Matola.

Government initiatives such as the Malawi Rural Electrification Project (MAREP) aim to extend electricity

to rural areas, enhancing economic opportunities and supporting energy efficiency measures.

While the benefits of energy efficiency are clear, businesses in Malawi face several challenges in implementing these initiatives. High upfront costs, limited access to finance, and a lack of technical expertise can hinder the adoption of energy-efficient technologies. However, these challenges also present opportunities for innovation and investment.

By leveraging international partnerships and financing options, businesses can overcome these barriers. For example, programs supported by the United Nations Development Programme (UNDP) and other international agencies provide financial and technical assistance to businesses aiming to improve their energy efficiency.

Energy efficiency has a profound impact on small and medium-sized

enterprises (SMEs) in Malawi. For SMEs, reducing energy costs can be transformative, allowing them to reinvest savings into business expansion and job creation.

"Energy efficiency is vital for our competitiveness. With lower energy bills, we can invest more in our workforce and improve our products," said Alice Chinkhadwe, owner of Good Tiding Trading in Blantyre.

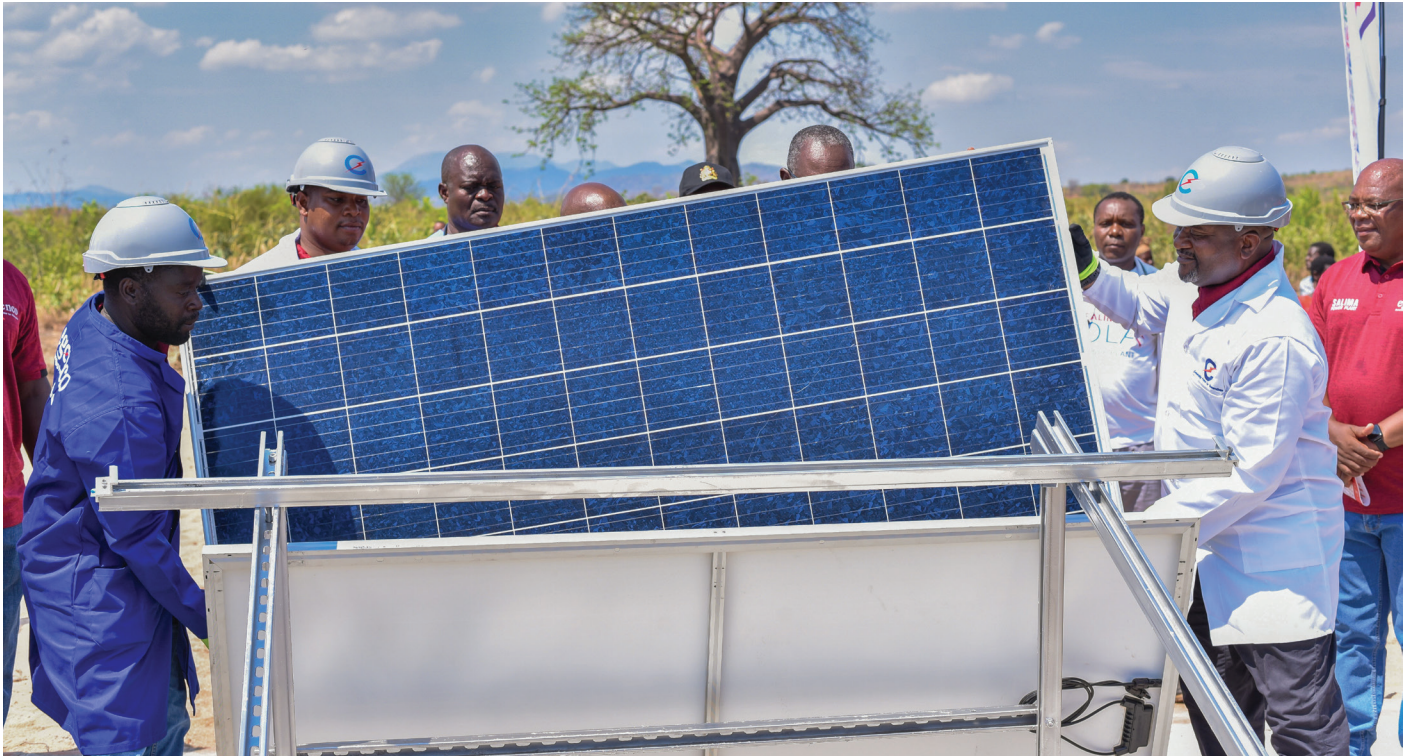
The ripple effect of energy efficiency extends beyond individual businesses to the broader economy. As more companies adopt energy-efficient practices, the collective reduction in energy consumption can lead to decreased demand for imported fuels, improving the country's trade balance and energy security.

As Malawi continues to embrace energy efficiency, the benefits will be felt across the economy, fostering a more competitive, resilient, and sustainable business environment.



Energy efficiency has a profound impact on SMEs

MOVING TOWARDS SUSTAINABLE ENERGY SOLUTIONS



Malawi's Minister of Energy, Hon. Ibrahim Matola mount a solar panel

STAFF REPORTER

In a significant shift towards sustainability, businesses across Malawi are increasingly integrating sustainable energy solutions to reduce their carbon footprint. This movement not only supports environmental conservation but also bolsters long-term business resilience and growth.

Malawi, a country heavily reliant on agriculture, faces severe environmental challenges, including deforestation, soil erosion, and the impacts of climate change. Despite these challenges, there has been a growing recognition of the importance of sustainability within the business community. This shift is driven by both economic necessity and a collective commitment to environmental stewardship.

The Malawi Vision 2063, the country's national development blueprint, outlines ambitious goals for sustainable development. The country's commitment to sustainability is evident in various sectors, including agriculture,



Electricity is the backbone of the economy

energy, and infrastructure.

Notably, the government has been proactive in creating policies and frameworks that encourage businesses to adopt green practices.

These efforts are beginning to bear fruit, as evidenced by the increasing number of companies taking concrete steps towards sustainability.

Standard Bank Malawi for instance, has been leading the charge by incorporating Environmental, Social, and Governance (ESG) metrics into its corporate reporting. The bank has committed to reducing its carbon footprint by investing in renewable energy projects and promoting energy-efficient practices within its operations.

“Reducing our carbon footprint is not just a corporate responsibility but a strategic imperative,” said Standard Bank Malawi’s Chief Executive Officer, Phillip Madinga. This move aligns with the Malawi Stock Exchange’s mandatory ESG reporting requirements, which aim to enhance corporate responsibility and promote sustainable development.

Similarly, Illovo Sugar Malawi, Malawi major sugar manufacturer, has implemented several sustainable initiatives to reduce its environmental impact. The company has invested in solar power systems to provide clean energy for its operations and has implemented water conservation measures to ensure the efficient use of this vital resource.

These efforts have not only reduced the company’s carbon footprint but also improved its operational efficiency, setting a benchmark for other businesses in the country.

Likewise, FINCA Malawi, a microfinance institution, has played a pivotal role in promoting sustainable business practices among small and medium-sized enterprises (SMEs). By providing financial support and technical assistance, FINCA has helped numerous businesses adopt green technologies.

Meanwhile, Malawi government’s involvement has been instrumental in these advancements. The Africa Green Business and Financing Initiative (AGBFI), supported by the United Nations Development Programme (UNDP), is a prime example of this effort.

The initiative aims to establish investment opportunities and strategic areas for green business and financing in Malawi.

“We are committed to creating an enabling environment for green business practices,” said an official in the Ministry of Natural Resources and Climate Change.

The AGBFI not only encourages private sector engagement in sustainable practices but also addresses critical sustainability challenges, laying the groundwork for long-term environmental and economic benefits.

Despite the positive strides, the journey towards widespread adoption of sustainable practices is not without challenges. Limited access to financing, lack of



Madinga: Reducing our carbon footprint is not just a corporate responsibility

technical expertise, and inadequate infrastructure are some of the barriers that businesses face.

However, these challenges also present opportunities for innovation and collaboration. By leveraging partnerships between the government, private sector, and international organizations, Malawi can overcome these obstacles and accelerate its transition to a green economy.

As businesses in Malawi continue to embrace sustainable energy solutions, the country is making significant strides towards a greener future. These efforts not only contribute to environmental

conservation but also enhance the resilience and competitiveness of businesses. By fostering a culture of sustainability, Malawi is paving the way for a sustainable and prosperous future.

The progress made by some companies in the country serves as an inspiration to others, demonstrating that sustainable practices are not only feasible but also beneficial. As more businesses join this movement, the collective impact will help Malawi achieve its Malawi 2063 aspirations, ensuring a sustainable and inclusive growth trajectory for the nation.

Energy is a crucial component for business growth in Malawi, as it enables businesses to operate efficiently, increase productivity, and expand their operations. A reliable and efficient energy supply can catalyze economic expansion, create jobs, and improve living standards.

A reliable energy supply enables businesses to operate efficiently, reducing downtime and increasing productivity. Access to affordable energy can make businesses more competitive in the global market. In return, it creates job opportunities in energy-intensive industries such as manufacturing and mining.

Energy can enable the development of new technologies and innovative business models. It is a key driver of economic growth, as it enables the production of goods and services and increases the Gross Domestic Product (GDP). Energy infrastructure, such as power plants and transmission lines, can stimulate economic development by creating jobs and attracting investment. Energy has also been used as a tool to eradicate poverty in both rural and urban areas by providing employment to the youth and improving living standards. On an international level, energy can drive regional development by enabling the growth of industries and businesses and reducing trade imbalances.

Small to Medium Enterprises (SMEs) play a vital role in Malawi's economy, contributing significantly to the country's GDP, employment, and poverty reduction efforts. However, the growth and development of SMEs in Malawi are heavily dependent on access to reliable and affordable energy. Energy plays a crucial role in promoting SME growth in Malawi, and it can be a catalyst for economic growth through SMEs.

Energy is essential for increasing productivity in SMEs. A reliable energy supply enables businesses to operate efficiently, leading to increased productivity and competitiveness. With access to energy, SMEs can power machinery and equipment, reducing manual labor and increasing output. For instance, a textile SME with access to energy can power looms and sewing machines, increasing production capacity and meeting customer demand more effectively. Energy access creates new economic opportunities, leading to job creation and contributing to Malawi's economic growth. SMEs that have access to energy can expand their operations, hire more employees, and contribute to the country's economic development. With access to energy, SMEs can



Small scale businesses rely on electricity for production

THE ROLE OF ENERGY IN FOSTERING SME DEVELOPMENT IN MALAWI



INNOCENT KAZOMBO,
Membership Development
Executive, Malawi Confederation
of Chambers of Commerce and
Industry

operate for longer hours, meet customer demand more effectively, and expand their businesses.

Energy enables SMEs to improve product quality and increase customer satisfaction. With access to reliable energy, SMEs can power equipment and machinery, leading to improved product quality and increased customer satisfaction. For example, a food processing SME with access to energy can power refrigeration units, enabling them to store and transport perishable goods, increasing their access to markets. Energy enhances business operations, enabling SMEs to use technology to manage their businesses more effectively. With access to energy, SMEs can power computers, the internet, and mobile phones, enabling them to communicate with customers, access new markets, and manage their finances more efficiently.

Energy helps increase competitiveness, enabling SMEs



Increasing access to electricity will help drive SME growth

to compete more effectively with larger businesses, both locally and internationally. With access to reliable energy, SMEs can reduce costs, increase productivity, and improve product quality, making them more competitive in the market.

Despite the importance of energy for SME growth, Malawi still faces challenges, including limited access to energy, particularly in rural areas, high energy costs, frequent power outages, and limited access to finance for energy infrastructure. To address these challenges, the government, private sector, and development partners must work together to increase investment in energy infrastructure, promote the use of renewable energy sources, implement energy-efficient technologies, provide financing options for SMEs to access energy, and support the development of energy-based SMEs.

On the other hand, limited access to energy has a negative impact on SME growth in Malawi. The

majority of SMEs in Malawi rely on expensive and unreliable sources of energy, such as generators and charcoal. This increases their operational costs, reduces their competitiveness, and limits their growth potential. Furthermore, frequent power outages and energy shortages disrupt business operations, leading to lost productivity, reduced sales, and damaged equipment.

Additionally, the high cost of energy in Malawi is a significant barrier to SME growth. The cost of energy in Malawi is among the highest in the region, making it difficult for SMEs to operate profitably. The high cost of energy also limits the ability of SMEs to invest in new technologies, expand their businesses, and create new jobs.

To address the energy challenges facing SMEs in Malawi, the government, private sector, and development partners must work together to increase access to reliable and affordable energy.

This can be achieved through investing in energy infrastructure, promoting the use of renewable energy sources, implementing energy-efficient technologies, and providing financing options for SMEs to access energy.

Energy has a significant impact on SME growth in Malawi. Access to reliable and affordable energy increases productivity, creates new economic opportunities, improves product quality, enhances business operations, reduces costs, increases customer satisfaction, and boosts competitiveness.

However, limited access to energy, high energy costs, and frequent power outages are significant barriers to SME growth in Malawi. Addressing the energy challenges facing SMEs in Malawi requires a collaborative effort from the government, private sector, and development partners. By increasing access to energy, Malawi can unlock the full potential of its SMEs, driving economic growth, job creation, and poverty reduction.

ELECTRICITY SUPPLY A KEY ASPECT TO PRIVATE SECTOR DEVELOPMENT

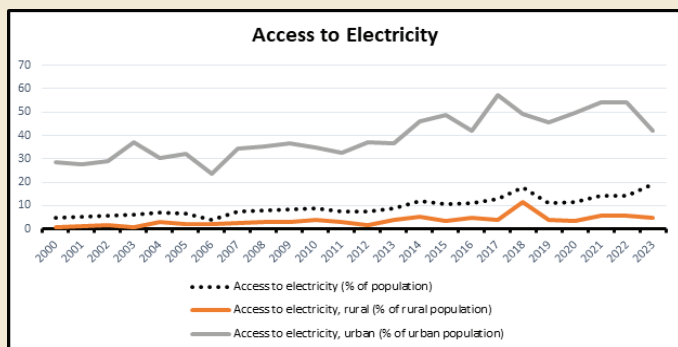


CHANCY MKANDAWIRE,
Economic Analyst,
Malawi Confederation of Chambers of Commerce and Industry

Electricity supply has emerged as a critical element in Malawi, playing a pivotal role in the country's pursuit of sustainable growth and development. As Malawi strives to enhance its economic prospects, the long-term availability of energy from sources that are not only affordable and accessible but also environmentally friendly becomes paramount. The interplay between electricity supply and economic progress is undeniable; without a robust energy infrastructure, the nation's aspirations for advancement may remain unattainable. Expanding access to electricity is a critical component of economic development, and its impact on a nation's GDP can be substantial. In Malawi, electricity access is an essential element for the achievement of Malawi 2063 of transforming the country into a more industrialized and prosperous nation.

However, Malawi faces a multitude of pressing electricity supply challenges that hinder its performance of the private sector among other challenges. The country is experiencing a significant rise in energy and electricity demand driven by population growth, urbanization, and industrial expansion. Electricity demand in Malawi has been growing at a rate of 6–8 percent per year. This increasing demand has outpaced the existing power generation capacity, leading to outages and an unreliable energy supply which affect performance and growth of the private sector.

Figure 1: Access to electricity in Malawi



Source: World Bank

Malawi's electricity access rate is estimated around 19 percent as of 2023 (Figure above). This stark statistic highlights significant inequities, particularly between urban and rural populations. While urban areas enjoy an electricity access rate of approximately 42 percent, rural regions languish at a mere 5 percent. This disparity not

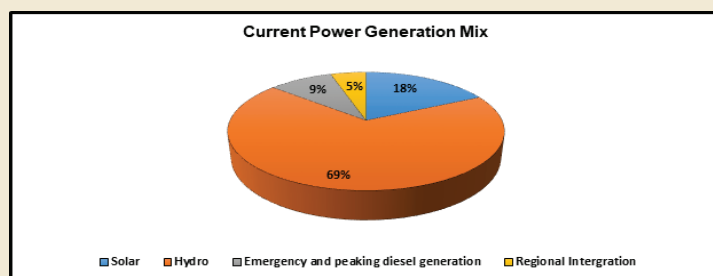
only hampers daily life for millions but also stifles economic potential, particularly in sectors like mining, which is crucial given Malawi's rich mineral resources.

The limited electricity access in rural areas has profoundly affected the newly promoted mining sector, which has been allocated various mineral resources but struggles to operate at full capacity due to inadequate power supply and delays in connection to new companies. It is revealed that the untapped potential that could be realized with improved electricity infrastructure.

To kick start harnessing this potential, it is estimated that Malawi requires an additional 230 megawatts (MW) of electricity to power the mining sector efficiently. Addressing this energy shortfall is critical not only for the mining industry but also for fostering broader economic growth and development across the nation.

CURRENT POWER GENERATION MIX

Figure 2: Current power generation mix.



Source: Ministry of Energy

Malawi's current power generation mix highlights a significant reliance on hydroelectric power, which accounts for 401.21 MW, or 69 percent of the total installed capacity of 583.51 MW. Companies such as EGENCO, Cide, and Mulanje Hydro Limited primarily manage this hydro-based generation. Solar energy, representing 18 percent of the power mix with a contribution of 102.3 MW, has shown notable progress, with key players like EGENCO, JCM, and Phanes driving this growth. Emergency and peaking diesel generators provide 53 MW, constituting nine percent of the total capacity, ensuring supply during peak demand periods but at a higher operational cost. Additionally, regional integration with Mozambique and Zambia contributes 27 MW, or five percent of the total capacity, supporting grid stability through cross-border energy trade. The data underscores Malawi's heavy dependence on hydroelectric power while emphasizing the need to diversify its energy sources to ensure reliability and resilience in the face of climate challenges.

The off-grid market in Malawi has experienced significant growth due to various factors. Firstly, there has been a notable rise in the availability of affordable off-grid systems. Secondly, development partners and private investors have expressed strong interest in this market, acknowledging its potential for expansion and profitability. Additionally, the government has made crucial strides in supporting the off-grid sector by streamlining the licensing process and offering exemptions from import duties and value-added tax (VAT) for solar home systems. These initiatives have created a more enticing environment for investors to enter and grow within the market.

OPPORTUNITIES IN THE ELECTICITY SECTOR

Malawi possesses significant untapped potential in the



Power generation mix will ensure reliability and stability of electricity supply

electricity generation sector, particularly in renewable energy sources such as solar, wind, and biomass. These natural resources offer an opportunity to diversify the country's energy mix and enhance energy security. Despite their abundance, a lack of strategic planning, investment, and infrastructure development has led to unattractive for potential investors. Recent developments indicate progress in the renewable energy space, with companies like JCM Solar, Phanes Group, and Serengeti Energy spearheading solar power projects, especially in regions such as the lakeshore, which benefit from high solar radiation.

The need for increased energy capacity is further underscored by the rising demand for electricity across key sectors. According to the Ministry of Energy, mining activities alone are estimated to require a minimum of 800MW, while manufacturing and processing demand an additional 700MW. Domestic consumption, driven by population growth and urbanization, requires at least 700MW. The service sector, encompassing ICT, tourism, banking, healthcare, and education, adds another 500MW to the demand. Moreover, agricultural initiatives like the Green Belt Irrigation Initiative are expected to consume 130MW. These projections highlight the critical need for accelerated investment in electricity generation.

Apart from the opportunity to invest in meeting Malawi's growing domestic electricity demand, the country also has significant potential to export electricity to neighboring countries, such as Zambia, which face substantial power deficits. Zambia's electricity sector highlights a critical supply-demand imbalance; as of May 2024, the country's available generation capacity was approximately 900 MW, while demand reached 2,400 MW, resulting in a power deficit of 1,500 MW. Furthermore, Zambia's electricity demand is projected to grow by about 6 percent annually, driven by

industrialization, urbanization, and expanding commercial activities.

HOW CRUCIAL IS ELECTRICITY TO THE PRIVATE SECTOR

A reliable electricity supply is crucial for the development of the private sector and attracting investors in Malawi, as it underpins nearly every aspect of modern business operations and economic productivity. As Malawi's private sector expands, the demand for electricity continues to grow, making a dependable supply increasingly critical for enabling innovation, supporting industrialization, and fostering a competitive business environment that drives national growth and job creation.

For industries such as manufacturing, mining, agribusiness, and agricultural irrigation systems particularly under the Green Belt Initiative, a stable and affordable power supply is essential to ensure uninterrupted and maximum production and control operational costs. Frequent power outages and reliance on costly alternatives, such as diesel generators, increase production costs, reduce production capacity, erode profit margins, and diminish competitiveness in both regional and global markets.

In Malawi, where electricity demand is rapidly increasing due to expanding economic activities, addressing power reliability issues and increasing supply are key to unlocking the country's economic potential. A dependable electricity supply, among other factors, attracts foreign direct investment (FDI), facilitates industrial expansion, and supports innovation and entrepreneurship, ultimately creating jobs and boosting GDP growth. Moreover, reliable electricity encourages the development of value-added industries, enhancing export potential and reducing dependence on raw material exports.

WHAT NEEDS TO BE DONE TO ENHANCE ELECTRICITY GENERATION FOR THE PRIVATE SECTOR

Increasing electricity generation in

Malawi for the private sector requires a strategic, multifaceted approach to unlock the country's energy potential and meet the growing demands of businesses and industries. The government and the private sector need to collaborate to boost electricity generation in the country.

First, Malawi must prioritize investment in renewable energy sources such as solar, wind, and biomass, which remain largely untapped despite the country's abundant natural resources. These sources are not only environmentally friendly but also resilient to the adverse effects of climate change that currently threaten the reliability of hydroelectric power, which constitutes about 69 percent of Malawi's electricity supply.

Secondly, the government should address infrastructure bottlenecks by upgrading and expanding the national grid to accommodate new power plants and ensure efficient transmission and distribution of electricity. Developing cross-border interconnectors with neighboring countries, such as Zambia and Mozambique interconnector projects, presents an opportunity for Malawi to stabilize its supply during shortages and potentially export excess power in the future, generating additional revenue. However, Malawi should position itself to utilize the interconnectors for exporting electricity by increasing its own electricity generation.

Additionally, decentralizing electricity generation through mini-grids and off-grid solutions, particularly in rural and industrial zones, can enhance access to reliable energy for small and medium-sized enterprises (SMEs) and other private enterprises.

Lastly, fast-tracking electricity generation projects currently in the pipeline is critical to enhancing electricity supply and driving the growth of Malawi's private sector. Projects like the Mpatamanga Hydro Plant, with a planned capacity of 361 MW by 2029–2030, will increase the current installed capacity by nearly 70 percent, stabilizing the national grid and addressing energy shortages. Other critical initiatives, such as the Kam'mwamba Coal-Fired Plant, Malawi-Zambia Interconnector, Voltaria Solar Plant, Fufu and Kholombidzo Hydropower Plants, and 200 MW Containerized Gas-Fired Power Plants, offer opportunities to diversify the energy mix, enhance climate resilience, and meet rising demand. Robust governance and monitoring mechanisms must be established to ensure timely implementation and minimize delays. By prioritizing and fast-tracking these initiatives, Malawi can significantly enhance its electricity generation capacity, enabling the private sector to expand operations, improve productivity, and attract both local and foreign investment.



PARTNERSHIP PACKAGES FOR THE 2025 LAKESHORE BUSINESS LEADERS' SUMMIT

VENUE: SUNBIRD NKOPOLA | DATES: 24TH - 26TH APRIL 2025

The Business Leaders' Summit, an esteemed annual conference organized by the Malawi Confederation of Chambers of Commerce and Industry (MCCCI), provides a premier platform for business leaders to convene, exchange ideas, and address pressing issues affecting the business landscape in Malawi.

This event holds a distinguished place in the MCCCI calendar, and this year proudly marks the fourth edition of

this high-level conference. Building on the profound insights from previous summits, this year's conference will continue to focus on charting pathways for growth and fostering transformational leadership within the private sector.

By bringing together influential minds from various industries, the Business Leaders' Summit aims to drive forward-thinking strategies and innovative solutions that will contribute to the sustained prosperity of Malawi's economy.

PACKAGES

Premium Sponsor: K20 Million

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- A one minute brand promotion video
- A five-minute brand presentation
- Opportunity to exhibit products & services
- Display one banner inside the conference hall
- Display three teardrop banners around the conference venue
- Acknowledged in all conference materials
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- Maximum of three delegates to attend the conference only for free

Gold Sponsor: K15 Million & above

Benefits:

- A five-minute brand presentation
- Opportunity to exhibit products & services
- Display one banner inside the conference hall
- Display three teardrop banners around the conference venue
- Acknowledged in all conference materials
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Benefits:

- A five-minute brand presentation
- Display one banner inside the conference hall
- Display two teardrop banners around the conference venue
- Acknowledged in all conference materials
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Benefits:

- Display one banner inside the conference hall
- Display two teardrop banners around the conference venue
- Acknowledged in all conference materials
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Benefits:

- Display one teardrop banner around the conference venue
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Only the first three sponsors under K5 million will be acknowledged in the press

The Voice of the Private Sector

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20th National Agriculture Fair Pictorial Focus

On August 29th, President Lazarus Chakwera and Mozambican President Filipe Nyusi officially opened the 20th National Agriculture Fair in Blantyre. The event brought together a diverse group of local and international stakeholders to network and explore new

business opportunities within the agriculture sector. Hosted by the Malawi Confederation of Chambers of Commerce and Industry (MCCCI), the fair run for three days under the theme: "Driving towards export-oriented Agriculture through Commercialisation and Innovation."



Chakwera and Nyusi inspect pavillions



Chakwera presents the best agriculture small and medium group award



MCCCI president Wisely Phiri presents a gift to President Nyusi as Chakwera looks on



Some of the farm machinery on display

Malawi International Arbitration Centre Pictorial Focus



MIAC chairperson Patrick Mpaka delivers his address at the symposium



Minister of Justice Honourable Titus Songiso Mvalo, who was Guest of Honour at the symposium, delivers his key note address



Attorney General Thabo Chakaka Nyirenda delivers his address at the symposium

Following Malawi's accession to the New York Convention in 2021 and the passing of the International Arbitration Act in 2024, Malawi is a seat of international arbitration. On 7th September 2023, the Malawi Chamber of Commerce and the Malawi Law Society incorporated the Malawi International Arbitration Centre as a joint venture private company limited by guarantee. It establishes and seeks to institutionalise and maintain a private sector led neutral and independent facility for the resolution or settlement of commercial, investment and other disputes by way of arbitration, mediation and like processes to compliment the Courts.

On 5th and 6th September 2024 the Society and the Chamber of Commerce hosted an introductory symposium for the Malawi International Arbitration Centre at the Bingu International Convention Centre. The symposium is part of the effort to inform the national business community on the state of development of the Centre and to recruit more membership from the private sector to join and be involved in the organisational structure of the Arbitration Centre as the institution develops. The membership recruitment is on-going through the Chamber of Commerce and the Malawi Law Society.

We share some pictorial highlights of the symposium.



MIAC Director Dr. Wisely Phiri (holding mic) unveils the MIAC logo and website



Delegates pose for a group photograph



Principal Secretary in the Ministry of Trade and Industry responsible for SMEs Francis Zhuwao (C) officially opens the Fair

The Malawi Confederation of Chambers of Commerce and Industry (MCCCI) in collaboration with the Zomba City Council (ZCC) hosted the first Zomba SME Fair and Farmers' Market trade exposition event from 27th -28th September 2024 at the Gymkhana Club in Zomba. The event, MCCCI's premier trade promotion event for the old capital city, aimed to promote Small Medium Enterprises (SME) in the city and surrounding areas. Held under the theme; Supporting Local Businesses, Enhancing Economic Growth the event was presided over by the Principal Secretary in the Minister of Trade and Industry responsible for SMEs, Mr. Francis Zhuwao. Herewith highlights of the event.

Zomba SME Fair and Farmers' Market Pictorial Focus



Guest of Honour Francis Zhuwao in the company of MCCCIC CEO Daisy Kambalame and Zomba City Mayor



An exhibitor confirms a transaction on her phone after a customer payment



Patrons tour some pavilions

HIGHLIGHTS OF MCCCCI 2024 ACTIVITIES:

The year 2024 has been transformative for the Malawi Confederation of Chambers of Commerce and Industry (MCCCCI), marked by significant achievements in promoting economic growth and trade. We have successfully engaged in international collaborations with trade missions from Botswana, India, and Mozambique, and hosted several impactful events like the 20th National Agriculture Fair, the 34th Malawi International Trade Fair, the premier Zomba SME Fair and Farmers' Market and the Lakeshore Business Leaders Summit. These initiatives have strengthened our trade relationships and showcased the importance of collaboration. In addition, our advocacy efforts have led to critical policy advancements, including the completion of a comprehensive Non-Tariff Barriers (NTB) study and the successful push for the Agricultural Extension Policy. As we look forward to 2025, MCCCCI remains committed to driving transformative growth by continuing our engagement with authorities, fostering international and local trade relations, and promoting energy as a catalyst for economic development. Together, we are building a brighter and more prosperous future for Malawi. Here's a look at three key highlights from MCCCCI's impressive year.

Indian and Malawian Businesses Forge New Partnerships at the MCCCCI B2B Meeting

In a landmark event that underscores the power of international cooperation, the Malawi Confederation of Chambers of Commerce and Industry (MCCCCI) hosted a Business-to-Business (B2B) Meeting between Indian and Malawian businesses at the Sunbird Capital in Lilongwe.

This dynamic gathering brought together industry leaders, innovators, and entrepreneurs from both nations, creating a vibrant platform for collaboration and growth.

Forging Strong Partnerships: Participants at the MCCCCI B2B Meeting are creating bridges for mutual growth. Caption

Participants from diverse sectors engaged in meaningful discussions, exchanging insights, ideas, and aspirations. This meeting was not just an event; it was a catalyst for forging



National Smallholder Farmers' Association of Malawi CEO Dr Betty Chinyamunyamu interacts with an Indian investor

strong, mutually beneficial partnerships that have the potential to drive economic growth and development in both India and Malawi.

The MCCCCI organized this meeting with a clear vision: to bridge the gap between continents and create opportunities for businesses to thrive. The event highlighted the immense potential of international trade and investment, showcasing how businesses from different parts of the world can come together to create value and foster economic prosperity.

One of the key highlights of the event was the inspiring keynote address delivered by industry experts from both countries. They emphasized the importance of collaboration, innovation, and resilience in the face of global challenges. The speakers' insights set the tone for the day, encouraging participants to explore new avenues for growth and to seize the opportunities presented by this unique gathering.

The support from NBS Bank, the event sponsor, played a crucial role in making this meeting a success. Their commitment to fostering strong business relationships and supporting economic development was evident throughout the event. NBS Bank's sponsorship underscored the importance of local support in facilitating international cooperation.

Participants engaged in one-on-one meetings, networking sessions, and panel discussions. These interactions allowed for deeper connections and the exploration of specific opportunities for collaboration. From trade agreements to joint ventures, the possibilities discussed were endless and promising.

"I am truly grateful for the opportunity to attend this B2B meeting. The connections I have made and the insights shared have been invaluable. This event has opened up new horizons for collaboration and growth that I am excited to explore.

"It is inspiring to see the level of innovation and commitment from both Indian and Malawian businesses. This event has not only strengthened my belief in the potential of international cooperation but also motivated me to pursue new ventures with renewed vigor." Said Margret Ngwira, a member of the MCCCCI.

MCCCI connects Malawian entrepreneur

Annie Chifulemba, the innovative force behind Joan Investments, had always envisioned ex-panding her business beyond Malawi's borders.

When the opportunity arose to attend the 17th COMESA Summit in Burundi from October 28th to 31st, 2024, she knew it was a pivotal moment for her entrepreneurial journey.

This golden opportunity, facilitated by the Malawi Chamber of Commerce and Industry (MCCCI), Ministry of Industry and Trade and the Common Market for Eastern and Southern Africa (COMESA), promised to be a transformative experience.

The summit buzzed with the energy of entrepreneurs, policymakers, and industry experts from across the region, all eager to explore the vast potential of regional integration and economic co-operation.

For Chifulemba, the event was a revelation, offering her a front-row seat to the dynamic discussions and presentations that showcased the immense benefits of cross-border collaboration.

The visit by the President of Burundi, Évariste Ndayishimiye, along with the Ministers of Trade and Industry and Tourism, to the Malawi booth was a highlight of the summit. According to Chifulemba

"This visit underscored the efforts by Malawi's Ministry of Trade and Industry to create an enabling environment for



Chifulemba (second from left) pose for a photograph with the Burundi Head of State, His Excellency Évariste Ndayishimiye alongside MCCCI and Malawi government officials.

private sector growth, promoting exports, and strengthening sector capacities.

"The key takeaways for me was Regional Integration and Cooperation which is essential for economic growth in Africa, investment in Infrastructure which is necessary to facilitate trade and boost economic transformation and Technology which remains a pivotal role in enhancing trade facilitation and competitiveness," she narrates.

In its continued efforts to enhance regional economic integration, the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) co-organized a high-profile Business-to-Business (B2B) meeting in Blantyre to foster business growth and partnerships between Malawian and Mozambique.

Mozambique's Minister of Trade and Industry, Silvino Augusto Jose Moreno, led the charge in wooing Malawian investors, highlighting a range of attractive incentives for export-oriented businesses. Speaking to business captains from both nations, Moreno emphasized the immense potential for cooperation across agriculture, manufacturing, energy, and tourism sectors.

"We believe that the private sector in the region is the main driver of economic growth of our region so we need to work together to ensure we use the available growth opportunities to enable the region to compete at the continental and global markets," said Moreno. He further noted that Mozambique's GDP is growing at an impressive pace, with expectations to reach 13 percent per annum by 2027, underscoring the urgency to promote investment and enable businesses to tap into the emerging market.

Mozambique Investment and Export Promotion Director General, Gil Bires, also addressed the attendees, outlining the special incentives available for foreign investors, particularly in export-oriented sectors. "We have laws that allow you to register a company in Mozambique within two days; our laws do not force you to partner with a Mozambican

MCCCI takes lead in regional business expansion: co-host business interaction with Mozambique authorities



High-level delegates during the engagement

apart from a few sectors like security and media—meaning that in the rest of the sectors you can own a company with 100 percent shareholding," Bires explained. He also mentioned the provision of special visas for investors, valid for up to five years.

MCCCI Deputy President, Arnold M'bwana, expressed the local business community's positive reception to the outlined incentives. He noted that several Malawian companies, such

as Bakhresa, have already expanded to Mozambique, and others are now assessing the opportunities.

The event was a resounding success, showcasing the shared cultures and languages that make cross-border trade between Mozambique and Malawi a natural fit. MCCCI's efforts in organizing this meeting have laid the foundation for stronger economic ties and mutual growth for businesses in both countries.



An exhibitor poses for a photo

Zomba SME Fair unlocks SME growth, fosters partnerships

The city of Zomba, known for its rich history and scenic landscapes, witnessed a groundbreaking event last week.

For the first time, the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) hosted the Zomba SME Fair and Farmers' Market, an initiative aimed at unlocking growth in small and medium-sized enterprises (SMEs).

The fair, held from September 27 to 28, was a resounding success, marking a new era of economic development for the city.

Caption

Themed Supporting local, Enhancing Economic Growth, the fair, brought together over 100 SMEs from various sectors, transforming the city into a bustling hub of opportunity.

For farmers under Zikometso Association in recent engagements at the Fair marked a significant turning point for their ventures.

"Our main objective as an association was to connect with companies and individuals to show-case our products here

in Zomba.

"We are particularly pleased and content with the number of companies and individuals who have shown great interest and support for our products. We have been linked to other farmers for raw materials and potential buyers including hotels and restaurants here in Zomba," explains Alexis Mangulama, Vice Chairperson for the Association.

The event, MCCCI's premier trade promotion event for the old capital city, provided a platform to strengthen and promote links between businesses and financial services, networking opportunities with potential customers, partners and suppliers, improve brand awareness by increasing visibility.

Machinery, modern farming technologies, agro products and financial products were among numerous items on display at the two-day trade exhibition.

Mangulama praised the exhibition for its positive impact on his business, expressing optimism for the future.

He thanked the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) for creating the opportunity.

"We established contacts with several local companies and individuals, which has opened up new avenues for our business. We have also had the opportunity to meet with Malawi Bureau Standards to keep us on track in terms of certification," he remarks.

His experience mirrors that of Natasha Kaphuka of Umodzi Green Collect who also recounts getting numerous inquiries on their products and potential buyers.

Besides the exhibitions, MCCCI also lined up activities aimed at enabling participants to establish business partnerships and networks.

The activities included business to business meetings and information sessions where businesses got new information on doing business.

The inaugural fair was presided over principal secretary for SMEs in the Ministry of Trade and Industry Francis Zhuwao.

Zhuwao committed to ensure SMEs are provided with an enabling environment to thrive and commended MCCCI for holding the fair

He said: "Realizing the important role entrepreneurs play in developing the economy, we have put in place a number of measures in place to assist and support entrepreneurs. We have initiatives as government such as access to affordable financing and several others to help SMEs grow.

"We applaud MCCCI for creating this opportunity which has brought together financial institutions and other key institutions such as the Malawi Bureau of Standards to share information with the SMEs."

MIAC, a game-changer for commercial dispute resolution

The Malawi International Arbitration Centre (MIAC) launched in September 2024 touted as a game changer in the settlement of commercial disputes and creation of a conducive environment for investment.

MIAC, is a joint venture established by the Malawi Confederation of Chamber of Commerce and Industry (MCCCI) and Malawi Law Society (MLS). It followed the enactment of the International Arbitration Bill in December last year.

Speaking at the MIAC symposium held at the Bingu International Convention Centre (BICC) on 5th September 2024, MIAC Director Patrick Mpaka said the Arbitration Centre presents the private sector with a unique opportunity to address



Delegates pose for a group

the challenges that have plagued the administration of justice in commercial disputes.

Mpaka, who is also MLS president, revealed that the High Courts has just about six high court judges, a development that delays the settlement of commercial disputes. Currently, the commercial courts have a disposal rate of about 38 percent of the cases brought before it.

"The private sector has an opportunity to do something about the situation through the operationalization of the Malawi International Arbitration Centre to provide an alternative and complimentary route to the settlement of commercial disputes.

In a separate interview, MCCI president Wisely Phiri said expediting commercial disputes through arbitration will provide a faster alternative to lawsuits that will allow businesses to settle their disputes amicably.

"Arbitration will provide a cheaper alternative because the parties will not have to pay substantial legal fees," he said. "Arbitration also helps keep the disputes private, unlike the courts where the cases might eventually end up in the public domain."

MCCI and MLS believe that the expedited, confidential and cost-effective dispute resolution mechanisms offered by the MIAC will create an environment that inspires confidence in prospective and prevailing investors that their business interests will be respected.

On his part, Minister of Justice Titus Mvalo urged the private sector to own the MIAC and diligently advise the government on the best practices that can be used to address the challenges that have plagued arbitration in Malawi and beyond.

In his opening remarks, he pointed out delays in establishing arbitration centres, lack of information about arbitration systems, unfriendly

arbitration laws and perceived corruption in Africa as some of the key challenges that have plagued the development of arbitration in Africa.

"As a people and as private sector in Malawi, you must, so far as the law allows it, take charge of our fate in the resolution of commercial and investment disputes by doing something about the things we can and are able to change," he said.

The Malawi International Arbitration Centre, which is expected to host certified local and international arbitrators, will replace ad hoc arrangements for commercial dispute resolutions made outside the Court system that Malawi has relied on for a long time.

This alternative channel will ensure that commercial disputes are competently resolved in the country and within the SADC region, boosting investor confidence and opening international connections.

Farmers, exhibitors' seal deals, secure markets at Agriculture Fair



Farmers under Mtimaumoza Cooperative in Mzimba operating under the Transforming Agriculture through Diversification and Entrepreneurship (TRADE) Programme have for so long faced challenges finding markets for their products.

Recent engagements at the 20th National Agriculture Fair (NAF) however marked a significant turning point for their ventures.

"Our main objective as a cooperative was to connect with companies and individuals to showcase our products.

"We participated in meetings with companies and individuals who have shown great interest and support for our products," explains Bonnex Chunga, Chairperson for the Cooperatives.

The National Agriculture Fair is an agriculture promotion event which provides a linkage platform for different stakeholders in the agricultural sector to share experiences and expertise on agricultural activities in order to promote linkages generated within the value chain.

Farmers sign deals during the fair

Machinery, modern farming technologies, agro products and financial products were among numerous items on display at the three-day trade exhibition.

Chunga speaks highly of the exhibitions' impact on his business, expressing optimism for the future, thanks to Malawi Confederation of Chambers of Commerce and Industry (MCCI) for creating the opportunity.

"We established contacts with several local companies and individuals. The highlight for my participation was the K17 500 000 market which we have secured at this Fair. We have also had the opportunity to meet with Malawi Bureau Standards to keep us on track in terms of certification," he remarks.

Meanwhile, Chunga eagerly anticipates further business linkages facilitated by MCCI.

His experience mirrors that of 10 other Farmer Cooperatives, operating under the TRADE programme, which cumulatively clinched deals worth

K916 500, 000 during the agriculture exhibition.

Cooperatives, including those involved in beekeeping, clinched deals with companies such as Kwithu Kitchen, Temwanani Enterprises, Linde Hotel, Local Buy, Agriculture Commodity Exchange, Fresh Foods, Tabitha Investments and Food kings.

For two decades, MCCI has hosted National Agriculture Fairs in collaboration with the Ministry of Agriculture to provide a forum for different stakeholders in the agricultural sector to share experiences and expertise on agricultural activities in order to promote linkages generated within the value chain.

Besides the exhibitions, MCCI also lined up activities aimed at enabling participants to establish business partnerships and networks.

The activities included a networking dinner, business to business meetings, seminars where people businesses got new information on doing from information sessions.

ASSESSMENT OF THE BUSINESS ENVIRONMENT IN 2024



Preamble

The Malawi Confederation of Chambers of Commerce and Industry (MCCCI) presents its report on the business environment for 2024. This comprehensive assessment evaluates the macroeconomic fundamentals of the year, offering a snapshot of the current economic environment and projections for the upcoming year. Insights gathered from the private sector regarding these crucial macroeconomic factors form the basis of the findings.

The year 2024 started with a sense of optimism, anticipating a recovery from prior economic challenges. This positive sentiment was bolstered by a series of structural reforms, among them the approval of the \$175 million Extended Credit Facility (ECF) on 21 September 2023 from the International Monetary Fund (IMF). This financial support boosted confidence in the Malawi economy and was expected to facilitate an influx of foreign exchange through increased Foreign Direct Investment and donor inflows, thereby alleviating the ongoing foreign exchange shortages. Consequently, projections indicated an economic growth rate of 3.2 percent for 2024, a significant improvement from the 1.5 percent recorded in 2023. However, as the year ended, growth is now pegged at 1.8 percent.

Furthermore, the year 2024 started and closed with a promising tobacco sales season, with 133.3 million kilograms (120.5 million kilograms in 2023) sold for a total value of USD 396.8 million (USD 283.8 million in 2023) at an average price of USD 2.98 per kilogram (USD 2.35 per kilogram in 2023).

A. General Overview of the Business Environment in 2024

Malawi has encountered a series of shocks in recent

years, prompting the country to implement a range of macroeconomic and structural reforms aimed at fostering medium- and long-term growth through the Agriculture, Tourism, and Mining (ATM) Strategy. However, the implementation of these reforms has faced significant challenges in 2024, including an El Niño-induced drought that has intensified the impact of previous shocks. This drought has worsened existing macroeconomic imbalances, contributing to substantial fiscal deficits, balance-of-payments challenges, unsustainable debt levels, and price instability, all of which have impeded economic activities.

Private sector productivity remains below its potential, with most businesses, particularly micro, small, and medium enterprises (MSMEs) struggling with stagnation or even facing closure. Throughout the year, businesses grappled with a myriad of macroeconomic challenges, including escalating production costs, high interest rates, foreign-exchange shortages, and uncertainty surrounding exchange-rate policies. These factors have deterred investment, resulting in subdued job creation, diminished revenue, and a relative decline in exports.

The Reserve Bank of Malawi (RBM) has revised its real GDP growth projection for 2024 downward to 1.8 percent, a significant drop from the initial estimate of 3.2 percent, signifying the underperformance of the private sector. This downward adjustment is attributed to the adverse effects of El Niño on agricultural output and its spillover effects on the broader economy, including reduced exports and an increased need for social spending. The revised projection for the growth rate also represents a slowdown from the 1.9 percent growth recorded in 2023. Given an average population growth rate of 2.6 percent, this projected GDP growth is expected to reduce per capita income. Moreover, the anticipated growth rate of 1.8 percent falls short of the 6.0 percent target outlined in the Malawi 2063 First 10 Year Implementation Plan 1 (MIP-1).

Despite these macroeconomic challenges, there has been an improvement in power supply, with only minor planned and unplanned blackouts reported in the third quarter. The political environment has also been relatively stable for the business community, despite several developments that could have led to disruptions. Furthermore, the government has introduced essential policies and initiatives aimed at creating a more conducive business environment and address some of the issues facing the economy. However, some of these policies may inadvertently pose risks to private sector growth and innovation.

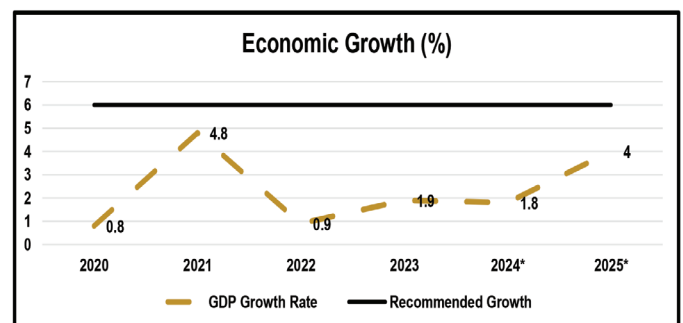


Figure 1: Real GDP growth rate Government Initiatives in 2024

Source: RBM

During the year under review, the government implemented several initiatives. These actions aimed to address various economic and social challenges, focusing

on promoting development and stability. The initiatives included the following:

- Introduction of bills, policies, and strategies aimed at fostering a conducive business environment.

1. 2024 Micro, Small and Medium Enterprises Bill
2. National Agriculture Policy (NAP II)
3. National Irrigation Policy
4. The 2024 Competition and Fair-Trade Bill

- On the infrastructure front, the government made progress on several road and rail projects that will significantly help reduce landing costs. In addition, government struck a deal with Mozambique to develop the Nacala port, which, if successfully implemented, will have a substantial impact on landing costs.

- Government successfully finalized the SADC Simplified Trade Regime (STR) agreement with Mozambique, a move that is set to significantly boost trade, particularly for micro, small, and medium-sized enterprises (MSMEs), between the two nations.

- The Public Procurement and Disposal of Public Assets Bill, 2024, is likely to have significant impact on private sector players in Malawi. By introducing enhanced transparency, accountability, and competitive standards in public procurement, private businesses, particularly suppliers, contractors, and consultants, will face a more regulated and structured environment. The emphasis on open and competitive bidding, sustainable procurement, and participation by micro, small, and medium enterprises (MSMEs) could foster fairness and inclusivity but might also increase competition, potentially disadvantaging smaller firms that lack capacity or resources to compete effectively.

Furthermore, greater transparency and reduced corruption risks could level the playing field, ensuring that qualified businesses have equal opportunities. The focus on sustainable practices and innovation could also encourage private players to adopt environmentally friendly and socially responsible strategies, enhancing their market competitiveness and long-term viability.

Despite the positive initiatives, the government has also introduced some measures that could negatively affect businesses and deter investment. These include:

- The implementation of the Tax Stamp initiative without adequate consultations, which has adversely affected many businesses. Additionally, the decision to suspend the initiative for a subset of traders has significantly affected domestic manufacturers.

- The new government-to-government (G2G) arrangement for importing fuel, which designates the National Oil Company of Malawi (NOCMA) as the sole importer, is poised to significantly affect private sector fuel-importing firms by effectively excluding them from the market. While this arrangement aims to stabilize fuel supply in the short term, it raises concerns about its broader economic implications. Malawi is already grappling with limited foreign exchange reserves and high public debt. Therefore, relying on a centralized system could exacerbate debt accumulation during periods of foreign exchange scarcity, further straining the country's fiscal position. Although the arrangement may ensure a more consistent fuel supply, it risks distorting market competition, potentially leading to inefficiencies, reduced innovation, and a lack of cost-effectiveness in the long run. Additionally, the dependency on government-led imports could create vulnerabilities, particularly if there are delays or mismanagement in procurement. A more sustainable and long-term solution would involve prioritizing policies that boost foreign currency generation, such as supporting export-oriented industries, improving the business environment for foreign investment, and enhancing value addition in key sectors like agriculture and mining.

- In the 2024/25 National Budget, the government introduced a 10 percent corporate tax on businesses declaring profits exceeding MK10 billion. This decision may discourage investment, particularly in capital-intensive

sectors such as mining and manufacturing, potentially hindering economic growth and development in these critical areas.

- The introduced Foreign Exchange Control (2024) regulation is likely to have negative impact on foreign exchange availability for the private sector. The regulation requires public institutions to hold foreign currency reserves at the Reserve Bank of Malawi (RBM) with mandatory conversion of 80 percent and Commercial Banks to convert, within 48 hours, 70 percent of NGOs foreign exchange receipts into Malawi kwacha and immediately transfer the proceeds to the Reserve Bank of Malawi. Whilst the intention remains to curb illegal forex trading, this will reduce the volume of forex circulating in commercial banks, making it harder for private businesses to access the forex they need for imports or international transactions.

- The Insurance Bill, 2024, introduces a range of regulatory changes that will significantly affect private sector players in Malawi's insurance industry. Stricter licensing requirements, corporate governance standards, and solvency margins will increase operational and administrative costs, especially for smaller insurers, potentially leading to market consolidation as some firms may struggle to meet the new obligations. The mandate to place insurance business within Malawi and transact in local currency could boost local economic activity but may limit insurers' flexibility to manage risks through international reinsurance arrangements. Higher compliance costs may also drive-up premiums, potentially reducing the affordability of insurance products. However, improved governance, risk management, and faster claims settlements could enhance consumer trust and encourage greater insurance uptake. The Bill's focus on inclusive insurance for low-income households may foster innovation as insurers develop products tailored to underserved markets. Despite the opportunities for growth and improved sector stability, private players face potential legal and financial risks due to strict penalties for non-compliance, making it essential to carefully navigate the new regulatory landscape.

B. Sectoral Performance and 2024 Projections

Initial analysis per sector projections had most sectors projecting growth. However, challenges faced by the economy led to a decline of the projections, whilst others were able to capitalize on the opportunities that emerged. Figure 2 below illustrates the initial projections, revised projections, and forecasts for 2025.

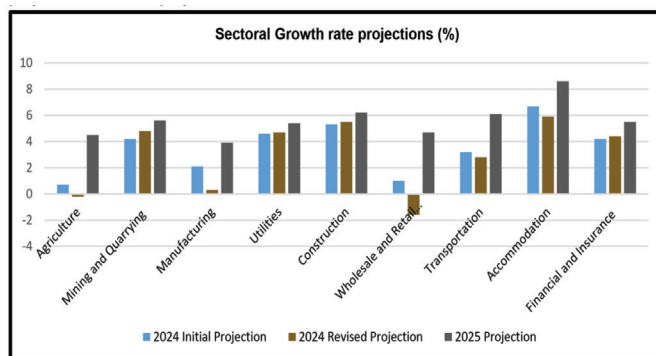


Figure 2: Sectoral growth projections Source: RBM

1. Agriculture, Forestry, and Fishing Sector

The sectoral growth rate for 2024 has been revised downwards to -0.2 percent, a significant adjustment from the earlier projection of 0.7 percent made in May 2024. This revision reflects a decline from the 0.5 percent growth recorded in 2023. The decrease is primarily attributed to poor agricultural output during the 2023/24 growing season, which has been exacerbated by unfavorable El Niño weather conditions. Both small- and medium-scale farmers, as well as large-scale agricultural producers, have been adversely

affected.

The El Niño weather conditions have severely impacted the production of key crops such as maize, groundnuts, soya beans, sorghum, and beans across 23 out of 28 districts in the country. For instance, the Third Round Agriculture Production Estimation Survey (APES), conducted by the Ministry of Agriculture, indicated a staggering 22.7 percent decline in maize production during the 2023/24 season compared to the previous growing season, contributing significantly to the overall lower agricultural output.

The sector is projected to rebound with a growth rate of 4.5 percent in 2025, thanks to anticipated favorable weather conditions for the 2024/25 farming season and the government's strategic focus on scaling up Mega Farms. With a strong commitment to implementing the Agriculture, Tourism, Mining, and Manufacturing (ATM) strategy, it is expected that resources will be effectively channeled toward agricultural commercialization and various irrigation initiatives.

2. Mining and Quarrying Sector

The Mining and Quarrying sector is anticipated to witness robust growth of 4.8 percent in 2024, an increase from 3.1 percent in 2023. This growth is largely attributed to a stable electricity supply and the government's expedited road construction initiatives for the 2024/25 fiscal year, which have significantly increased the demand for quarry materials. Furthermore, the implementation of the Artisanal and Small-scale Miners (ASMs) Act is expected to bolster gemstone and mineral production in both 2024 and 2025, further contributing to the sector's expansion.

Looking ahead, the growth forecast for 2025 is an impressive 5.6 percent. This optimistic outlook is bolstered by the planned implementation of the Artisanal and Small-scale Mining strategy, which includes projects focused on rare earth elements, graphite, and uranium, as well as increased construction activity during the election period. Moreover, the signing of development agreements with Lotus Resources and Mkango Resources Limited is set to further enhance prospects for growth in 2025.

3. Manufacturing Sector

The growth forecast for the manufacturing sector has been revised down by 1.8 percentage points to 0.3 percent in October 2024, a decrease from the previously estimated 2.1 percent in May 2024. Nevertheless, this marks an improvement compared to last year's growth of 0.1 percent. The downward revision primarily results from ongoing foreign exchange shortages, which have significantly hindered the importation of essential raw materials for production. Additionally, the sector's performance has been adversely affected by the underperformance of the agriculture sector, attributed to lower than-expected production during the 2023/24 season. The manufacturing sector's heavy reliance on agricultural raw materials has further contributed to its decline, though the current growth projection for 2025 is pegged at 3.9 percent. This anticipated recovery is largely attributed to expected positive developments in the agricultural sector, driven by favorable weather conditions in 2025 and the successful implementation of the ATM strategy. Furthermore, improvements in the foreign exchange situation, reliable power supply, and consistent fuel availability are expected to bolster production within the manufacturing sector.

4. Utilities (Electricity, Gas, and Water) Sector

The growth rate for this sector in 2024 has been revised slightly upward to 4.7 percent, up from the previously estimated 4.6 percent in May 2024. This follows a robust growth rate of 7.4 percent in 2023. The modest increase in the 2024 growth forecast is attributed to ongoing advancements in electricity and water projects aimed at enhancing production capacity. Notably, the Salima Solar Power Plant, with a total capacity of 50 megawatts divided

into three phases (10MW, 10MW, and 30MW), has contributed to this growth, particularly with the successful completion of the initial 10MW phase in July 2024.

Furthermore, the commissioning of the Nkhunzi Bay Scheme by the Southern Region Water Board, along with various ongoing water and sanitation initiatives, has significantly bolstered the industry's growth prospects for 2024. The growth rate for 2025 is projected to reach 5.4 percent, driven by the implementation of major projects such as the 300MW Kam'mwamba Thermal Power Plant and the 50MW Nanjoka Solar Power Plant in Salima, among others.

5. Construction Sector

The growth rate projection for the construction sector in 2024 has been revised upward from 5.3 percent in May 2024 to 5.5 percent in October 2024. This adjustment reflects an increased pace of ongoing construction activities across the country. Notably, there has been a surge in projects such as road construction, the development of learning complexes at public universities, and the establishment of District Council offices.

The positive trajectory of the industry is expected to persist into 2025, buoyed by the continuation of these projects during the campaign and election period. The growth forecast for 2025 is set at 6.2 percent, a downward revision from the previous estimate of 7.2 percent. This adjustment is primarily due to ongoing foreign exchange shortages, which negatively impact the sector. Nevertheless, robust growth is anticipated, driven by key projects in the pipeline, including the rehabilitation of the Balaka-Nkhotakota Dwangwa-Nkhata Bay M6 road, the Nsipe-Liwonde road, the Nacala Corridor Project Phase V, and the Southern Africa Trade and Transport Facilitation Project, among others.

However, delayed payments to contractors and the recent increase in tax rates for contractors and subcontractors from 4 percent to 10 percent pose significant risks to cash flow and operational viability. This hike in tax rates is likely to escalate operational costs, reducing profitability for construction firms. It is further assumed that fuel shortages will be curtailed in 2025; otherwise, this could further derail progress of these projects. As contractors may pass these increased costs onto clients, the overall cost of projects could rise, potentially leading to a slowdown in construction activities.

6. Wholesale and Retail Trade Sector

The growth of the wholesale and retail trade sector was revised downwards by 2.5 percentage points, from an estimated 1.0 percent in May 2024 to -1.6 percent in October 2024. This estimate still represents an improvement from the growth of -2.4 percent recorded in 2023. The outcome was due to continued foreign exchange challenges that affected the supply chains of goods and services in the markets. Additionally, the prevailing high inflation during the period led to the erosion of consumers' disposable income, thereby lowering aggregate demand in the sector. However, the industry is expected to grow by 4.7 percent in 2025. This positive outlook is supported by the anticipated moderation of inflation, driven by the expected good performance of the agriculture, manufacturing, mining, and tourism sectors. However, there is a risk regarding the ongoing availability of foreign exchange, as it plays a crucial role in the operations of this sector.

7. Transportation and Storage Services Sector

The growth outlook for the transportation and storage services sector in 2024 has been revised downward from the 3.2 percent projected in May to 2.8 percent in October, compared to a growth rate of 2.5 percent in 2023. This adjustment is primarily attributed to underwhelming performance in the agriculture, manufacturing, wholesale, and retail trade sectors, which are significant users of transportation services.

On a positive note, the outlook for the industry has improved, largely due to the rehabilitation of railway lines by the Central Eastern African Railway (CEAR), which has significantly enhanced railway services. Looking ahead, the sector is expected to experience robust growth of 6.1 percent in 2025. This anticipated surge is driven by the ongoing road and railway construction and rehabilitation projects, which are expected to improve service delivery. Additionally, the upcoming election period is likely to boost demand for transportation services, further contributing to the industry's growth.

8. Accommodation and Food Services Sector

In 2024, the Accommodation and Food Services sector is expected to grow by 5.9 percent, a downward revision from the previously estimated 6.7 percent in May 2024, but an improvement from the 5.3 percent growth recorded in 2023. This growth is largely fueled by an increase in arts and entertainment activities this year, which has heightened demand for accommodation and dining services. However, the downward revision is attributed to the ongoing high inflation and a decline in recreational activities along the shores of Lake Malawi due to rising water levels. The growth rate for 2025 is projected to be 8.6 percent, driven by anticipated boosts in arts, entertainment, and recreational activities during the upcoming campaign and election period.

9. Financial and Insurance Services Sector

The Financial and Insurance Services sector is projected to grow by 4.4 percent in 2024, an upward revision from the earlier estimate of 4.2 percent made in May 2023. This projection marks a significant increase of 1.3 percentage points compared to the 3.1 percent growth recorded in 2023. The revised forecast for 2024 is largely driven by a surge in demand for products and services within the sector, as indicated by a rise in credit. The public sector's indebtedness to the banking system increased by 30.2 percent, rising from K4.3 trillion at the end of the first quarter of 2024 to K5.6 trillion at the end of October 2024, while credit to the private sector increased by 15.4 percent, from K1.3 trillion at the end of the first quarter of 2024 to K1.5 trillion at the end of October 2024. Furthermore, the growing adoption of digital banking and increased demand for insurance services have positively impacted the industry's performance, contributing to a higher growth rate than the previous year. Looking ahead, the sector's growth is anticipated to accelerate further, reaching 5.5 percent in 2025, a notable upward revision from the previous estimate of 4.5 percent.

C. Agricultural Commodity market

1. Tea Production

In the year under review, tea production saw a notable increase compared to 2023. From January to November 2024, a total of 44,771,344 kilograms of tea was produced, up from 39,324,610 kilograms during the same period in 2023, representing an impressive growth of 13.9 percent. The increase in production is attributed to the favorable rainfall patterns observed between June and August 2024.

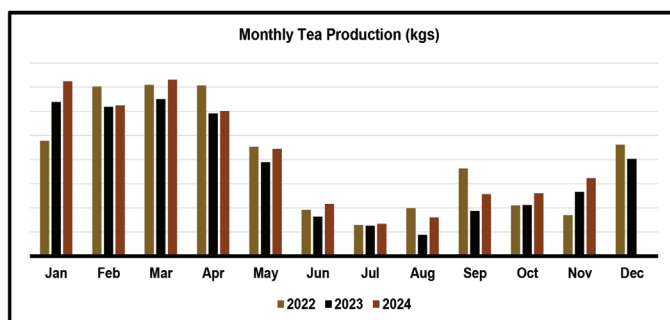


Figure 3: Average monthly tea production (2024 excludes December) source: Tea Association of Malawi

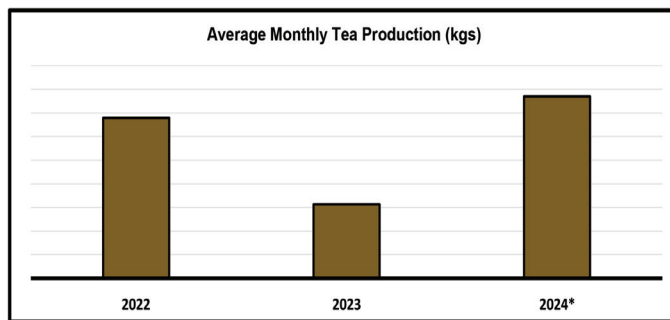


Figure 4: Average monthly tea productivity (2024 excludes December) source: Tea Association of Malawi

2. Tobacco Production and Market

Tobacco markets performed well in 2024 with a total volume of 133.3 million volumes sold marking a 10 percent increase from the previous season. On prices, the market also registered an increase in the average prices to US\$2.98/kg from US\$2.35/kg recorded in 2023. The increase in both volume and average prices saw an increase in the total earnings to US\$396.8 million from the US\$283.8 million in 2023. This projected improvement is attributed to increased hectareage due to good prices offered in 2023, an increase in the number of growers, more sponsorship, and better availability of inputs. As of October 18, 2024, with just two weeks remaining in the grower licensing period for the 2024/2025 farming season, licensed tobacco volumes were on an upward trend, bolstering confidence in the country's dedication to meeting market demand. Licensed tobacco volumes reached 223 million kilograms, reflecting a substantial 24.7 percent increase from the 178.9 million kilograms licensed at the same point in the 2023/2024 farming season.

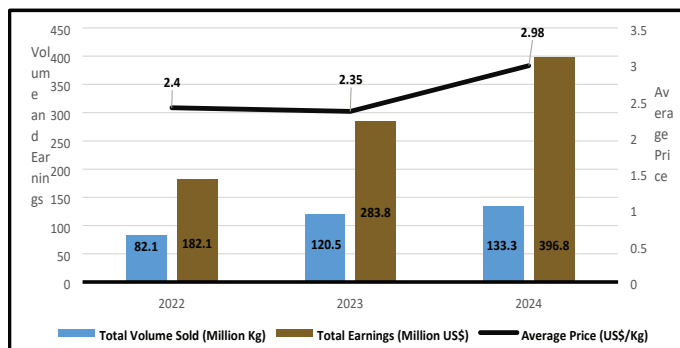


Figure 5: Volume Sold, Total Earnings and Average Prices source: RBM

3. Maize Market

The delayed onset of rains and extended dry spells during the 2023/24 agricultural season, exacerbated by El Niño and rising agricultural input costs, have led to low maize production, resulting in a significant increase in staple food prices in 2024. The Ministry of Agriculture's 2024 Third Round Agriculture Production Estimation Survey (APES) revealed that production of maize, the main staple, was estimated to be 2,926,190 MT, which is a 17 percent decrease from the previous year.

This reduction in productivity necessitated maize imports from neighboring Tanzania, which experienced a surplus due to its relatively mild impact from El Niño. However, high transportation costs and elevated foreign exchange rates on the parallel market significantly increased the landing costs of imported maize, resulting in even higher retail prices in Malawian markets.

Data from the International Food Policy Research Institute (IFPRI) indicates that the average price of maize in 2024 reached MK 769.0 per kilogram (from January to mid December 2024), marking an increase from the 2023

average of MK 633.61 per kilogram. The lowest monthly average prices were recorded in April and May 2024 at MK 592 per kilogram, while the highest monthly average price peaked at MK 930 per kilogram in January 2024. As we went to press the price of maize was at close to MK1000 per kg.

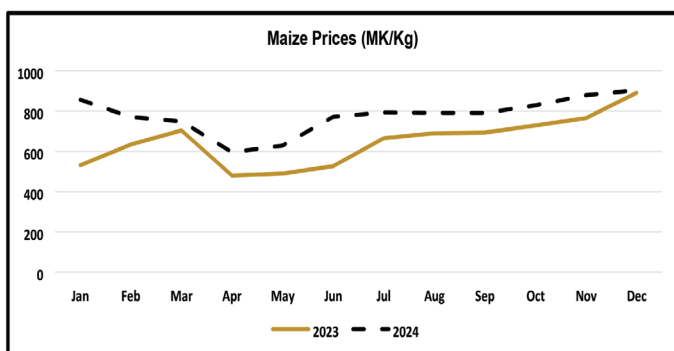
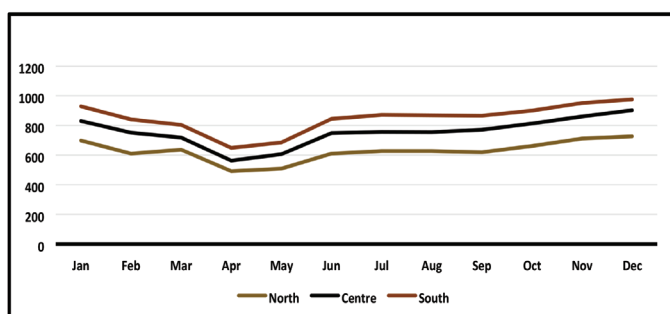


Figure 6: Maize prices in 2023 and 2024
Source: IFPRI

When comparing the three regions, the Southern region recorded the highest average price at MK 837.5 per kilogram, followed by the Central region at MK 744.8 per kilogram, and the Northern region at MK 620.08 per kilogram. This pattern aligns with typical trends, as the Southern region often experiences elevated maize prices due to its increased vulnerability to weather shocks that reduce supply. Additionally, the transportation costs associated with moving maize from the Central region to the Southern region also contribute to the increased prices.



Maize Prices in 2024 in the three Regions (MK/Kg)
Figure 7: Maize prices in the three regions
Source: IFPRI

D. Selected Macroeconomic Indicators

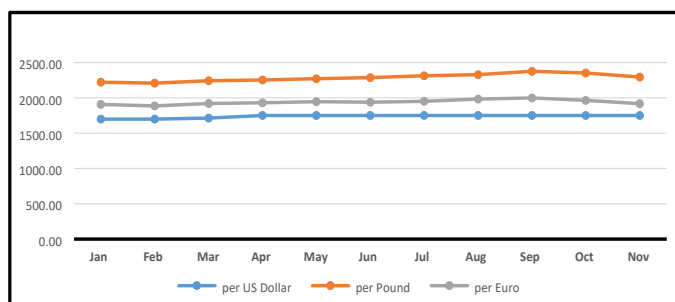
The business environment remains challenging for the private sector, primarily due to significant macroeconomic imbalances driven by low productivity. This persistent low productivity results in diminished revenue, declining exports, negative balance of payment and limited job creation, which in turn heightens the demand for social spending.

Consequently, the economy is caught in a cycle where increased social expenditures coincide with reduced government revenue, complicating the ability of both the government and private sector to fulfill their respective roles effectively.

1. Foreign Exchange Rates

During the review period, Malawi Kwacha experienced relatively stable performance on the official market, particularly against major trading currencies. By the end of November, the kwacha had a monthly average exchange rate of MK1, 750.29 per US Dollar, a slight decline from MK1, 697.82 per Dollar recorded in January 2024, reflecting a devaluation of 3.1 percent against the US Dollar. Concurrently, the Malawi Kwacha also depreciated by 0.6 percent against the Euro and 3.3 percent against the British Pound, closing November at MK1, 916.22 per Euro and MK2, 294.65 per Pound, respectively.

The performance of the Malawi Kwacha against neighboring currencies during the review period was varied. Malawi Kwacha depreciated by 11 percent against the South African Rand, while it experienced slight gains of 0.8 percent against the Zambian Kwacha and 2.5 percent against the Tanzanian Shilling. In the Asian market, Malawi Kwacha appreciated by 2.1 percent against the Japanese Yen, but it weakened against the Chinese Yuan and Indian Rupee, losing 2.5 percent and 1.5 percent, respectively. However, a persistent negative balance of payments places significant pressure on the local currency by increasing demand for foreign exchange to finance imports and service external debt. When a country imports more goods, services, and capital than it exports, the resulting deficit depletes foreign exchange reserves, weakening the currency.

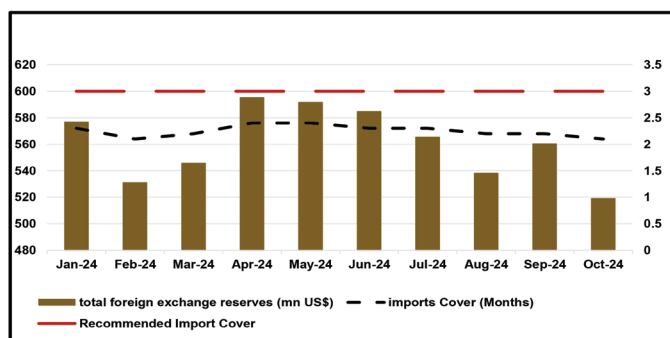


Malawi Kwacha against Major Trading Currencies
Figure 8: Kwacha against major trading Currencies
Source: RBM

2. Foreign Exchange Reserves

Malawi's balance of payments crisis intensified throughout 2024, marked by a severe shortage of foreign exchange. This issue is primarily structural, stemming from a significant mismatch between the country's limited capacity to generate foreign exchange and its overwhelming demand for imports. This supply-demand imbalance became evident in the domestic foreign exchange market in several ways, including businesses' inability to import essential raw materials, a decline in official foreign reserves, and an escalating gap between official and parallel market exchange rates, which peaked at MK3, 000/US\$ in December 2024.

The situation continues to deteriorate further in the fourth quarter of 2024, as the country faced challenges in importing fuel, leading to additional disruptions in production and logistics. Throughout the review period, Malawi's foreign exchange reserves consistently fell below the recommended level of three months' import coverage. The highest recorded reserves were US\$ 595.2 million in April 2024, sufficient to cover only 2.4 months of imports. Conversely, the lowest reserves were recorded in October, when the total fell to US\$ 519 million, providing just 2.1 months of coverage.



Total Reserves (mn US\$) and Import Cover (months)
Figure 9: Foreign Exchange Reserves Source: RBM

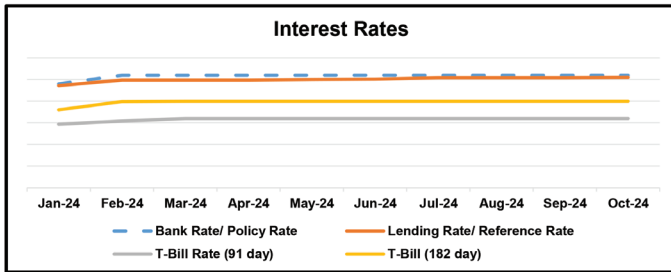


Figure 10: Interest Rates Source: RBM

In February 2024, the Reserve Bank of Malawi (RBM) increased the policy rate by 200 basis points to 26 percent. Concurrently, the Monetary Policy Committee decided to keep the Lombard rate at 20 basis points above the policy rate and maintained the Liquidity Reserve Requirement (LRR) ratio at 7.75 percent for domestic currency deposits and 3.75 percent for foreign currency deposits. This decision was aimed at mitigating second round inflationary effects stemming from the devaluation that occurred in November 2023. Throughout the year, the policy rate remained steady at 26 percent; however, in the fourth quarter, the RBM raised the LRR ratio for domestic currency deposits by 125 basis points to 10 percent.

The elevated interest rates and increased government borrowing continue to burden private sector credit, exacerbating the challenge of securing long-term financing. Despite monetary policy efforts, the impact of the higher policy rates on inflation has been mixed, primarily due to unfavorable fiscal pressures and external factors. While monetary policy has managed to stabilize non-food inflation, it has had little impact on food inflation. Current inflationary pressures are largely driven by food inflation due to poor agricultural productivity, particularly in maize production.

3. Merchandise Trade

Malawi's trade balance remains firmly in the negative, with imports consistently outpacing exports. Over the past several decades, exports as a percentage of GDP have been on a downward trajectory, largely due to a lack of diversification in the export base. Data from the first ten months of 2024 reveals a significant deterioration in the trade balance, which fell to a deficit of US\$1.9 billion, compared to a deficit of US\$1.4 billion for the entirety of 2023. In response to declining agricultural production levels, the government has implemented a ban on soybean exports to bolster local manufacturing requirements for raw materials. This decision, along with a drop in exports of other commodities, has further exacerbated the trade deficit.

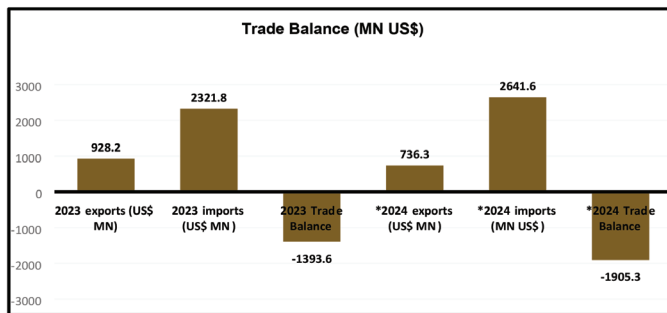


Figure 11: Trade Balance (2020 figure excludes Nov and Dec) Source: RBM

The Government has made strides in facilitating access to markets for Malawian producers at both regional and international levels. This includes agreements under SADC and COMESA protocols, bilateral agreements with the governments of South Korea and bilateral agreements with the People's Republic of China on groundnuts and soybeans. Additionally, Malawi has entered a Simplified Trade Regime with Mozambique, Zambia, and Zimbabwe, signed a Memorandum of Understanding (MoU) with India to facilitate trade in pigeon peas and has also ratified the

upcoming African Continental Free Trade Area (AfCFTA), among other agreements.

However, access to these markets is affected by various Non-Tariff Barriers (NTBs). These include stringent import and export controls, compliance with standards and certification requirements, and high transit fees along corridors, such as escort, scanning, and tracking charges. Recent unrest in Mozambique has further impacted the smooth transportation of exports to the port, posing additional challenges to market access.

4. Inflation Rate

The rising fiscal deficit, coupled with supply-side challenges resulting from a poor agricultural harvest, is intensifying inflationary pressures. Following a sharp increase in inflation after the November 2023 devaluation, the rate has consistently exceeded 30 percent, with food inflation averaging a staggering 40 percent in 2024. From January to November 2024, the average headline inflation rate stood at 32.7 percent, significantly higher than the annual average of 28.8 percent recorded in 2023.

In response to soaring inflation, the government has primarily leaned on tightening monetary policy. However, the effectiveness of higher policy rates in curbing inflation has been mixed due to persistent fiscal pressures and external factors. Given that the inflationary pressures are largely driven by inadequate agricultural productivity particularly in maize, a more integrated approach combining monetary policy, fiscal measures, and supply-side initiatives, such as winter cropping, would likely have yielded better results.

In 2024, inflation peaked at 35.0 percent in January, marking the highest level since April

2013, before gradually declining to 27 percent in November 2024, the lowest since March 2024. This decline in November can be largely attributed to government efforts to alleviate food shortages through the distribution of maize to affected households. However, inflation is expected to remain elevated until food supply issues are fully resolved in the upcoming 2024/2025 harvest season.

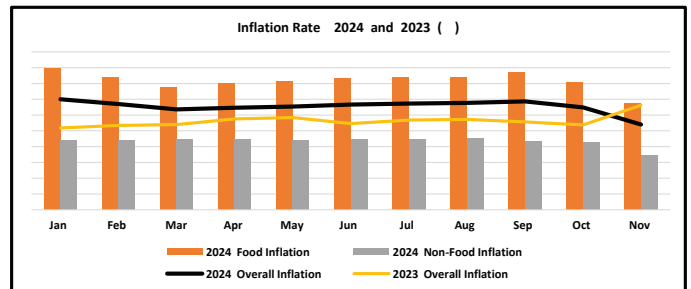


Figure 12: Inflation Rate Source: RBM

E. Forecast into 2025

The Ministry of Finance and Economic Planning projects a real economic growth rate of 4.0 percent for 2025, primarily driven by anticipated improvements in agricultural output during the 2024/25 growing season. However, this optimistic outlook is not without its challenges, as several potential risks could impact economic performance in 2025.

The 2024/25 agricultural season has begun on a challenging note, with many districts experiencing rainfall levels that fall short of expectations. Furthermore, inefficiencies in the Affordable Input Programme (AIP) are likely to further hinder agricultural productivity due to the challenges posed by foreign exchange scarcity in importing farm inputs.

As Malawi approaches its general election, the potential for political instability remains significant. Should disruptions occur, there is a substantial risk of economic activities being adversely affected.

Inflation in 2025 is expected to remain elevated due to

anticipated increases in government social spending as we approach the election cycle.

In 2024, discussions emerged regarding the potential review of rising fuel prices to better align them with the actual costs of petroleum products. This consideration is expected to remain a significant focus in 2025. The positive impact of aligning fuel prices with the actual costs of petroleum products includes reducing the financial burden on governments caused by subsidies. However, this consideration is likely to exert upward pressure on inflation, as adjustments in fuel prices directly affect transportation, production costs, and the overall cost of goods and services.

On a global scale, several political tensions, including the ongoing war in Ukraine and conflicts in Israel, pose significant risks to the energy sector and could disrupt the logistics supply chain.

The ongoing forex shortage will likely remain an impediment in 2025, especially with the new gazetted Supplementary Exchange Control Regulations for public institutions which now mandates them to keep their forex with RBM rather than commercial banks. The regulation requires public institutions to hold foreign currency reserves at the Reserve Bank of Malawi (RBM), with mandatory conversion of 80 percentage into Malawi kwacha. Further, the regulation mandates Commercial Banks to convert, within 48 hours, 70 percent of NGOs foreign exchange inflows and immediately transfer the same to RBM. This will reduce the volume of forex circulating in commercial banks, making it harder for private businesses to access the forex they need for imports or international transactions there by reducing economic activities.

Given the economic challenges in recent years and the persistent risks and shocks, Malawi's vulnerability remains high, and achieving economic stability will likely take longer than anticipated. However, 2025 presents an opportunity for businesses to transform the economic landscape by building enterprises that are not only resilient but also anti-fragile, capable of thriving amidst disruptions. It is crucial for the Private Sector to focus on creating much-needed forex and fostering robust domestic supply chains to reduce the import bill.

Despite the myriad of challenges, businesses must prioritize innovation and embrace digitalization to enhance competitiveness for both export markets and import substitution. With the changing trade landscape ushered in by the African Continental Free Trade Area (AfCFTA), there is a pressing need to seize these new opportunities to expand market access, boost exports, and integrate into regional value chains. By doing so, businesses can drive growth and contribute to a more stable and self-sufficient economy.

F. Areas to consider for Private Sector Growth

The government should consider reviewing certain tax policies to create a more conducive environment for private sector growth and investment. For example, the introduction of a 10 percent corporate income tax surcharge on profits exceeding MK10 billion, as outlined in the 2024/2025 budget, could have unintended consequences. While it aims to increase revenue collection, such a policy risks discouraging investment, particularly from large corporations that play a crucial role in driving economic growth, job creation, and innovation. High tax burdens on profits may reduce the attractiveness of Malawi as an investment destination, prompting companies to either relocate operations to more tax-friendly jurisdictions or limit expansion plans. To foster a vibrant private sector, the government could explore alternative strategies, such as incentivizing reinvestment of profits into the local economy, offering tax breaks for specific growth sectors, or implementing a more progressive tax structure that balances revenue needs with the goal of stimulating private sector development.

There is a critical need to establish a structured mechanism for prioritizing the allocation of limited foreign exchange to forex-generating sectors to maximize their

production capacity and export potential. While ensuring adequate foreign exchange for essential public sector imports, such as medicine and fuel, remains vital, it is equally important to prioritize forex-generating industries, such as agriculture, manufacturing, and mining. Allocating forex to these sectors will enable them to procure necessary inputs, maintain operations, and expand production, ultimately increasing exports and boosting forex inflows.

In addition, a targeted approach could involve identifying high-potential industries and businesses that demonstrate significant capacity to generate forex and providing them with prioritized access. This strategy would not only address the current forex shortage but also create a multiplier effect by enhancing production, creating jobs, and fostering economic growth.

Effective implementation of policies in the agriculture sector, such as the National Agriculture Policy (NAP II) and the National Irrigation Policy, is critical to enhancing agricultural productivity and building resilience against the vulnerabilities of traditional rain-fed agriculture, especially in the face of climate change. These policies are designed to promote sustainable practices, improve irrigation infrastructure, and encourage the adoption of climate-smart technologies. However, successful implementation will require robust coordination among stakeholders, including government agencies, private sector actors, and local communities.

Key steps include ensuring adequate funding, building technical capacity, and providing timely access to inputs such as seeds, fertilizers, and irrigation equipment. Additionally, regular monitoring and evaluation of policy outcomes are necessary to identify challenges and make data-driven adjustments.

Addressing the fiscal deficit is a crucial step toward achieving economic recovery and stability. One effective approach is to formulate a budget that aligns closely with actual revenue collection, thereby minimizing reliance on borrowing to finance expenditures. By narrowing the fiscal deficit, the government can reduce its dependence on domestic borrowing, which often crowds out the private sector's access to credit. This would create more opportunities for private businesses to obtain affordable financing, enabling them to invest, expand, and drive economic growth.

Furthermore, reducing the fiscal deficit would ease inflationary pressures, as excessive government borrowing can lead to an oversupply of money in the economy, driving up prices.



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Dr Wisely Phiri



CHIEF EXECUTIVE OFFICER
Daisy Kambalame

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Agrimal Limited
Zoon Trading
Emeritus Reinsurance Company Limited
Capital Oil Refining
H Adams Wholesalers
Andrex Limited
Maximum Africa Investment Management Limited
Workforce Recruitment Services
CAMCO Equipment Limited
Lomalinda Suppliers
Luwinda Lodge
CStein Weg Bridge

Electra Sales Limited
Link Building Products
Nali Limited
Bakhresa Malawi Limited
Powertex Limited
Saile Financial Services
Fattani Offset Printers
Bakeman's Confectioneries
HoneKay
Aero Plastics Industries
Bridgepath Capital Limited
Deekay Suppliers
Flowtech Limited
General Alliance Insurance Company
Globe Metals Mining
HISCO Limited
ICT & Local Development
IFA Limited
Kudamu Farms
Naffis Chemicals/Dynachem
Prime Steel
Sheet Metal Industry
WTM Chirwa & Associates Limited
Royal Motors
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Invegrow Limited
Cross Boarder Traders Association
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Double M Motors Limited

C to C Engineering
AES Consulting
Micro Insurance Services Limited



**MALAWI CONFEDERATION OF CHAMBERS OF
COMMERCE AND INDUSTRY**

2025 CALENDER OF EVENTS

Month	DATES	Event	Event Description	Event Venue
February	7 11 12	Regional Chapter Meetings	An interface and consultative platform between MCCCCI members and MCCCCI secretariat	South Centre North
March	13 & 14 20 & 21 20 & 21	Regional Training Workshops	Structured sessions organized by MCCCCI to enhance skills and knowledge among MCCCCI members and non-members in specific areas	South Centre North
April	24 - 26	2025 Lakeshore Business Leaders' Summit	An annual conference held by MCCCCI to provide business captains an opportunity to come together to brainstorm and find ways to deal with topical issues which affect the conduct of business in Malawi	South
May	23 - 31 23 30 - 31	35 th Malawi International Trade Fair (MITF) 35 th MITF Networking Dinner Farmers' Market	A multi-sectoral trade exhibition which provides linkage platform for domestic and international exhibitors to connect with potential customers, policy makers and partners in trade and investment. A networking dinner event which offers an opportunity for the business community to interface with decision makers A trade exhibition, blended with a trading platform, providing an interface between SMEs and Corporates; SME and Business Support Organisations	South
July	4 8 9	Regional Chapter Meetings	An interface and consultative platform between MCCCCI members and MCCCCI secretariat	South Centre North
August	7 - 9 7 14 & 15 21 & 22 21 & 22	21 st National Agriculture Fair (NAF) 21 st NAF Networking Dinner Regional Training Workshops	Agriculture Exhibition targeting all players in the agricultural value chain. A networking dinner event that brings together business captains in the Agriculture Sector, as well as agri-entrepreneurs to interface with government representatives, providing proposals on how the agriculture industry can perform better Structured sessions organized by MCCCCI to enhance skills and knowledge among MCCCCI members and non-members in specific areas	South South North Centre South
October/ November	31 Oct- 1 Nov	2nd Zomba SME Fair and Farmers Market	A trade exhibition, blended with a trading platform, providing an interface between SMEs and Corporates; SME and Business Support Organisations	South
November	7 11 12 28-29	Regional Chapter Meetings Innovation and Entrepreneurship Fair	An interface and consultative platform between MCCCCI members and MCCCCI secretariat A dynamic event showcasing groundbreaking ideas, innovative solutions, and entrepreneurial spirit.	South Centre North South
December	12	MCCCCI Members Dinner	An evening of networking, fine dining, and meaningful conversations with fellow MCCCCI members. This exclusive dinner is an excellent opportunity to strengthen relationships, share insights, and celebrate our community's achievements.	South

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