



MITC MAGAZINE

ISSUE 1

*MITC records
\$808,079,891
investment
pledges*

DUBAI EXPO
*Malawi generates
multi-million
investment and
trade leads*

IATF 2021
*Quick wins for
Malawi*

EXPORTER SPOTLIGHT THANTHWE FARMS

"MITC has helped us to sell our products in local shops like Shoprite Malawi. So they are the big brother that you need as an SME if you are on a path to growth"

ABOUT US

MITC is a parastatal organization established by an Act of Parliament, the Investment and Export Promotion Act of 2012. The Act mandates MITC to operate as a One-Stop Service Centre for business start-ups. MITC is the focal point for investment and export promotion and facilitation in Malawi.

KEY SERVICES

- Investor facilitation and registration
- Land identification for investment
- Project promotion
- Export market identification
- Exporter capacity building
- Export product promotion



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MESSAGE FROM THE CEO

Welcome to the first edition of the MITC Magazine. This publication will be coming to you bi-annually giving you updates of the activities that MITC is undertaking in promoting Malawi as an attractive and ideal investment and trade destination.

The main objective of this publication is to help you our stakeholders keep track of the various efforts that the Centre is making in promoting trade and investment as well as assisting businesses in their various operations.

This first edition has covered major events undertaken from July 2021 to March 2022. We hope that the articles covered in this publication will help you to understand the role of MITC better in terms of investment and trade promotion.

It is our hope that you will find the stories shared here inspiring and informative!

Enjoy the read!

Paul Kwengwere
Chief Executive Officer



EDITOR'S NOTE

We are excited to share with you this first edition of MITC bi-annual newsletter which will be coming to you twice a year highlighting the key events and activities that MITC has undertaken. For this inaugural newsletter we have covered events for the 2021-2022 financial year but going forward we will be bringing you this publication twice a year.

So in this first edition we have highlighted detailed coverage on Malawi's participation at the Intra-African Trade Fair in Durban South Africa and The World Expo in Dubai. We have also included impact stories on some businesses that have benefitted from MITC's services.

We hope you will be inspired by the stories covered in this edition. We are looking forward for your feedback and input.

Deliby N. Chimbalu- Public Relations Manager
Editor-in-chief

Contributors

- Deliby Chimbalu
- Nellie Mononga
- Joyce katsirizeni

MITC RECORDS \$808,079,891 INVESTMENT LEADS IN 2021



The investment records for the last financial year have jumped with almost 1000% from the previous year despite the global economic slowdown resulting from the impacts of covid-19.

In 2021, Malawi Investment and Trade Centre (MITC) managed to record \$808,079,891 investment interests in key sectors that include agriculture, agro processing, manufacturing, energy, mining, construction, tourism, ICT and services. The interests are from 35 companies that have been issued with an investment certificate from MITC.

The investment pledges indicate a \$738.4 million jump compared to the value of investment pledges recorded in the same period in 2020-2021 financial year.

Economic sectors that attracted the most significant investments interests include energy sector which has \$344,932,068.00 investment pledges representing 42.6%; mining sector has contributed \$202,199,000.00 representing 25%; agriculture and agro processing has \$106,188,221.68 investment pledges contributing 13%; manufacturing investment pledges are at \$81,640,870.00 which is 10% of the total pledges; services has contributed \$72,600,555.00 representing 8.9%, and tourism investment pledges are at \$490,415.00 representing 0.06%.



The investment records for the last financial year have jumped with almost 1000% from the previous year despite the global economic slowdown resulting from the impacts of covid-19. This shows that our investment promotion and attraction activities are not in vain. Nonetheless this year our approach on investment promotion is more focused and targeted.



For the year 2022-2023, MITC is focusing on heightening its engagements with Malawi Foreign Missions because these are key in attracting FDI into Malawi.

In addition, the Centre will be engaged in more investor-targeted initiatives and facilitate business to business meetings and targeted investment missions.'

MITC 2021-2022 Investment Performance

MITC registered \$ 808 million investment pledges in **2021-2022** financial year



US\$808m

Jobs expected to be created by the new investments



15499 Jobs

Companies registered and issued with an investment certificate



35 Companies



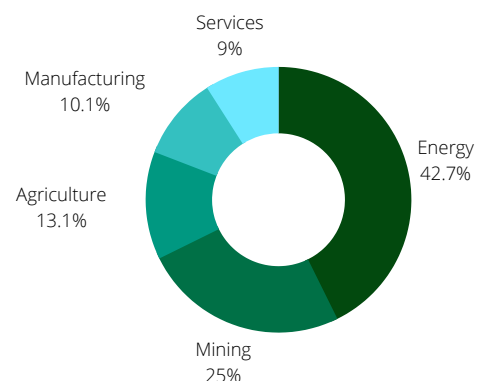
Energy investment
US\$344.9m



Mining investment
US\$202.1m



Agriculture & Agro
processing investment
US\$106.1m



MALAWI AT THE WORLD EXPO IN DUBAI

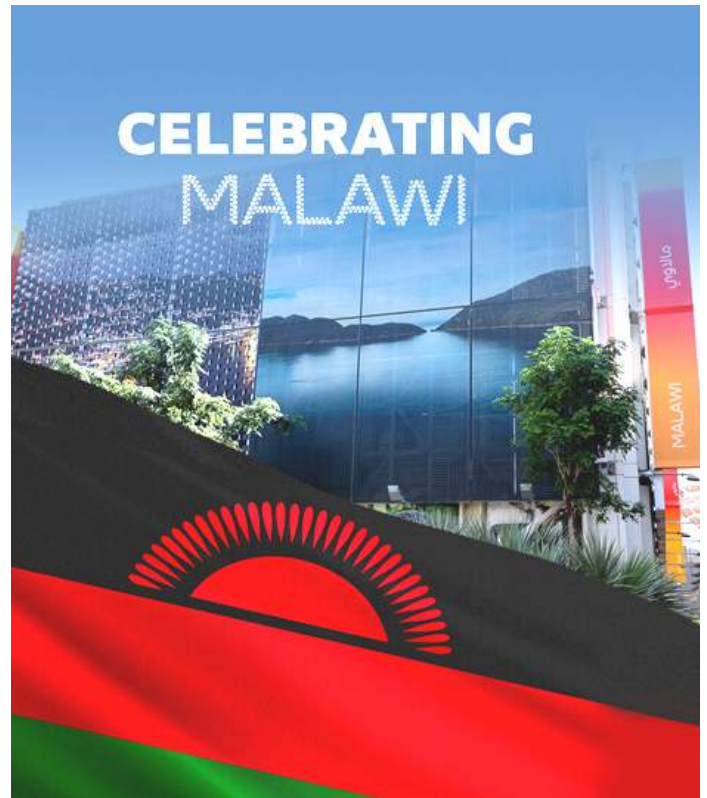
Malawi was among the 192 countries that participated in the World Expo in Dubai.

The Dubai Expo 2020, was hosted by the United Arab Emirates (UAE) government and it was held from 1st October 2021 to 31st March 2022.

Organized to create a global networking platform and act as a catalyst for creativity through shared innovations and opportunities, the Dubai Expo proved to be a perfect platform for forging business relationships, sharing and learning new ideas and of course advancing knowledge.

Malawi's participation at the Expo was facilitated by Malawi Investment and Trade Centre (MITC). With a goal of identifying market opportunities and possibly enticing potential investors to explore the numerous opportunities that Malawi has, MITC managed to record serious investment and trade inquiries at the expo.

As countries were busy showcasing what they have to offer to the world at the Expo, Malawi was not spared. During its National Day which fell on November 20, 2021 Malawi was given the opportunity to showcase her culture, food, traditions, music, innovations, and business opportunities to the expo visitors and potential investors.



Vice President Dr Saulos Chilima interacting with officials from the UAE Government.



The country's Vice President, Dr Saulos Chilima graced the event. He called on investors in the United Arab Emirates (UAE) to come and invest in Malawi, saying Malawi presents numerous opportunities for both investment and trade.

“

Malawi is a land of opportunities. We are waiting for investors like you to come and explore this beautiful country in Southern Africa and discover the many opportunities we have in sectors like agro-processing, tourism, energy, mining, and manufacturing.

”

The Malawi national day was also a perfect day for Malawi to engage with potential investors. Through a business session that was held alongside the national day celebrations, Malawi managed to generate investment interests in key sectors such as energy, mining, manufacturing, agriculture and agro-processing.

At the end of it all Malawi managed to generate investment interests in excess of US\$400million and trade inquiries in excess of US\$ 800 million.



Vice President Dr. Saulos Chilima delivering his speech during the Malawi National Day in Dubai



Opening session of the B2B meetings in Dubai

Apart from the Malawi national day another major highlight for Malawi at the Expo was the Trade and Investment B2B meetings that took place in March.

The B2B sessions were designed to promote specific investment and trade opportunities to targeted potential investors and buyers of Malawian products.

A delegation of about 40 members from Malawi led by the Minister of Trade and Industry Hon. Mark Katsonga Phiri, attended the meetings.

The sessions provided a platform for the Malawian project promoters and

exporters to market their projects and products to potential investors and buyers in Dubai and beyond.

The B2B meetings managed to generate investment interest worth US\$1.3billion and export enquiries amounting to US\$320 million.

But Malawi's gains from the Dubai Expo are not limited to the National day and B2B meetings outcomes. For the whole period of six months the country managed to generate investment leads amounting to USD\$3.711billion and USD\$2.004 billion export inquiries.



Hon. Mark Katsonga Phiri, MP delivering his address at the Dubai B2B Meetings

Quick Gains:

- USD\$3.711billion investment leads
- USD\$2.004 billion export inquiries.



Paul Kwengwere, MITC CEO (R) meeting with a potential investor during the Dubai B2B meetings



Hon. Mark Katsonga Phiri (R) with Mr. Omené (L) of the potential investors

More business opportunities for Malawi in South Sudan

In January this year MITC facilitated an interface meeting between Malawian private sector players and a business delegation from South Sudan. During the meeting it was discovered that there are more business opportunities in South Sudan that Malawi can take advantage of.

The Acting Undersecretary for South Sudanese Ministry of Trade, Mary Akech Milla said as a young country South Sudan has a lot of opportunities that need to be exploited. She further said that the South Sudanese government is already putting in place deliberate policies and strategies that aim to facilitate smooth flow of trade and investment in the country.

'You know as a country that is only 10 years old we still have a lot to offer to the business community in terms of trade and investment opportunities. For example, most of the products that we are using, we are importing from countries such as Brazil. So we want Malawi to be one of our top sourcing countries.'



In his remarks MITC Board Chairperson Karl Chokhotho said MITC is ready to work with companies and individuals wishing to export to South Sudan.

'Be assured that MITC is ready and willing to support facilitation of trade between the two countries.'

Malawi and South Sudan signed a memorandum of understanding (MOU) for trade and economic cooperation.

Under this MOU Malawi received an interest to export over S\$129,000,000 of maize flour, beans, rice, cooking oil, sugar, soy beans, tea, poultry products, groundnuts, cow peas and Irish potatoes. So far Malawi has exported 1,200 metric tons of maize flour and 400 metric tons of rice.





Taking stock of the gains from the IATF 2021

\$1 billion investment deal

The second Intra Africa Trade Fair was held in Durban South Africa in November 2021 and Malawi was one of the countries that participated. At the end of the one week event, countries signed big deals to boost trade on the continent. Malawi was not spared in securing significant deals at the IATF 2021. The highlight for Malawi was the \$1 billion deal signed with Elsewedy Electric of Egypt.

The investment deal with Elsewedy Electric include flagship investments in sectors like energy, manufacturing, tourism among others that will help to boost the country's economy.

The then Minister of Trade, Sosten Gwengwe who signed the deal with Elsewedy on behalf of the Malawi government said it was an important deal that will help Malawi implement some of its infrastructure projects.

'Elsewedy Electricals is coming to Malawi to work with the government in developing infrastructure for trade like the dry ports in Nsanje and Liwonde. They are also interested in the energy sector and we are excited to be working with them to actualize this big deal,' said Gwengwe.



The Malawi delegation meeting with Elsewedy Electric at the IATF 2021

Export orders for Malawian products at the IATF 2021

The IATF 2021 also offered a great way to accessing foreign markets for Malawian products. The country managed to identify export markets within the African Continental Free Trade Area like Angola, Botswana, South Africa, South Sudan and Cote d' Vioire. The export markets worth about \$418.6 million are for the supply of various commodities like maize, beans and rice to these regional markets.

Specifically, Malawi struck an additional deal with South Sudan to supply various commodities, mostly maize, beans and rice, worth \$168 million from the previous \$127 million making a total of \$295 million. Another deal is with Angola worth \$50 million, Botswana \$40 million, South Africa \$20 million deal for the supply of rice. For in Cote d' Vioire Malawi is to supply 60, 000 tonnes of rice and other grains worth approximately \$59 million.

Local SMEs that attended the fair also registered remarkable export orders worth \$122.6 million. These orders were mostly for agricultural products like sweet potato flour, chili sauce, beans, soya, rice, coffee, herbal teas and honey.



Madalitso Chipekwe of ACADES displaying her products at the IATF 2021



Peter Likomwa of Nali Limited (in red golf shirt) with a potential buyer at the IATF 2021

“

All along we have been struggling to find distributors for our products here in South Africa. We are glad that we have managed to identify one during this fair. We will be sending a container of assorted chili every month

”

Trade financing deals for Malawi at the IATF 2021

Apart from the export orders, Malawi also signed trade financing deals with international financiers. The Reserve Bank of Malawi signed a \$ 30 million trade financing agreement with BADEA aimed at facilitating the export orders that Malawian businesses secured at the IATF 2021.

In addition, the Export Development Fund- EDF signed a \$5 million regional transit guarantee facility with the African Export-Import Bank (Afreximbank). This was aimed at facilitating intra-African trade by removing multiple layers of customs transit bonds across countries in the region and time consuming boarder clearance paperwork procedures. Other export financing agreement included one by Thantwe Products and ADMARC totalling \$121million from Afreximbank.

The 2021 Intra-African Trade Fair (IATF) is hosted by Afreximbank. The IATF 2021 targeted trade and investment deals of more than US\$ 40 billion. The fair attracted more than 4,000 delegates and more than 1000 exhibitors, including over 1,000 buyers from over 55 countries. About 30 Malawian companies participated at this year's fair.

IATF2021 provided a platform to promote trade under the AfCFTA by bringing together continental and global buyers and sellers, and enabling stakeholders to share trade, investment and market information as well as trade finance and trade facilitation solutions designed to support intra-African trade and the economic integration of the continent.



Reserve Bank Governor Wilson Banda shaking hands with a representative of BADEA after signing a financing agreement



Former Managing Director of EDF Gerald Nsomba (L) exchanging a financing agreement with AfreximBank



Driving industrialisation through industrial parks

Industrial parks have proved to be the key engines for economic growth in both developing and underdeveloped economies.

The government of Malawi is currently developing industrial parks in the cities of Blantyre, Lilongwe and Mzuzu to drive industrialisation and stimulate economic growth in the country.

They are an ideal catalyst for industrialization and economic development since they help put into place infrastructure that fosters and attracts investors.

Malawi Investment and Trade Centre (MITC) is championing the setting up of industrial parks in Malawi.

In March, this year the Minister of Trade and Industry Hon. Mark Katsonga Phiri visited one of the sites that has been earmarked for the development of an industrial park in Chigumula, Blantyre.

‘These industrial parks will not only help us enhance our industrial base, but they will also make it easier for us to find land for investment. At the moment there are some challenges in identifying land for investment for both local and foreign investors. The good thing is, this land will be serviced with utilities like water, power and roads and this makes it even more attractive to potential investors.’

Apart from facilitating land for investment, industrial parks also promote economic activity in adjacent neighbourhood areas by offering better employment opportunities.



Minister of Trade and Industry-Hon. Mark Katsonga Phiri (in blue shirt) discussing the floor plan of Chigumula site with MITC CEO Paul Kwengwere (in Maroon Jacket)

MITC is particularly instrumental in the development of these industrial parks. The Chief Executive Officer, Paul Kwengwere, said the Chigumula site in Blantyre for example, has 22 hectares of land that is almost ready for allocation to potential investors.

‘The site we have here in Chigumula can take up to 61 medium sized plots. We are almost ready with it and it is our hope that soon we will start allocating it to investors. Our vision is to have a manufacturing hub for for textiles, chemicals, electronics, leather, and also an agro-processing hub for food and beverages within this park. So we are looking forward to working with investors that are interested in establishing their businesses in these parks.’

Apart from Chigumula site in Blantyre, MITC is also working on developing other industrial parks in Matindi-Blantyre, Magwero (Area 55) - Lilongwe and Dunduzu in Mzuzu. These parks will be specifically designed to accommodate plots for factory shells suitable for small, medium and even larger factories.

Why you should attend our next Trade Mission: The case of Nali Limited

Attending trade missions is one effective way of exploring potential international business opportunities. This is because trade missions bring together suppliers and potential customers in one place for a few days of intensive meet and greets and matchmaking.

Malawi Investment and Trade Centre-MITC organises trade missions to various markets as one way of identifying markets and distributors for Malawian products.

In December, 2021 MITC together with the Ministry of Trade and Industry led a delegation of Malawian businesses to Nampula in Mozambique for a five day trade mission. This mission provided valuable networking opportunities for Malawian businesses with key industry representatives in Mozambique.

Even though as a business you may have to pay for your flights, the benefits of attending trade missions are myriad, for example, you'll get a series of meetings lined up with relevant contacts. The good thing also is that travelling with a government-backed delegation can often broaden your networking opportunities, particularly in terms of government officials and industry professionals.

Peter Likomwa of Nali Limited has been attending trade missions organised by MITC. He was recently part of the Nampula Trade Mission in Mozambique where he has managed to access key contacts for their company. Likomwa believes that MITC adds credibility when travelling outside Malawi to search for markets. He says the Nampula Trade Mission content was particularly useful for building contacts and relationships and sharing experiences with the other delegates.



'MITC helped us to make the most of the mission and connect with the right people. We have identified a company called Spice World who will be our distributor of Nali Chilli Sauces in Nampula. They have already made contact with us, they visited our offices on 4th January to finalise this partnership.'

'They will also help us to push our products in other markets in Mozambique like Pemba, Nacala and Maputo.'

'To us MITC is very key in our business. They are able to research and connect us to the world and meet other international manufacturers.'

One most important thing for businesses after attending trade missions is to make sure that you follow-up with the contacts you have established. Many people's inboxes will be heaving after a show, so be quick to get in touch while they can still remember you!

EXPORTER SPOTLIGHT

THANTHWE FARMS AIMING FOR EXPORT MARKETS



**NGABAGHILA
CHATATA**

Thanthwe farms was established in 2013. It is into horticulture and agro-processing business. The Managing Director Ngabaghila Chatata tells us more about her incredible journey and how they received support from Malawi Investment and Trade Centre (MITC).

Tell us a brief background about Thanthwe Farms?

My name is Ngabaghila Chatata, Managing Director of Thanthwe Farms. We are into horticulture business-that is growing and processing of agro-products. We started the business in 2013 ever since we have been growing. Currently we have a number of products that we are producing like different herbal teas including Hibiscus Tea and Lemon grass Tea.

We also do spices like turmeric, rosemary and mint. Recently, we have started producing fruit jams and juices. We do also produce dried fruits like mangoes.

We currently have 20 permanent employees and we employ about 60 every year on temporary basis.

Are you currently exporting?

We are currently supplying the domestic market but actively looking for international markets. There are high prospects in countries like Mozambique and South Africa. We are currently sending samples to these potential markets at the same time we are also pursuing certification for the export market so that we are ready if any opportunity to export is presented to us.



Ngabaghila checking her plant in her flowers in her garden

How has MITC helped your business grow?

It's been an amazing journey. We've had a huge amount of support from the MITC team. From help with export procedures and documentation through trainings in export, to introducing us to relevant contacts in our target markets. We have also participated in trade fairs [courtesy of MITC] where we were able to meet a lot of buyers and hear what they are looking for, that helps us to improve our products.

Talking of trade fairs, you participated in the Intra African Trade Fair in Durban in 2021, how important was that fair to you as a business?

Attending the IATF with MITC was a great opportunity for us to really connect with international buyers and distributors in a way we wouldn't have been able to do alone. It was a very important intervention as it was an eye opener.

The fair was a good hands-on experience of meeting relevant distributors and talking to potential buyers in a country that we are targeting to penetrate with our products. Apart from that the IATF 2021 gave us an opportunity to interact with fellow SMEs who were showcasing their products. This especially made us to know how our friends are doing it, so it gave us knowledge and insights on how we should position ourselves in the market for export.

So what were the gains for you at the IATF 2021?

As I said, we have prospects that are looking at buying our teas and our fruits. All of these are as a result of our participation at the IATF. I have met them [potential buyers] and they saw our products and that made a difference and now we are sending them samples. I am optimistic that these prospects will materialise if not today then very soon.

What's the importance of working with institutions like MITC in these trade fairs?

It is all about the technical support. You know there is a language that is spoken in the trade space and there is a language that we speak as SMEs. So when you are interacting with MITC it's like you have a big brother that is holding your hand. For example my experience at the IATF with MITC was amazing.

We could have meetings with prospective buyers and the MITC team was always around and helping us understand the requirements and this helped us to progress our discussions with certain key decision makers that were present at the fair. So it really helps.

Do you have any advice for businesses that are hesitant to participate in trade fairs?

Actually they are missing a lot. For me it's also the peer support that you get because there was Perisha [Agro], there was Nali [Limited]. We learnt a lot and now when I have a challenge I can easily ask colleagues from Nali for example to say how you went about this kind of challenge. So it's a network that we need to tap into as SMEs.

If we are ready to grow. Because sometimes maybe people are not ready to grow and also I have heard a lot of SMEs say its short notice [the calls to participation in trade fairs and trade missions], an entrepreneur that is ready to grow should always be ready to tap into opportunities. Opportunities are for grabbing, you don't wait.

Some say they don't see the value of working with MITC, based on your experience what is your comment?

I would say that they should reconsider their thoughts because for us beyond the international linkages they have also linked us with local buyers. They have introduced us with Shoprite Malawi. Currently we have a contract and we will be sending the first order. We were supported by MITC on this. So I think it's something that we need to tap into and we've also been linked to EDF –we are talking about financing. So as I said, they are the big brother that you need as an SME if you are on a path to grow!



Ngabaghila displaying her products at the IATF 2021



Investor support through MITC's One Stop Service Centre: A story of Quantel Energy

Businesses are the drivers of growth and export, that's why MITC provides support to both local and international business investors in Malawi to maximise their business potential. Through its One-Stop Service Centre, MITC facilitates setting up of businesses for both international and local investors by providing company registration and business licensing services, processing of immigration permits- Business Residence Permits (BRP) and Temporary Employment Permits (TEP), identification of land for investment, and access to tax incentives for business profitability.

One of the local investors, Partridge Shycal of Quantel energy shares his story of how he has managed to get support from MITC for their 50MW solar power plant project in Mzimba.

Tell us a brief about Quantel Energy and your project

My name is Partridge Shycal. I am the Chief Executive Officer of Quantel Renewable Energy as well as Co-partner.



Partridge Shycal Chief Executive Officer of Quantel Renewable Energy & Co-partner.

Quantel is basically investing in a solar project. We intend to construct a 50MW solar power plant in northern part of Malawi, that is, Bwengu in Mzimba District.

As Quantel we've been in Malawi for more than 5 years. This is a company that was originated by Malawians. We have been the promoters of this project. We have also been doing other businesses in Malawi and now we are exploring opportunities in the energy sector.

So for this project we have made progress, as you know a project of this nature requires a lot of studies. We started with a feasibility study and then an Environmental Impact Assessment. We have also done geo-technical studies as well as topographical studies.

Why choose the energy sector?

As promoter of the project having been in different other businesses this was a sector that we thought has huge potential. You may attest to the fact that Malawi has been experiencing lots of blackouts and we thought that there is a niche on the market that we needed to explore and that's why we thought that we can diversify into energy, specifically green energy which is renewable energy that the world is propagating at the moment.

What support have you received from government or MITC in the course of your investment?

We've received very good support from different stakeholders from government. There is quite a number of stakeholders that we had to work with for us to reach this stage. I am mindful of the Ministry of Energy, Ministry of Lands and of course the Malawi Investment and Trade Centre-MITC.

The ministry of lands through MITC has been very helpful because this kind of project requires a lot of land. For the Bwengu project for example, we needed 105 hectares. So to source that land on our own was a challenge but we received very good support from the Ministry of Lands and also we worked with the Mbelwa District Council to identify the land that we have at Bwengu in Mzimba.

Let me point it out that for every investor investing in Malawi you need to firstly engage with MITC who walks you through all the processes and how to secure land for your investment.

As a registered investor with MITC you can have access to all the incentives that comes along especially within the priority industry where energy sector also falls. So yes the support was enormous.

People always think MITC only assists foreign investors and not the local ones, what has been your experience working with MITC?

The Malawi Investment and Trade Centre is there to help investors be it local or international, this is what we have experienced. When we came and expressed our interest to invest in the energy sector we realised that for us to be able to unlock all kinds of incentives we needed to have a registration with MITC.

MITC has spearheaded all our initiatives. I will give an example of the issue of scouting land, the issue of registering with Malawi Revenue Authority, all the negotiations for us to be where we are now they have been championed by MITC just because we are their client, we have an investment certificate from them.

So MITC is a very influential arm of government, it is doing quite a lot and it helps both local and international investors to enable them to make an investment in this country.

Building capacity of exporters



In its continued quest to build the capacity of exporters and potential exporters, MITC, conducted business clinics and Exporter Training session in the last financial year. The business clinics were done with support from the Agricultural Commercialization (AGCOM) Project livestock and legumes value chains.

These clinics were aimed at enhancing the knowledge of all players in the livestock and legumes value chains on the best business practices.

In addition to the business clinics, MITC also conducted a capacity building training session for exporters focusing on product pricing, international trade logistics, and contract negotiation.

Speaking to participants at the training Chief Executive Officer for MITC, Paul Kwengwere noted there is need for more collaboration between government and exporters to improve the country's trade performance.

Kwengwere said that in the last ten years Malawi's trade imbalance has continued to widen hence the need for concerted efforts by all key players to reverse the trend.

'Our country has been experiencing a negative trade balance. If we look at the

statistics, for example, the trade imbalance has increased from about USD -1.3 billion in 2010 to an estimated USD-2.2 billion in 2020 representing an increase of about 72%. This is something that we want to help address as MITC.'

'So we need to work together to have this reversed. Each one of us has a role to play. At MITC we do organise these capacity-building workshops to help you our exporters to have the skills and knowledge on how best you can participate in the international market. We know that the export business can be challenging because of the intense competition from international players, but we believe that if we equip ourselves with the right information and right skills, we will excel as a country.'

One of the participants, Owen Banda of Shamboko beverages, said it is commendable that the government through MITC is geared towards promoting exports through various interventions such as capacity building trainings.

'I am optimistically hopeful that the ever-widening trade imbalance of our exports will reduce and eventually close if we continue to work with government institutions like MITC and the Ministry of Trade in dealing with the barriers that Malawian exporters are currently facing,' said Banda.



MALAWI NACALA RAIL & PORT VALUE ADDITION AND INCLUSIVE PRIVATE SECTOR DEVELOPMENT PROJECT

Project success stories

Since 2017, Malawi Investment and Trade Centre (MITC) has been implementing an AfDB - funded technical assistance project- the Malawi Nacala Rail & Port Value Addition and Inclusive Private Sector Development Project. The main goal of the TA project is to improve on the efficiency and competitiveness of local businesses situated in the Nacala Corridor in order to enable them to better exploit the newly available transport infrastructure, and to achieve accelerated economic and social development in Malawi. This intervention has helped to create innovative and competitive rural agro-processing small and medium businesses.

Capacity Building for SMEs and Farmer groups

Building capacity of SMEs, smallholder farmers and cooperatives is an important strategy in ensuring that they are efficient and competitive on the market. Through the project farmer groups and SMEs received various trainings and coaching sessions to equip them with necessary skills for the market.

One of the project's beneficiaries is Machichi Cooperative in Mchinji. The cooperative has 170 members, comprising 83 women and 87 men, and was founded in 2008. The cooperative produces and sells unrefined cooking oil made from groundnuts and sunflower in Mchinji and the surrounding districts.

Since its establishment the cooperative lacked good business management skills. This affected its operations until they received training from the Malawi Nacala Rail & Port Value Addition and Inclusive Private Sector Development project.



Training session in progress

*"We are now
generating monthly
reports, thanks to the
FAPA project."*



Machichi Cooperative in Mchinji

Encouraging good governance

In Salima, Talimbika Cooperative also shares its satisfaction with the interventions from the FAPA project. The cooperative which is into cooking oil production, has 106 members- 46 men and 60 women. The cooperative is thankful to FAPA project for the guidance on how to access markets, finance and building their capacity in business management, governance, leadership and marketing.

'We are grateful to the FAPA project for teaching us a variety of skills. Their leadership and governance training has helped the cooperative to become more transparent and efficient. We now have records of all our operations and we have started sharing our generate monthly reports with the Ministry of Trade and other stakeholders.'

'Furthermore, the project has taught us the significance of expanding our individual shares. We assumed that after someone had contributed their initial share, that was the end of it, but they said no, we have to continue increasing the shares so that our business can grow and this has really helped us,' said Paul Mtumodzi, the cooperative's Chairperson.

Joyce Mangani, a mother of five and a member of the cooperative explained that she has seen tremendous changes in the way the cooperative is being run now after the interventions from the FAPA project.

'I must say things have really changed. Right now, as a cooperative we know how to keep our records. In the past we were just doing things anyhow without proper record keeping. But the trainings that we have received under this project have really helped us, we are now recording what we have put in in the business and know the profits we are making - things that we were not doing in the past.'

'In addition, the project has also encouraged us to take farming as a business. So, we have been trained in business management skills and that we are applying not only here but also in our individual [households]. So, this was a good project and we wish it continued for a few more years.'

For cooperatives like Talimbika, good governance and leadership are key in uplifting the quality of life of its members. Vice Chairperson of the cooperative, Mattias Banda says the FAPA project has enabled them to see the importance of good governance in their cooperative.

'The project has taught us that we need to ensure that there is good governance in our cooperative. We need to uphold principles of integrity, transparency, accountability, participations for us to move forward as a cooperative. We have started implementing this and we are seeing positive changes in the management of our cooperative.'

Maxwell Hajira, Cooperative Accountant narrates how their cooperative has benefitted from the project:

'In terms of capacity building, they have taught us a lot like product management. How we can do a product or market research-feasibility studies. They have also taught us skills in marketing like importance of labelling and packaging. This has helped us as a cooperative because we were behind in that area. But now with the support from the FAPA project and MITC we are ready to improve our product packaging and am hopeful that come next growing season our cooking oil will be well labelled with all the information that is required.'

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We have started implementing this and we are seeing positive changes in the management of our cooperative.

Aston Zungu, Chairperson of Talimbika Cooperative added that the project has encouraged them to use harvests as shares instead of relying on money contributions.

'One of the things for which we are grateful to the FAPA project is the understanding of what might be used to create cooperative shares. We believed shares had to be money alone at first, but the project has taught us that we can use our crops as shares as well. So this has really helped us.'



Packaging and labelling training workshop

Improving access to finance

Small holder famers and producers in Malawi continue to face a myriad of challenges including limited access to finance. Although agriculture remains the key economic activity in the country, farmers, producers and SMEs have limited access to financial services, which is a critical aspect in funding farm investments aimed at improving productivity, enhancing best post-harvest practices, ensuring smooth household cash flow, enabling better access to markets and promoting better management of their businesses/enterprises.

Adequate financing for smallholders and their producer organisations (POs) helps them to move towards market-quality standards, improved yields and growth opportunities.

Chitsanzo cooperative in Dedza provides a good example of how access to finance can help the development and growth of cooperatives in Malawi.

Chitsanzo cooperative is among the beneficiaries of the FAPA project. Through the technical assistance from the project, the cooperative has managed to access financing to boost their productivity.

“This project has given us good training especially on how we can identify and access finance from various financial institutions. Specifically for us, they trained us on how best we can write financial proposals to banks for us to access loans. And I am happy to say that under this project we have managed to secure financing from ECO Bank and the Agriculture Commercialisation Project (AGCOM).”

“The grant which we secured from AGCOM has helped us to buy additional 100 dairy cows which we have already distributed to our farmers.



Mphatso Chalera- Chairperson, Chitsanzo Cooperative

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And I am happy to say that under this project we have managed to secure financing from ECO Bank and the Agriculture Commercialisation Project (AGCOM).

So, this will improve our productivity as a cooperative. We have also been linked to Ecobank through the same project. Ecobank gave us a loan of K81million kwacha. They were giving us in phases because we were first time customers.”

“We have managed to repay all of it. All this is because of this project,” narrated Mphatso Chalera Chairperson of Chitsanzo Cooperative.”

Chitsanzo cooperative started in 1974 with 10 women. Currently it has 276 members of which 141 are women. The cooperative is in dairy farming but now they are expanding to start farming other crops to complement their business.

Khamalathu Cooperative in Machinga also shares a similar story. The cooperative produces various crops like groundnuts, soya and pigeon peas and has managed to access financing through the help of the FAPA project.

'They taught us how we can access finance or loans, the advantages and disadvantages of taking loans. So they introduced to us financial institutions where we can go and access finance. Institutions like NBS Bank, FDH Bank and Community Finance. So as a cooperative we visited all of these institutions and at the end of the day we chose Community Finance which is now helping us to get seed on credit and also we are selling the proceeds to them at very good prices.' Elias Chamveka, Secretary for Khamalathu Cooperative.

Improving access to markets

Smallholder farmers and SMEs often lack access to profitable markets. They are usually 'locked out' of more lucrative markets serving regional or export value chains. The reasons for this include lack of economies of scale, low awareness of market demand – as well as insufficient knowledge about production practices required to meet this demand.

Through the FAPA project, small holder farmers and SMEs were trained on how they can identify markets for their products and, most importantly, on the requirements for various markets both domestic and export markets.



Training session in progress

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The project has helped us to identify markets. We are now supplying to companies like Sungold, Sunseed, COFI and ETG.

Khamalathu Cooperative in Machinga, is one of the beneficiaries of the project that has managed to identify profitable markets for their crops after applying the skills they learnt from the project.

'This project has really opened our eyes on how best we can access markets. In the past we used to struggle in finding profitable markets for our products. But right now, the project has helped us to identify markets. We are now supplying to companies like Sungold, Sunseed, COFI and ETG,' said Eliot Chamveka, Secretary for Khamalathu Cooperative.

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We used to sell our cooking oil just here but now we are able to sell to other areas like Lilongwe in shops like 7 Eleven, SANA. All this because of the support given to us by the FAPA project.

It is not always easy to connect smallholder farmers or SMEs to markets, nor to ensure their produce meets market standards.

Eunice Nambala, a member of Talimbika Cooperative in Salima says the project has helped them to identify other markets for their cooking oil.

‘The markets that we have found, for example we used to sell our cooking oil just here but now we are able to sell to other areas like Lilongwe, in shops like 7 Eleven [and] Sana. All this because of the support given to us by the FAPA project.’

Muona Cooperative in Nsanje is also grateful to FAPA project for helping them identify markets for their rice. The cooperative which has 278 members has been facing challenges in identifying profitable markets for their rice. But through the project they were taught how they can find identify good markets for their products.

‘The project taught us first to identify local markets in our location. So we managed to do that and are now supplying to shops in this area. We also have another market in the lower shire. In addition, we are also selling to the Lower Shire Cooperative Union which comprises five cooperatives. Just recently we have identified another market. We will be supplying rice to various schools under the World Food Programme,’ explained Joseph Mmbuno, Vice Secretary of Muona Cooperative in Nsanje.

Lucy Mandala of Jescal Enterprises in Lilongwe says she has been having challenges to find markets for her peanut butter but now things have changed as she has managed to identify markets locally to sell her products through the project.

‘FAPA project has helped me to find markets for my products. They linked me up with shops like Chipiku, Sana where they managed to negotiate to have my products stocked in these shops.’

Besides this, Lucy has also received training on how she can enter export markets. She said right now she has the knowledge of what is required for one to start exporting, the processes, documents and procedures that are followed in export marketing.





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