



# MALAWI INVESTMENT PROJECTS

VOLUME 4

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**MAIIC**  
Malawi Agricultural & Industrial  
Investment Corporation plc

**Spearheading private sector development**

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# MALAWI INVESTMENT PROJECTS

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**DR. LAZARUS MACCARTHY CHAKWERA**  
**PRESIDENT OF THE REPUBLIC**  
**OF MALAWI**



# FOREWORD

BY THE PRESIDENT

In January 2021, I launched the Malawi Vision 2063 as a roadmap for attaining our aspiration to be an industrialised upper middle class country by 2063.

To see this vision materialize, we are actively inviting private investors into the three areas of agriculture productivity and commercialisation, industrialisation and urbanization.

My government's commitment to inclusive wealth creation and self-reliance is a golden opportunity for foreign direct investors who do not want to miss out on the chance of creating additional wealth and be part of an expanding economy marked by a growing and diverse export base and improving productivity.

I am therefore pleased to present this edition of the Malawi Investment Projects

Compendium that highlights some of the available transformational investment opportunities in Malawi.

The Compendium covers projects from various sectors including Energy, Agriculture, Manufacturing, Infrastructure, Mining, and water, hence a wide range of investment opportunities.

Of course, most of these projects are open to both foreign and local investors, in line with the value of 'Prospering Together' that anchors my SUPER Hi5 Agenda.

To ensure inclusive wealth creation, we welcome all forms of investment financing, especially joint ventures and public private partnerships. I must also mention that of special interest are investment projects that employ a large number of Malawians, particularly the youth who are reach with talent and entrepreneurial instincts.

As you are aware, investment adds to the stock and quality of capital available to an economy. Our aim, therefore, is to support quality domestic and foreign investment.

I trust that with this compendium, it is a demonstration that Malawi is open for business, and that you will make us your next investment destination and experience firsthand why we are called the Warm Heart of Africa.



Dr. Lazarus MacCarthy Chakwera  
PRESIDENT OF THE REPUBLIC  
OF MALAWI



# PREFACE

BY THE MINISTER

My Ministry is responsible for ensuring the existence of an enabling environment for both investment and trade. The publication of this Compendium is therefore a testimony that government is committed to simplifying the process of setting up business in Malawi. In this issue, there are various investment opportunities in agriculture and agro-processing, manufacturing, energy and infrastructure that the Malawi Investment and Trade Centre (MITC) is ready to facilitate.

Malawi's investment climate is comparable to other economies in the SADC and COMESA region, and in Africa. Malawi has adequate legal instruments to protect investors both domestic and foreign investors and additionally foreign investors are generally accorded national treatment.

I am aware that Covid-19 has had an impact on the level of business and investment decisions world-wide but as country we are more committed than ever to promote a business - friendly environment in order to promote ease of doing business.

Malawi is ready to be part of the Continental Free Trade Area and global economic integration and we regard growth in investment as a strategy for attaining this goal. To do this we require investments that can play a role in the regional and global value chains. I am convinced that the projects that have been selected and presented in this compendium satisfy this criterion.

This compendium does not only provide information about investment opportunities, it is also a means to bring together foreign and domestic investors to collaborate on how to realize the potential projects.

I therefore call upon financial institutions, domestic investors to partner with foreign investors through joint ventures, equity arrangements, or debt financing. All projects included in the Compendium have already been assessed for their business potential.

I would like to congratulate the President for approving this edition of the Malawi Investment Project Compendium. It is my sincere hope that you will find this Compendium useful, and more importantly that it will help you decide to invest in Malawi.

Sosten Gwengwe, M.P.,  
MINISTER OF TRADE







# INTRODUCTION

BY BOARD CHAIRPERSON

We at Malawi Investment and Trade Centre (MITC) are excited to present the fourth edition of Malawi Investment Projects Compendium. This package has been carefully selected to showcase both public and private sector supported investment opportunities that have feasibility reports.

Our role at MITC is to identify viable projects and bring them to the attention of potential investors and financiers. One of the government's role is to improve the ease of doing business in Malawi. MITC contributes to this effort by providing valuable business information to investors thereby reducing their time and cost.

If you find an investment opportunity of interest in this edition, or you have own business proposition, please contact us through our One Stop Service Centre. MITC is ready to facilitate potential investors

to set up business in Malawi as quickly as possible.

As Chairperson of a newly constituted MITC Board, I take it as an honor to lead a board of directors that is committed to contribute to transforming Malawi through targeted and transformation investment projects. In this regard, we made sure that all projects that qualify for this compendium should have undergone feasibility analysis and have the potential to transform the relevant sectors.

The Malawi Investment and Trade Centre values the support extended by various ministries, department and agencies as well as the private sector in the process of investment and export promotion. The process of coming up with this Malawi Investment Projects Compendium enjoyed and received input from the concerned stakeholders, for which we are grateful.

I would like to extend my gratitude to the President Dr. Lazarus McCarthy Chakwera, and his administration through the Ministry of Trade, for prioritizing growth of investment in Malawi as an ingredient for economic transformation. The success of investment promotion efforts is a multi-stakeholder effort; hence our expectation is that MITC will continue to enjoy the support of other institutions as before.

Management and staff at MITC are committed in the duty to promote and facilitate investment by both domestic and foreign investors. We look forward to hearing from you as soon as possible.

Karl Chokotho  
BOARD CHAIRPERSON



# WHY INVEST IN MALAWI



Malawi is a politically stable country with friendly and warm hearted people. It is one of the most peaceful countries in Africa providing a good climate for business growth. Malawi is strategically located and is an ideal investment location, with its beautiful fresh water lake and its scenic beauty which makes it attractive for both leisure and business.

Here are the top five reasons why you should invest in Malawi:



Peaceful, secure and stable political climate



Streamlined investment registration through the One Stop Service Centre at MITC



Enormous investment opportunities in all sectors



Youthful, trainable and affordable labor force



Attractive investor tax incentives

Business-friendly reforms | Abundant natural resources | Connectivity and access to export markets | Government committed to private sector growth.





# About MITC

Malawi Investment and Trade Centre (MITC) is an organization established by an act of Parliament, The Investment and Export Promotion Act, to become an integrated Investment and Trade Promotion Centre with an encompassing mandate of investment promotion and attraction, and export promotion.

MITC identifies, develops and packages investment opportunities in Malawi; provides a professional service to all clientele; brands and markets Malawi as an investment destination; retains and expands trade and export activities and links opportunities to the developmental needs of the Malawi community.

Through its critical role within Malawi's economy, MITC further encourages domestic investment and expansion, promotes locally manufactured goods to regional and international markets, contributes towards improvement of the investment climate through policy advocacy, increases citizen participation in the economy and creates sustainable job opportunities.

## INVESTMENT PROMOTION AND FACILITATION SERVICES

MITC operates a One Stop Service Centre (OSSC) which provides streamlined business services to investors under one roof.

The OSSC consists of five government institutions: MITC, the Department of Registrar General, the Immigration Department, the Malawi Revenue Authority and the Ministry of Lands, Housing and Urban Development, which provide the following functions respectively:

- Facilitate company registration and incorporation
- Process and issue investment certificate
- Process and issue business residence permits and employment permits

- Facilitate acquisition of other sector permits and investor requirements currently not represented in the OSSC Department of Registrar General
- Facilitate access to tax incentives
- Facilitate access to land

Through its investment promotion and aftercare arm, MITC does the following:

- Compiles investment opportunities
- Promotes investment opportunities to investors and financiers
- Provides business information to investors
- Support investor delegations to Malawi
- Facilitates joint venture partnerships
- Facilitates access to finance

## WHAT STEPS SHOULD AN INVESTOR FOLLOW IN ORDER TO INVEST IN MALAWI?

**Step 1:** Register and incorporate the company in Malawi

**Step 2:** Obtain Investment Certificate with MITC

**Step 3:** Obtain a license/authorisation where it may be required

**Step 4:** Conduct an Environmental Impact Assessment where it may be required.

In some instances, a license is required before obtaining the investment certificate. Please consult MITC for guidance

## COST OF REGISTERING A COMPANY IN MALAWI

A local company is registered at a fee of US\$94 while a foreign company is registered at **US\$313**. There would be additional charges where a private lawyer is engaged.

## KEY SERVICES INCLUDE:

- Project Appraisal
- Site Identification and Evaluation (Under the auspices of the Lands Specialist within the One Stop Service Centre)
- Business Permits (under the auspices of the Immigration specialist within the One

- Stop Service Centre)
- Joint Venture Facilitation
- General Business Advice
- Business Retention and After Care services
- Incentives
- Inward and outward investment promotion missions
- Project Profiling

## TRADE PROMOTION AND FACILITATION

MITC's Trade Promotion and Facilitation's function is to identify market outlets for locally manufactured products, with a major strategic focus on discovering and promoting new products that are suitable for export.

## Export Promotion Interventions: MISSIONS AND TRADE FAIRS

Working in conjunction with Malawi manufacturers, producers and exporters, MITC actively engages in export promotion events in foreign markets, designed to advance the following objectives:

- Expose Malawi's manufacturers and producers to foreign markets and increase the number of exporting companies that export by heightening their awareness of potential export opportunities; training and guiding to their first export sales.
- Promote Malawi products in foreign markets and increase export sales.
- Train and guide existing exporters and potential exporters in consolidating foreign market presence and in product diversification.
- Penetrate new markets.
- Expand Malawi's market share both regionally and internationally

## BUSINESS INFORMATION SERVICES

MITC offers a wide range of business information services. The Centre provides inquiry-reply services, dissemination, information research, reference services, internet, printing services and product displays.







# PRIVATE SECTOR PROJECTS

This section presents projects owned by the private sector in Malawi who are interested to partners with potential investors and financiers. Interested investors are encouraged to submit their expression of interest to the project promoters through the Malawi Investment and Trade Centre (MITC)



# AGRICULTURE SECTOR

Malawi's economy is agro-based with the agriculture sector contributing around 30 percent to the gross domestic product. The country is rich with fertile soils that grow a variety of crops such as tobacco (generates over 60 percent of export revenues), maize (staple food), cassava, coffee, soya beans, tea, sugar cane, beans, sweet potatoes, macadamia nuts, horticultural foods, fruits. Over 80 percent of the labour force is in the agriculture sector which guarantees a ready and affordable work-force. However, the opportunities in the sector have not been fully exploited.

The sector is currently dominated by small scale producers who faces low productivity, use of conventional methods of production and traditional technologies, heavy reliance on un-processed traditional crops, limited drought resilience, and limited access to funds and poor infrastructure.

Government is now committed to promote commercial agriculture based on competitiveness and value chain development. The Government of Malawi has put in place agricultural, investment and trade policies and plans to provide security and direction to investment in the agriculture sector.

Agriculture-related investment opportunities abound in large-scale farming, agro-processing, agriculture financing services, agriculture infrastructural development including irrigation, and technology advancement. Government has designated the agriculture and agro-processing sectors as priority industries and in terms of incentives, the sector enjoys zero rated corporate tax for a period of up to 10 years.

Securing markets for Malawi's agriculture commodities is not an issue. Being a member to SADC, COMESA, WTO and a trading partner with Asian and European countries, Malawi has a vast market for its products. This section therefore presents some investment opportunities in the agriculture and agro-processing sector.









# 1 SMALLHOLDER OUTGROWER SUGARCANE PRODUCTION RECAPITALIZATION PROJECT



## CONTACTS

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## PROJECT DESCRIPTION

The Government of Malawi sought US\$ 15.42 Million financing from the African Development Bank (AfDB) to develop irrigation sugarcane schemes. This was as result of potential in the country's sugar industry both in terms of available export opportunities resulting from Malawi's relatively low cost of sugar production and the expanding domestic and regional demand for sugar and sugar products.

The successful exploitation of these potentials would enable the country increase the size and reliability of the export earnings, and substitute fuel imports (by ethanol produced as a by-product of cane sugar production). Sugarcane production would increase smallholder (including women) farmers and enhance the Government's policy goal of alleviating rural poverty.

To this end, the AfDB project developed Liwaladzi 550 ha and Kazilira 780 ha under center pivot irrigation complimented by sprinkler irrigation systems. After successfully implementation of the two AfDB projects, DCGT received a grant from EU 3 Million euros to implement another sugarcane project at Kasitu North 650 ha under the same irrigation systems. The project promoters are seeking financing to complete the Kasitu project and resuscitate Liwaladzi and Kazilira projects.

## PROJECT OWNERSHIP

The Dwangwa Cane Growers Trust (DCGT) is the executing agency for the projects.

## BUSINESS MODEL

The existing model is that DCGT secures funds implements the projects and handled over to management companies. DCGT

allows turnkey arrangements whereby the financier implement and manage the project for a foreseeable period until the financier recovers the investment in full.

## OBJECTIVE OF THE PROJECT

The goal is to increase sugarcane production, which will in turn improve foreign exchange position and increase farmer's income. The project's specific objective is to alleviate poverty of smallholder sugarcane outgrower farmers (including women) around Dwangwa by increasing their income and improving household food security.

## SECTOR OF OPERATION

Agriculture sector - Sugarcane production

## BUSINESS ACTIVITY

Dwangwa Cane Growers Trust roles among others is to provide a vehicle through which further smallholder cane growing and development can be initiated and progressed further. The business activity requires identification of land, setup development committees, leased the land and securing funding. The implementation is done through engaging contracts with different expertise. DCGT signs license agreements with sugarcane growers which runs for 5 years' renewable.

## COMPETITIVE ADVANTAGE/GAP ANALYSIS

The competitive advantages of producing sugarcane in Dwangwa area include: availability of land suitable for sugar cane production in the vicinity of dwangwa sugar corporation milling facility; low cost of production for Malawi cane sugar being lower than that in most competitive producers in the sub region (mainly due to low cost of labour); sucrose extracted rate

for cane produced in the Dwangwa area being higher since 1978. Close proximity of two major sugar processing companies (Salima Sugar and Illovo) which provide a readily available market

## LOCATION

### ACTUAL LOCATION OF PROJECT

The project actual location is Dwangwa, Nkhota-kota about 270km north-east of Lilongwe.

### PROMINENT BUSINESS ACTIVITY SURROUNDING YOUR PLACE OF OPERATION

The project is in close proximity to Illovo Mill, Ethanol Company, Unitrans Company and salima sugar company limited who provide a readily available market. We are also surrounded by all the commercial banks, Malawi revenue Authority, police station and the magistrate court, including hospitals.

### BENEFITS OF THE PROJECT/ALIGNMENT OF PROJECT TO GOVT GOALS

### CONTRIBUTION TO ACHIEVING NATIONAL, REGIONAL OR GLOBAL ECONOMIC, SOCIAL, ENVIRONMENTAL AND DEVELOPMENTAL GOALS

The project economy will benefit through long term employment, income and food security for the 1070 targeted smallholder sugarcane farmers in Nkhotakaota. The projects will reduce poverty in the project area and improve the standards of living of the beneficiaries. Furthermore, the provision of sanitation facility and portable water will enhance the health of the community where the farmers live. Irrigation will provide vegetation cover almost around the year and help reduce soil and sheet erosion due to heavy rains and strong winds



### EXPORT ORIENTATION/FOREX GENERATION

Sugar is Malawi's third largest agricultural export item after Tobacco and Tea. In 2020, Malawi produced 270,000mt of sugar, with 60% sold domestically and 40% exported. Sugar consumption in South African Development Community (SADC) region last year was forecast above 3.5 million tons and to remain constant for the foreseeable future. The realization of this potential will enable the country to improve its foreign exchange position both through increased sugar export earnings and substitution of ethanol for imported fuel

### IMPORT SUBSTITUTION

The project will increase Malawi's agriculture earnings through the increased qualities of refined and fortified sugar that will be sold on the domestic and international markets. A by-product of sugar extraction, ethanol, will lead to increase in import substitution for petrol the project of which is in progress.

### VALUE ADDITION

Several value-added products can be produced by utilization of various crop residues and by-products of sugarcane like bagasse. Sugarcane tops, molasses and vinasse. Ethanol Company Ltd is embarking on project to produce fertilizers from bagasse and molasses.

### FINANCIAL REQUIREMENTS

#### CAPITAL EXPENDITURE REQUIREMENT

The total capital requirement to be used to

resuscitate the three schemes will not be less than 3 Million US\$. This amount shall be used to buy new pumps and finish construction of pump house at Kasitu, buying new pivots and sprinklers, construction of power lines, buying new seed materials, buying field supervisory vehicles, buying fertilizers and herbicides and carrying out selected civil works as the land was already developed. One scheme- Kasitu will be required to be completed, but the two projects Liwaladzi and Kazilira will just need restoration in order to be able to get the maximum production output.

#### WORKING CAPITAL REQUIREMENT

The actual working capital requirement can be estimated at US\$700 thousand for the first year of the project's implementation.

#### PROPOSED FINANCING STRUCTURE

The proposed financing structure for the projects should be inform of a debt. It would be easy to implement the projects and recovery of the debts if turnkey financing arrangement is secured.

#### PROPOSED INVESTMENT MODEL (ACTIONS REQUIRED/ IMPLEMENTATION ARRANGEMENTS/ CONTRACT TYPE)

The proposed investment model being sought should be a turnkey arrangement which entails the financier provider shall also be the same to implement the projects for agreed period. This arrangement would ensure full recovery of the amount invested.

The projects require a financier to provide a long-term loan and this could be combined with PPP Implementation arrangement model.

The investor shall be required to provide extension service to the farmers such as fertilizers, Haulage, cutting and maintenance of irrigation infrastructure

#### PROJECT FEASIBILITY

All studies of the projects including Technical Feasibility, feasibility study, Environment Impact Assessment, Technical Designs, Licenses or market feasibility study were already done by Government.

#### FINANCIAL FEASIBILITY

##### NET PRESENT VALUE

Over a period of 5 years, at a rate of return of 5% on investment; the NPV is as follows: Liwaladzi sugarcane production - US\$ 6,993,220, Kazilira Sugarcane production - US\$ 7,505,230 and Kasitu North Sugarcane Production - 5,754,357

##### PAYBACK PERIOD

Kazilira project will be able to pay the initial investment in year one of the projection implementation, whilst, Liwaladzi and Kasitu will be able to payback in year two (about one quarter of the way through year 2). All the three projects as per analysis produce high return on investment and are viable.

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## 2 CORN STARCH PROJECT



### PROJECT DESCRIPTION

#### PROJECT OWNERSHIP

The Project is owned by the Malbro Investment group (MIG) a duly registered Malawian Company.

### BUSINESS MODEL

The business model entails sourcing maize from small to medium scale farmers. Enhancing their capabilities by providing inputs and technology to boost their output and enhance their productivity.

### OBJECTIVE OF THE PROJECT

The Malbro Group is interested in improving the health, social economic status, gender balance and wellbeing of the ordinary farmer and his family.

## SECTOR OF OPERATION

The sector of operation is Agriculture and manufacturing (agricultural products processing).

## BUSINESS ACTIVITY

Processing maize into starch, animal feed, corn oil, sweeteners, ethanol and other products

## COMPETITIVE ADVANTAGE/GAP ANALYSIS

The Plant will be the first of its nature on the African continent. As a continent Africa is a net importer of starch and starch products. Importation of Starch and starch derivatives represents a large foreign exchange for the Continent and Malawi as a country.

The production and operational technology, system and methods are based on the traditional USDA – ARS approved and researched corn wet milling process (NAICS:31221 Industry specified production methods) which Malbro Corn – Tech have developed to design and assemble an ultra-modern, efficient, low carbon foot print industrial deep corn processor. The plant is in the final design stages by Zhengzhou Jinghua Industry Co., Ltd of China. The plant design and aspects are cutting edge in terms of utilities consumption and output.

## LOCATION

### ACTUAL LOCATION OF PROJECT

The proposed location of the Project is Mchinji, Malawi.

### PROMINENT BUSINESS ACTIVITY SURROUNDING YOUR PLACE OF OPERATION

The proposed project location is a predominantly agricultural production area. The principal activity is small scale farming.

### BENEFITS OF THE PROJECT/ALIGNMENT OF PROJECT TO GOVT GOALS

### CONTRIBUTION TO ACHIEVING NATIONAL, REGIONAL OR GLOBAL ECONOMIC, SOCIAL, ENVIRONMENTAL AND DEVELOPMENTAL GOALS

The project will create value in employment directly and indirectly. The project will create a total of 300 new jobs directly related to every day management and operational

activities of the plant and projected over a million jobs indirectly

## EXPORT ORIENTATION/FOREX GENERATION

As outlined above, Africa and Malawi in specifics is a net importer of starch and starch derivatives. The Project not only presents forgone imports (FOREX) but also presents a very large forex income earning potential. The earnings over the first 8 years of the Project are just over US\$3.6 Billion.

## IMPORT SUBSTITUTION

Malawi imports nearly all of its starch and starch derivative products (apart from ethanol which is locally produced). The project presents the potential for Malawi to produce all of its local demand for starch and starch derivative products, as well as bolster the production of ethanol for energy, food and domestic use.

## VALUE ADDITION

Malawi as a country loses out on the value addition aspect of maize. Maize is used internally for food purposes (with a small quantity exported). Annual maize yields for the last 10 years have averaged 3 – 4 Million tons, 30% of which is lost to the maize going bad due to inadequate storage technology. The Project has the potential of driving production quantities up by as much as 2 – 3 Million tons (over and above current production quantities) as well as adding 70 – 80% value on a unit quantity of produced maize.

## FINANCIAL REQUIREMENTS

### CAPITAL EXPENDITURE REQUIREMENT

It has been assumed that a US\$ 130,000,000 debt participation finance structure deal can be entered into, with a 30% maximum allowable equity participation. The financial Model has assumed full recovery of CAPEX (interest + principal) by equity Financing Partner, including a 6% return on investment a 1% all risk insurance form a recognized entity, such the African Trade Industry (ATI).

### WORKING CAPITAL REQUIREMENT

The Corn starch production is working capital heavy. The working capital requirement is US\$46 Million for the first month.

## PROPOSED FINANCING STRUCTURE

The proposed finance structure is 100% debt.

## PROPOSED INVESTMENT MODEL (ACTIONS REQUIRED/ IMPLEMENTATION ARRANGEMENTS/ CONTRACT TYPE)

The Project Developer intends to enter into a debt finance agreement with a Financier. The desired implementation model is one where the Project Developer/Promoter engages a Financier to provide a debt facility, an EPC Contractor is engaged for Project implementation and construction, and a professional management team is engaged for post construction activities (commercial operation of the plant).

## PROJECT FEASIBILITY

### TECHNICAL FEASIBILITY

The technical Feasibility documents have been completed by the Project Developer/Promoter.

### FEASIBILITY STUDY

The Project Feasibility study was undertaken and completed by the Project Developer/Promoter. A market study was done.

### ENVIRONMENTAL IMPACT ASSESSMENT

The Project EIA has not been completed yet. However, the Project Developer completed the Project Environmental Brief which was duly submitted to the Department of Environmental Affairs. The EIA Process is underway and it is expected that the same will be completed by Q4 of 2021.

### TECHNICAL DESIGNS,

Technical, Engineering and Architectural designs have been completed.

### LICENSES

The Project is yet to obtain relevant permits and licenses; EIA, Building Permit and Operational Permits.

### FINANCIAL FEASIBILITY

The Project has an unlevered IRR of 25% and a Levered IRR of 15%, NPV of approximately US\$2.4 Billion and payback period of 8 years.





### 3 SPINNING OF COTTON LINT INTO YARN



#### PROJECT DESCRIPTION

Cotton Spinners is a locally owned limited liability company owned by an indigenous Malawian entrepreneur namely; Mr. Richard Kazembe, Mr. Stewart Malata and Mr. Anderson Kulugomba. The company is yet to be operational but the promoter has done substantial assessment studies to establish the potential of the proposed venture.

On average, Malawi produces cotton on about 200,000 hectares in the lower shire valley and the lake shore areas. The lower Shire valley accounts for about 50% of the production, southern region uplands around 36% and the lake shore areas the remaining 14%. There are currently 11 ginning companies in Malawi with a combined ginning capacity of more than 150,000MT per annum, and only one spinner of cloth in the country.

The objective of the project is to produce yarn for export from lint. At a later stage, we intend to add weaving and knitting to produce finished garments for export.

#### SECTOR OF OPERATION

Manufacturing, Textile Industry, Agriculture Value Addition

#### BUSINESS ACTIVITY

The project will be buying lint from ginneries

in Malawi. We are also exploring possibility of acquiring a ginnery to enter into direct contract farming agreements with farmers especially those under the Ncharo Cotton Project spearheaded by the Greenbelt Project. We will be processing lint into yarn, dyeing, knitting, weaving for exporting to SADC countries, Europe, USA (utilizing AGOA), Middle East.

#### COMPETITIVE ADVANTAGE/GAP ANALYSIS

The project looks to take advantage of the large textile market in USA under the new AGOA Agreement from 2016, entry into the USA at a greater cost advantage than Asian countries. Apart from that, there is a very large proven annual gap in the cotton yarn market in southern Africa of 12000 tonnes (2016). With our future plans of having a yarn dyeing plant, an equally large export market exists into the Indian Ocean Islands, Botswana, and the Gulf States (Bahrain especially)

Some of the challenges that exist include non-existent textile industry in Malawi, Mozambique, Zambia. (Malawi exported 95% of cotton produced as lint) and few existing mills are old resulting in low quality & high cost of production (Mapeto DWS in Malawi, Glendale in Zimbabwe)

However, our competitive advantage which aim at bridging Gap between Opportunity

& Challenge highlighted above include competitive buying prices, unique Blends from blended Malawian, Mozambican, Zambian and Tanzanian cotton, high quality yarn, low production cost and high quality due to the state-of-the-art factory with low energy and overhead costs.

Competitive yarn export prices at standard 176% of the value of local low FOB price lint, qualifies for AGOA tariff exemption which will allow us entry into the USA at a greater cost advantage than Asian countries, quick and efficient deliveries as we will be able to export to regional & overseas markets via nearby Nacala rail or road and guaranteed locally generated Solar power add to the growing competitiveness of our project.

#### LOCATION

The project will be located in Liwonde, Balaka District, close to the Nacala rail line. This location was chosen due to the availability of cotton farms which will provide a readily available supply of raw materials

#### BENEFITS OF THE PROJECT/ALIGNMENT OF PROJECT TO GOVT GOALS

The factory will provide basis for growth of textile industry, potentially in hundreds of USD millions for Malawi and Region. Below are the estimated export sales for 5 years:

YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
16,586,449	26,221,958	30,901,108	36,879,262	36,879,262

At present, the main focus is on lucrative export market. However, we foresee in future other textile players exploiting local market with garments using our textiles.

The standard Yarn exports value is at standard 176% of the value of lint. This value is more than doubled when yarn is dyed, and increases exponentially when weaving and knitting is added. Thus, expected minimum value addition is 76% on value of lint exports and likely more than treble with the dyeing, knitting and weaving included.

#### FINANCIAL REQUIREMENTS

Capital Expenditure Requirement - US\$27 million  
Working Capital Requirement - US\$3 million

Proposed Financing Structure - Debt 75%, Equity 25%

#### PROPOSED INVESTMENT MODEL (ACTIONS REQUIRED/ IMPLEMENTATION ARRANGEMENTS/ CONTRACT TYPE)

##### JOINT VENTURE PARTNERSHIP

Required Equity Investment of US\$6m, Current Shareholders to Invest US\$2 million for a total Investment of US\$8million Financing - Long-term debt (10 years) of US\$22 million

##### PROJECT FEASIBILITY

##### TECHNICAL FEASIBILITY

Done, business plan vetted by experts available

##### FEASIBILITY STUDY

Not complete

#### ENVIRONMENTAL IMPACT ASSESSMENT

Not yet done

#### TECHNICAL DESIGNS

Machinery designs and quote available. Final Factory designs not yet done but estimates already done

#### LICENSES

Done, company registered

#### MARKET FEASIBILITY STUDY

Done (off-takers agreement available)

#### FINANCIAL FEASIBILITY

Internal Rate of Return - 11% (Based on 10-year cashflows and 10.45% discount rate), Net Present Value - \$19,130,900 (Based on 10-year cashflows and 10.45% discount rate) and Payback Period - 10 years

## 4 LAKE MALAWI COMMERCIAL CAGE FARMING

#### CONTACTS

MR DAVID P NKWAZI  
LAKE MALAWI AQUACULTURE LIMITED  
P O Box 123, Salima.  
Mobile : +265 (0) 993 716 276.  
Email : david@lakemalawi.com



#### PROJECT DESCRIPTION

The project aims to produce 1,000 tons of farmed fish in the first year, then scale up production to 4,000 tons within 3 years for the domestic, regional and international markets. The project will also produce fingerlings for its own use and selling to other fish farmers.

The species to be cultured are Oreochromis karongae (Chambo) and some Bagrus meridionalis (Kampango catfish). Fingerlings will be produced in hatcheries using selective

breeding techniques while outgrowing will take place in cages in the lake.

#### PROJECT LOCATION

Senga Bay, Salima

#### CURRENT STATUS/ STAGE OF PROJECT

Non-operational

#### ACTIONS REQUIRED/ IMPLEMENTATION ARRANGEMENTS/ CONTRACT TYPE

Expressions of Interest are invited for promoters who can provide debt capital of US\$3.3 million.

#### AVAILABILITY OF PRE-FEASIBILITY STUDIES, FEASIBILITY STUDIES, AND OTHER STUDIES

A comprehensive feasibility study, business plan, Environmental Impact Assessment, aquaculture license, permit for surface water extraction and land were all acquired.

#### ESTIMATED COST OF THE PROJECT

The project cost is US\$8,818,154.



## CONTACTS

**PREMIER DAIRY LIMITED**  
P O Box 30604, Lilongwe 3. Malawi.  
Mobile : +265 (0) 999 567 580  
Tel : +265 (0) 1 773 330.  
Fax : +265 (0) 1 775 595.  
Email : aabillu@gmail.com

## 5 COMMERCIAL DAIRY PRODUCTION



### PROJECT DESCRIPTION

This project entails a community-based commercial dairy production plant on an impact investment model. The plant will purchase milk from the farmers who will be given dairy cows and will manage them under supervision, and the milk will be purchased exclusively by the plant in which, as an incentive for loyalty, the farmers will have a share in. Thus, value will be added to farmers' raw milk by pasteurizing it, which will then be packaged and sold to end consumers.

The farmers will own part of the shares of the processing company thereby earning

dividends from profits and part of their earnings from the processing company will be saved in a local savings cooperative to be formed as part of the project.

A project that will produce wholesome fresh milk, yoghurts and juices. Participating farmers will be grouped into functional and formal cooperatives that will own the dairy cattle. The cooperatives will also own 20% shares in the processing plant and any subsequent value addition activity based on the cooperative activities.

### PROJECT LOCATION

Chiradzulu District

### CURRENT STATUS/ STAGE OF PROJECT

Non-operational

### ACTIONS REQUIRED/ IMPLEMENTATION ARRANGEMENTS/ CONTRACT TYPE

The project promoters are looking for financial or equity partners. Shareholding structure will be discussed.

### AVAILABILITY OF PRE-FEASIBILITY STUDIES, FEASIBILITY STUDIES, AND OTHER STUDIES

Feasibility study done.

### ESTIMATED COST OF THE PROJECT

US\$3.1 million.

## CONTACTS

**MANAGING DIRECTOR - MS. GRACE MIJIGA**  
**AFRI - SEED**  
P.O. Box 395, Lilongwe.  
Mobile : +265 (0) 991 100 000  
Email : gracemijiga@yahoo.co.uk

## 6 SEED PRODUCTION

### PROJECT DESCRIPTION

Afri-Seed Limited is a limited liability company incorporated under the Companies Act in Malawi whose business model uses rural women for seed production. The organization's goal is to achieve a combination of traditional farming methods, irrigation farming and mobile technology to improve the efficiency and quality of legume seed yield. Afri-Seed provides the agri-inputs, access to contract commodity buyers, extension services, grading services, packaging services, and farm mechanization to sustainably achieve its aspired goals.

Afri-Seed is a growing company with huge potential, considering that 90% of Malawi's economic activities surround agriculture. Presently, annual turnover is in excess of US\$2 million. The company's activities

cover soya and groundnut seed production, packaging, hiring out of farming equipment and seed marketing. There is huge demand for these products both on the local, regional and extra-regional markets. Presently, the company has developed pigeon peas on 1,000 hectares (community-based) destined for the export market.

The proposed investment entails purchasing breeder seed and all required farm inputs, purchasing of farm and irrigation equipment, construction of warehouses for seed storage and setting up distribution points across the country and purchase of packaging equipment.

### PROJECT LOCATION

Presently, Afri-Seed interventions are mostly concentrated in the Eastern Region

of Malawi, and parts of the Central Region, but with potential to extend to the northern and southern regions of the country.

### CURRENT STATUS/ STAGE OF PROJECT

Operational

### ACTIONS REQUIRED/ IMPLEMENTATION ARRANGEMENTS/ CONTRACT TYPE

An equity or financial partner

### AVAILABILITY OF PRE-FEASIBILITY STUDIES, FEASIBILITY STUDIES, AND OTHER STUDIES

A feasibility study report is available.

### ESTIMATED COST OF THE PROJECT

The project is estimated at US\$5 million to enable cost-effective sustainable operations.



## 7 IRRIGATION SCHEME FOR MACADAMIA NUTS AND TEA PLANTATION

### CONTACTS

MANAGING DIRECTOR - ISMAEL ANIZ  
**CONFORZI PLANTATION LIMITED**  
Phone : +265 (0) 888 666 788  
Email : ismail@priceworthmw.com



### PROJECT DESCRIPTION

Conforzi Plantation Limited grows macadamia nuts and tea on 1,000 hectares respectively under rain-fed agriculture. However, in order to maximize gains, the company would like to invest in irrigation to grow the crops off rainy season.

### PROJECT LOCATION

Thyolo, Southern region

### STATUS FOR PROJECT

Non-operational, however a feasibility study was done.

### PARTNERSHIP

Project requires financing

### AVAILABILITY OF FEASIBILITY STUDY

Feasibility report and designs are available

### ESTIMATED COST

US\$15 million

## 8 VIPHYA FOREST LOT MANAGEMENT

### CONTACTS

CEASER CHEMBEZI  
**KAYOLA CONSTRUCTION**  
P O Box 30604, Lilongwe 3. Malawi.  
Mobile : +265 (0) 884 144 077 / 996 192 007  
Email : ceaserchembezi@gmail.com



### PROJECT DESCRIPTION

#### PROJECT OWNERSHIP:

The Project is solely owned by Kayola Construction.

#### BUSINESS MODEL

The Project is aimed at replanting Pine and Eucalyptus Trees which after maturity will be processed into wood products for export and local market sales.

### OBJECTIVE OF THE PROJECT

The main objective of the project is to manage a lot of 584.84 Hectors of land in the Viphya Forest plantation through growing trees and processing the trees afterwards.

### SECTOR OF OPERATION

Forestry and Logging

### BUSINESS ACTIVITY

Forest Management

### COMPETITIVE ADVANTAGE/GAP ANALYSIS

Malawi has very only one main player in the Forest Management and Logging business on the formal market. With the rising demand for wood products in Europe and China, this project is competitive. The demand for wood products for construction industry, which is the main consumer, is expected to rise sharply in the face of tree scarcity on the local and international market.



## PROJECT LOCATION

### ACTUAL LOCATION OF PROJECT

The Project will be located in Vipha Planation area, in the Northern region of Malawi, which is about 95 km from Mzuzu city

### PROMINENT BUSINESS ACTIVITY SURROUNDING YOUR PLACE OF OPERATION

This area is mainly occupied by Forest Planation Management projects. There is Raiply which is the company managing over 3,000 Hectors of Forest in the area. There is also Kawandama Hills Forest that grows Eucalyptus trees for the extraction of essential oils and production of sustainable charcoal

### BENEFITS OF THE PROJECT/ALIGNMENT OF PROJECT TO GOVT GOALS

### CONTRIBUTION TO ACHIEVING NATIONAL, REGIONAL OR GLOBAL ECONOMIC, SOCIAL, ENVIRONMENTAL AND DEVELOPMENTAL GOALS

This project is a high value earner by looking at the return on investment. In additional to this it has a capacity to employ 200 people both skilled and unskilled. It has the ability to promote the development of forest management skills and processing of various forest products. This project will also help in contributing to the target of zero carbon and the correction of climatic change activities.

### EXPORT ORIENTATION/FOREX GENERATION

The project aims at processing three main forest products: Veneer, Transmission Poles and Wood Planks. The demand for these products will be a great forex earner for Malawi.

## IMPORT SUBSTITUTION

Malawi imports Transmission Poles and veneer from other countries like Zimbabwe and China respectively. This project will fill the gap of this demand.

## VALUE ADDITION

The project aims at processing the harvested wood and not selling as raw and unprocessed products.

## FINANCIAL REQUIREMENTS

### CAPITAL EXPENDITURE REQUIREMENT

The project needs and investment of USD 900,000 for running operations and procurement of machinery

### WORKING CAPITAL REQUIREMENT

The project needs USD 300,000 as working capital up the point of its initial harvest of trees and its processing

### PROPOSED FINANCING STRUCTURE

We propose the financing to be given in bits of 30%, 30% and the final 40%.

### EQUITY (%) / DEBT (%) / MEZZANINE FINANCE (COMBINATION OF DEBT & EQUITY)

We are looking for a 30% Equity and 70% Debt

### PROPOSED INVESTMENT MODEL (ACTIONS REQUIRED/ IMPLEMENTATION ARRANGEMENTS/ CONTRACT TYPE)

### JOINT VENTURE PARTNERSHIP

We are open to discussions of this one to interested parties.

### FINANCING PPP

Kayola Construction entered into a concession agreement with the Ministry

of Natural Resources to manage the concession area for 30 years and a possible renewal after assessing the performance of the first 30 years.

## PROJECT FEASIBILITY

### TECHNICAL FEASIBILITY

This is to be carried out

### FEASIBILITY STUDY

This is to be carried out. However, trees have already been planted.

### ENVIRONMENTAL IMPACT ASSESSMENT

This has not been carried out yet. However, the project area was designated for Forest Plantation by the Malawi Government 30 years ago

### TECHNICAL DESIGNS

The technical team from the Department of Forest is working on initiating the drawing of Forest Management Plans.

### LICENSES

The Department of Forestry is currently working on finalizing the agreements but we Kayola Construction has already responded to the offer letter accepting the offer.

### MARKET FEASIBILITY STUDY

Kayola Construction has started to identify potential buyers of the targeted forest products

### FINANCIAL FEASIBILITY

- Internal Rate of Return - **54%**
- Net Present Value - **MK5, 560, 226, 574.27**
- Payback Period - **16 Years**

## 9 MORETONS ORGANIC ENERGY DRINK

## PROJECT DESCRIPTION

### PROJECT OWNERSHIP

Partnership between NutriCare and Afri-Aus care NGO. NutriCare provides scientific and technical expertise in production and processing of raw organic farm produce materials into natural nutritious energy drinks. Afri-Aus Care provides business advice and plans to provide

culturally appropriate mental health support service to local farmers using UBUNTU guidelines and the Positive change Model support of care.

The project we want to undertake entails adding value of local organically farm produce, processed into affordable nutritious drink that is accessible to the community.

## CONTACTS

### NUTRICARE

Box 2820, Blantyre, Malawi.  
Mobile : +265 (0) 884 560 098 / 992 320 909  
Email : gunsaluk@gmail.com  
Selba.luka@afri-auscare.org.  
Web: www.nutricaremw.com

## BUSINESS MODEL

A social enterprise with Inclusive Agribusiness model

## OBJECTIVE OF THE PROJECT

To increase the availability of affordable nutritious food items for local, national and international trade.

## SECTOR OF OPERATION

Agribusiness

## BUSINESS ACTIVITY

We plan to produce and sale affordable, nutritious organic energy drinks, (milk, Fortified with Orange Fresh Sweet Potatoes (OFSP), honey), other high quality food items.

## COMPETITIVE ADVANTAGE/GAP ANALYSIS

- Caffeine free nutritious energy drink, no 'crash' effect
- Made from organic locally farm fresh produce
- Sweetened by pure honey from local farmers
- Increasing source of income for contracted local farmers
- Fortified with Orange Fresh Sweet Potatoes (OFSP) which have large amounts of the antioxidants, (cancer-fighting agents) beta-carotene (Vitamin A)
- Contains amino acids, nutrients, and minerals that are essential for normal brain activities that support cognitive functions.
- Contains Vitamin B, B12, known to improve memory and sharpness of the brain.

## PROJECT LOCATION

### ACTUAL LOCATION OF PROJECT

- Factory and wholesale in Thyolo district
- Retail and wholesale in Blantyre

### PROMINENT BUSINESS ACTIVITY SURROUNDING YOUR PLACE OF OPERATION

The factory site has been identified at a place where it is about 200 meters away from Bvumbwe tar mark road, which is also closer to Bvumbwe farmer's market. The distance between Bvumbwe market and the town of Limbe is about less than half an hour; a great advantage of having retailers, wholesalers and consumers from Limbe, Blantyre and surrounding areas like Thyolo BOMA to come and purchase the products direct from the factory.

Plans are underway developing Apps and a website shop to sale products online to

people within Malawi with possibility attracting international buyers.

## BENEFITS OF THE PROJECT/ALIGNMENT OF PROJECT TO GOVT GOALS

### CONTRIBUTION TO ACHIEVING NATIONAL, REGIONAL OR GLOBAL ECONOMIC, SOCIAL, ENVIRONMENTAL AND DEVELOPMENTAL GOALS

The project will contribute to the attainment of national food security, poverty reduction and national economic development objectives as outlined in the Malawi Growth and Development Strategy (MGDS). Also by promoting agricultural productivity and sustainable management of land resources to achieve national food sovereignty, increased incomes and ensure sustainable socio-economic growth and development. More broadly, our sustainable business model it is designed to accelerate progress toward the first two SDGs: eradicating poverty and eliminating hunger.

### EXPORT ORIENTATION/FOREX GENERATION

Planning to export agricultural produce to China in order to generate forex. Kindly note that in China, NutriCare is affiliated to African Chamber of Commerce and Industry (ACCI) of which Mr. Sam Onanda is the current General Manager for ACCI at Xuhui District, Shanghai, China. Email: sam.onanda@googlemail.com Call: +86 152 2181 3244.

### IMPORT SUBSTITUTION

Our mission is to substitute importation of Caffeinated energy drinks with our novel nutritious organic caffeine free energy drink Producing and resourcing high quality farm produce that will attract local, national and international markets

### VALUE ADDITION

The energy drink invented by NutriCare is fortified with Orange Fresh Sweet Potatoes (OFSP) which have large amounts of the antioxidant (cancer-fighting agents) beta-carotene (Vitamin A)

## HEALTH AND WELLBEING

Provisional of intensive culturally appropriate mental health support services: using the UBUNTU guidelines and the Positive Change Model by qualified health care professionals to the selected local farmers and staff from NutriCare. For more health care supported refer to [www.afri-auscare.org](http://www.afri-auscare.org)

Provisional of up-to-date COVID-19 guidelines to local farmers.

## FINANCIAL REQUIREMENTS

### CAPITAL EXPENDITURE REQUIREMENT

USD\$88,000.00

### WORKING CAPITAL REQUIREMENT

USD\$22,000.00

### PROPOSED FINANCING STRUCTURE

Mix of equity, or money from the shareholders of the Project Company, and debt in the form of bank loans.

### EQUITY (%) / DEBT (%) / MEZZANINE FINANCE (COMBINATION OF DEBT & EQUITY)

Mezzanine Finance

### PROPOSED INVESTMENT MODEL (ACTIONS REQUIRED/ IMPLEMENTATION ARRANGEMENTS/ CONTRACT TYPE)

Joint venture partnership

## PROJECT FEASIBILITY

- Technical Feasibility - **Done**
- Feasibility Study - **Done**
- Environmental Impact Assessment - **Done**
- Technical Designs, - **Done**
- Licenses - **Done**
- Market Feasibility Study - **Done**

### FINANCIAL FEASIBILITY

Internal Rate of Return - 56.7%, Net Present Value - USD\$110,000.00 and Payback Period is negotiable





- MARKET INTELLIGENCE
- EXPORT PROMOTION
- EXPORT DEVELOPMENT (CAPACITY BUILDING & COACHING)
- ADVOCACY



[www.mitc.mw](http://www.mitc.mw)



Reserve Bank of Malawi

## INVESTMENT OPPORTUNITIES IN THE BANKING SECTOR IN MALAWI

There is great potential for entrepreneurs in the financial services sector, banking in particular, as the sector is yet to be fully exploited. The sector is growing, banks enjoy low cost of funds, returns are high and banks in Malawi post one of the highest return on investment in the region. Recent studies show that the banked population is less than 30.0 percent leaving room for innovation and business with over 70.0 percent of the raw market. National priorities and strategies also embrace financial inclusion, mortgage finance and non-interest banking, which is allowed. Local regulations provide for uniform license depending on the choice business plan. There are eight (8) commercial banks hooked to the national payment system grid which can be of use by any bank entering and prying the local system.

The country has maintained stability of the economy evidenced by easing of monetary policy conditions and reduced inflationary pressure. The current macroeconomic environment characterized by falling interest rates and stable foreign exchange, present market opportunities for investors desiring to establish a commercial bank in Malawi backed by stable political environment. This economic environment is good for investors. The country is on Basel II and fully complies with the twenty-nine (29) Basel Core Principles (BCPs) for Effective Banking Supervision.

To ensure continued financial soundness and stability, authorities, including, Reserve Bank of Malawi (RBM) continue to improve the legal and regulatory framework. As such, supervisory tools are updated regularly as necessary in line with international standards and best practice in order to ensure that emerging risks are addressed accordingly.

Authorities are committed to ensure that the financial system is efficient, competitive, safe and sound to sustainably meet needs of depositors and borrowers. There are no capital restrictions. To meet this objective, the Bank wishes to encourage potential investors to participate in the financial sector so as to foster socio-economic development in Malawi.

For any additional information or clarifications, please contact the Director, Bank Supervision Department/Director, Financial Sector Regulation Department, Reserve Bank of Malawi, P.O. Box 565, Blantyre, Malawi. Telephone +265 (0)1820299 or email: [basu@rbm.mw](mailto:basu@rbm.mw).





## Reserve Bank of Malawi

### INVESTING IN MALAWI A SNAPSHOT GUIDE TO PROSPECTIVE INVESTORS

#### Regulatory Requirements:

##### A. Capital Account Operations

- ☒ The Exchange Control Act, 1989 guides Capital Account transactions.
- ☒ All foreign investment into Malawi is subject to registration with the Reserve Bank of Malawi (the Bank).
- ☒ All investment from Malawi to other countries is subject to registration with the Bank.
- ☒ The purpose of registration is to allow free repatriation of dividends and capital on disinvestment.
- ☒ The registration of outward investment is to account for the local resources for investment in other countries and monitor the repatriation of dividends and capital back to Malawi.
- ☒ Registration of investment is through an authorized dealer bank (ADB) resident in Malawi, either by the investor or by any persons acting on the investor's behalf. It is a registration requirement to produce evidence of foreign capital brought into Malawi.
- ☒ Repatriation of dividends and capital for a duly registered foreign investment is processed by an ADB without referring to the Bank for approval.

##### B. Introduction of Capital into Malawi

- ☒ Capital for investment into Malawi can be in any of the following forms: (a) cash, (b) capital equipment (plant & machinery), (c) stocks, (d) technology, (d) debt/equityswap.
- ☒ For both inward and outward capital transfers, investors are expected to be cognizance of the Anti-Money Laundering requirements.

##### C. Investment Opportunities

- ☒ Foreign investment in Malawi can be in the form of Foreign Direct Investment (FDI) or portfolio investment.
- ☒ There is no limit on the level of capital outlay for an investment.
- ☒ Generally, foreign investors can invest in any sector of their choice in Malawi.

##### D. Other Details

- ☒ All Current Account transactions are liberalized.
- ☒ ADBs process Current Account transactions on behalf of their clients.
- ☒ The Bank maintains an oversight role over ADBs for liberalized transactions
- ☒ The Bank also provides the regulations, guidelines and training to ADBs for processing of both Current and Capital Account transactions.

For more information visit RBM website ([www.rbm.mw](http://www.rbm.mw))

# MANUFACTURING SECTOR

The manufacturing and agriculture sectors work together in their contribution to the overall growth of the economy. Malawi has a developing manufacturing sector mainly in food and beverages, chemical industries. There is potential for growing the manufacturing sector based on extractive industry and agriculture. Currently, Malawi's manufacturing sector is dominated by food and beverages, confectionary, chemicals, pharmaceuticals, tobacco, tea, sugar, cement and light electronic manufacturing.

The sector contributes around 9 percent of GDP and is estimated to grow by an average of 3.6 percent per annum. Most consumer manufactured goods in Malawi are imported. These include clothing and footwear, cement, fertilizer, plastics and food products.

Malawi is mainly at the foundational stage in the global value chain where it normally supplies raw materials. Government has put in place policies aimed at growing the manufacturing sector and these include the National Industrialization Policy, National Export Strategy and Energy Policy.

Malawi's export commodity basket is concentrated with agricultural commodities which continue experiencing unfavorable terms of trade. There is need to diversify the country's exports to include value added non-agricultural commodities. Government realizes that a growing and outward-oriented manufacturing sector can significantly contribute to Malawi's job creation and export diversification. The government therefore introduced incentives for the sector including loss carry forward for six years, 100 percent capital allowance on new and unused plant and machinery and industrial building and a 40 percent capital allowance on used plant and machinery and industrial building.

The manufacturing sector is endowed with vast investment opportunities including textiles and garments manufacturing, farm input chemical production, bicycle assembly and supply of building materials. This section presents investment opportunities available in the sector.





## CONTACTS

OUR ATTORNEY & SECRETARY  
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# 1 SOLAR WATER HEATERS MANUFACTURING PROJECT FOR MALAWI AND EASTERN/ SOUTHERN AFRICAN COUNTRIES.



## PROJECT DESCRIPTION

This is a Malawian owned business that operates in the Manufacturing sector specifically various types of solar water heaters for the following markets: Malawi, Zambia, and South Africa but also having the freedom to sell solar water heaters to all other Eastern/Southern African countries.

## BUSINESS MODEL

The project entails Carrying-out full manufacturing operations in Lilongwe, Malawi with sales and installation centers in Malawi, Zambia, and South Africa.

Installation on customer's premises will be done by our trained and skilful technicians. We are the only company in Eastern/Southern Africa that provides consumers with a solar-heated hot water temperature guarantee at approximately 140 degrees Fahrenheit, day and night offering a 5-year product warrantee on our installed equipment.

## OBJECTIVE OF THE PROJECT:

The objective of the project is to enable consumers in Eastern/Southern Africa save their revenues and hard-earned cash by purchasing a much cheaper source of water heating technology using renewable energy which will allow them to get away from increasing rates of electricity costs. This will in turn lead to financial savings which will help them improve their living standards significantly.

On top of that, the reduced power demand on the electricity networks will enable countries to be able to supply power to the

growing industrial areas of their economies, without having to invest further in new power generation capacity. It will reduce the current practice of charcoal and firewood consumption across the Southern African region hence mitigate the negative effects of global warming that is emerging as a result of deforestation.

## SECTOR OF OPERATION

Manufacturing – solar water heaters.

## BUSINESS ACTIVITY

Our business activity is primarily focused on the manufacturing and sale of various solar water heater designs throughout Eastern and Southern Africa (including Malawi). We are the only company in Eastern/Southern Africa with the specialized technology of hot-water temperature retention and, as a result, we are the only company offering a hot-water temperature guarantee.

## LOCATION

The location of our project is Njewa in Lilongwe, Malawi. Lilongwe is one of the fastest growing cities of Malawi, and boasts of a large rapidly growing urban population with new housing developments springing-up everywhere hence having a readily available market. Since we are located in the central region which has the main airport of Malawi, we are also within easy reach by customers from the Northern Region and Southern Region of the country, as well as exporting to our neighbouring countries Zambia, South Africa and Tanzania either through road or air.

## BENEFITS OF THE PROJECT AND ITS ALIGNMENT TO MALAWI GOVERNMENT'S GOALS

### CONTRIBUTION TO ACHIEVING NATIONAL, REGIONAL OR GLOBAL ECONOMIC, SOCIAL, ENVIRONMENTAL AND DEVELOPMENTAL GOALS

The project promises to uplift Malawi's industrial production tremendously, as well as the industrialization of other Eastern/Southern African states, and increase renewable energy production and save investments in electrical power generation as well as reduce deforestation.

### EXPORT ORIENTATION/FOREX GENERATION

Since we are the only company with this technology and expertise in this region of Africa, the country stands to benefit from our exports to other African countries and earn enormous foreign-exchange for the country.

### IMPORT SUBSTITUTION

Malawi will save tremendously from its current foreign exchange usage through the imports of similar products from countries such as China, India, etc.

## FINANCIAL REQUIREMENTS

### CAPITAL EXPENDITURE REQUIREMENTS

The project promoters have spent over US\$175,000 in the technology sourcing and research for the past three (3) years. On top of that, over US\$20,000 in development costs has been spent during the past 1.5 years.

New CAPEX required: US\$500,000 to send technicians for training in the Caribbean and pay for technology supply agreement. This new funding will entail that the new investors will take up 30% equity in the project.



### WORKING CAPITAL REQUIREMENT

Required US\$1,060,000 as a production 5–7-year loan from investors, or local Banks. The funds will be used to purchase production machinery, raw materials, and start solar water heater manufacturing.

### PROPOSED INVESTMENT MODEL

New investor(s) to sign Investment Agreement with existing shareholders of Nyika Solar Technologies Limited, and commit the US\$500,000 thereafter; and legally take up 30% equity.

US\$1,060,000 financing will be secured through local Banks, or can be a new investor loan repayable over a 7-year period.

### PROJECT'S FEASIBILITY

#### TECHNICAL FEASIBILITY

The technical Feasibility documents have

been completed by the Project Developer/ Promoter.

#### FEASIBILITY STUDY

In 2019-2020, local feasibility studies were conducted successfully.

#### ENVIRONMENTAL IMPACT ASSESSMENT

An environmental impact assessment was conducted by professional environmentalists, and a certificate of approval was granted by the Malawi Government's Department of the Environment.

#### TECHNICAL DESIGNS

All technical designs and production machines' setup, process operation's designs, etc. are proprietary to the company Nyika Solar Technologies Limited.

### LICENSES

All necessary project licenses have been granted by relevant authorities.

#### MARKET FEASIBILITY STUDY

Extensive market feasibility studies have been carried out as shown in some data above.

#### FINANCIAL FEASIBILITY

EBITDA = \$1,865,742, Project's NPV = \$3,565,070, Project's IRR = 52%, Annual Net-Worth of the Company = \$2,753,265 per year on average (e) ROI or ROE = 78% annually. Growth Rate = 27% per year, RONA = 44%, Net Capital Ratio = 3, Current Ratio = 2 times and Acid Test Ratio = 2 times

## 2 FERTILIZERS' MANUFACTURING PROJECT FOR MALAWI AND EASTERN/SOUTHERN AFRICAN COUNTRIES.



### CONTACTS

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E-Mail : chakanda@yahoo.com

### PROJECT DESCRIPTION

The business project consists of eight (8) private sector shareholders from South Africa and Malawi. The project involves manufacturing of various types of fertilizers that Malawi has specified for farmers in the country, and distributing these fertilizers through all the depots (1030) of the Agriculture Development and Marketing Corporation (ADMARC) Ltd through an MOU that was signed between the two parties.

### OBJECTIVE OF THE PROJECT

The project aims to provide smallholder farmers in Malawi and the Eastern/Southern African countries with affordable and more potent fertilizer technology than has ever been possible by anyone before.

### SECTOR OF OPERATION:

Manufacturing sector.

### BUSINESS ACTIVITY:

The project involves the manufacturing and sale of various fertilizers throughout

Eastern and Southern Africa. **Urea Gold Fertilizers Limited**, is the only company in Sub-Sahara Africa with the specialized technology of *slow-nutrient-release* fertilizers. We manufacture these fertilizers at affordable costs for smallholder farmers to afford everywhere.

### LOCATION

#### ACTUAL PROJECT LOCATION

Our fertilizer factory is located in Lumbadzi, Lilongwe, Malawi.

## PROMINENT BUSINESS ACTIVITY SURROUNDING YOUR PLACE OF OPERATION

The factory being located in the Central Region of the country means we are located in the heart of Malawi's agriculture industry. It carries the bulk of agriculture production of the country. apart from that, it allows us to be within easy reach by farmers from the Northern Region and Southern Region of the country.

## BENEFITS OF THE PROJECT AND ITS ALIGNMENT TO MALAWI GOVERNMENT'S GOALS

### CONTRIBUTION TO ACHIEVING NATIONAL, REGIONAL OR GLOBAL ECONOMIC, SOCIAL, ENVIRONMENTAL AND DEVELOPMENTAL GOALS

As a fertilizer manufacturing company, we will be able to uplift Malawi's agriculture production tremendously, as well as the agriculture production of other Eastern/Southern African states, and increase food production for all these African countries.

### EXPORT ORIENTATION/FOREX GENERATION

Since our SCU fertilizers are not manufactured by any other company in sub-Sahara Africa, there are tremendous fertilizer export opportunities across East/Southern Africa, as well as Central Africa and West Africa which Malawi will therefore stand to benefit from our exports to other African countries and earn enormous foreign-exchange for the country.

### IMPORT SUBSTITUTION

Fertilizer is one of the main imports of the country. By undertaking this project, Malawi will save tremendously from its current foreign exchange usage by companies who import various fertilizer substances into the country.

## FINANCIAL REQUIREMENTS

### CAPITAL EXPENDITURE REQUIREMENTS:

The project promoters have spent over US\$750,000 in the purchasing of manufacturing machines which are installed in the factory at present. Over US\$250,000

in development costs has been spent during the past 5-7 years.

New CAPEX required: US\$500,000 to purchase additional machinery to enable semi-automation of the production processes. This new funding will entail that the new investors will take up 30% equity in the project.

### WORKING CAPITAL REQUIREMENT:

Required US\$1,600,000 as a production 5-7-year loan from international investors. Commodity financing of US\$34,740,188 in the first 1-2 years, financed by international investors. [This production loan is repayable in the same year]

### PROPOSED FINANCING STRUCTURE:

Equity = US\$500,000 = 30% shareholding for new investors. This will go towards CAPEX in year 1.

Raw material purchases from an International Loan for the 1-2 years = US\$34,740,188 repayable in the same production year 1-2. Long-Term (5-7-years) International Investor Loan = US\$1,600,000 for additional production machines, in the next 3-4 years.

### PROPOSED INVESTMENT MODEL

New investor(s) to sign Investment Agreement with existing shareholders of Urea Gold Fertilizers Limited, and commit the US\$500,000 thereafter, and legally take up 30% equity. The balance of the financing will be secured through local Banks who are already interested to provide some funding.

There is a remote opportunity that a Public-Private Partnership (PPP) arrangement maybe achieved, with ADMARC Ltd joining our operations as a shareholder. Such an arrangement would serve to cut down the marketing costs of the project. ADMARC's Board of Directors and the Malawi Government have yet to make a decision on the matter.

Accumulated Retained Earnings: Year 1 = \$4,075,618; Year 2 = \$12,259,330; Year 3 = \$28,998,730; Year 4 = \$46,267,085; Year 5 = \$64,621,771; Year 6 = \$92,514,880; Year 7 = \$123,234,635.

## PROJECT'S FEASIBILITY

### TECHNICAL FEASIBILITY

The technical Feasibility documents have been completed by the Project Developer/Promoter.

### FEASIBILITY STUDY

Local feasibility studies were conducted successfully, and Malawi Bureau of Standards granted necessary approvals for the commercial manufacturing of NPK fertilizers in 2018, after trial operations were conducted successfully.

### ENVIRONMENTAL IMPACT ASSESSMENT

An environmental impact assessment was conducted by professional environmentalists, and a certificate of approval was granted by the Malawi Government's Department of the Environment.

### TECHNICAL DESIGNS

All technical designs and production machines' setup, process operation's designs were done by the project promoters

### LICENSES

All necessary project licenses have been granted by relevant authorities.

### MARKET FEASIBILITY STUDY

Extensive market feasibility studies have been carried out.

### FINANCIAL FEASIBILITY

Project's NPV = \$48,580,768, Project's IRR = 640%, Annual Net-Worth of the Company = \$48,117,308 per year on average, ROI or ROE = 212% annually. Growth Rate = 121% per year RONA = 30%, % Equity = 62%, Current Ratio = 2 times and Acid Test Ratio = 2 times





## 3 SHOE AND LEATHER MANUFACTURING

### CONTACTS

THE MANAGER  
TROGON TRADING PRIVATE LIMITED  
P.O. Box 1226, Blantyre, Malawi.  
Email : trogontrading@outlook.com



### PROJECT DESCRIPTION

#### PROJECT OWNERSHIP

The project is owned by Trogon Trading Limited Company and duly incorporated in Malawi

#### BUSINESS MODEL

This is an export-oriented business that produces shoes and wetblue leather. The role materials, raw hides and skin are sourced within Malawi and products sold within and outside Malawi. The project already commence production and started exporting.

#### OBJECTIVE OF THE PROJECT

The aim of the proposed project is to set up a tannery to add value to the hides and skins, which are being produced in Malawi. This should form a nucleus of developing the leather value chain in Malawi. Textile and the Leather Sectors have been used globally to initiate the industrialization revolution. This will reduce import dependence, generate employment and contribute to the improved significance of the manufacturing sector to the Gross Domestic Product (GDP).

#### SECTOR OF OPERATION

Manufacturing

#### BUSINESS ACTIVITY

The leather making operation consists of converting the raw hide or skin, a highly putrescible material, into leather, a stable material, which can be used in the manufacture of a wide range of products. The whole process involves a sequence of complex chemical reactions and mechanical processes. Amongst these, tanning is the fundamental stage, which gives leather its stability and essential character. Preserving hides and skins by tanning and performing various steps of preparation and finishing,

generates a final product with specific properties: stability, appearance, water resistance, temperature resistance, elasticity and permeability for perspiration and air, etc.

#### COMPETITIVE ADVANTAGE/GAP ANALYSIS

Malawi footwear demand was estimated at 15.5 million pairs per annum in 2017 and is projected to reach 18.1 million pairs per annum in tandem with population growth. An improvement in economic performance may result in even a higher projected growth in footwear demand beyond the current estimate. Currently footwear production in Malawi is estimated at 0.2 million pairs, thus living a demand deficit of 15.3 million pairs per annum. This scenario has pushed up import demand of footwear to grow rapidly from US\$ 2.8 million to US\$ 12.4 million between 2001 and 2016 respectively.

#### LOCATION

##### ACTUAL LOCATION OF PROJECT

Liwonde, Malawi

#### BENEFITS OF THE PROJECT/ALIGNMENT OF PROJECT TO GOVT GOALS

##### CONTRIBUTION TO ACHIEVING NATIONAL, REGIONAL OR GLOBAL ECONOMIC, SOCIAL, ENVIRONMENTAL AND DEVELOPMENTAL GOALS

The designing of the project was guided by the overall Malawi policy goal of improving the contribution of the manufacturing sector to its GDP, which is in line with its quest to improve the livelihoods of its citizens. The industry sector contributes 13.9%; this reflects the importance of promoting value addition in the leather value chain, as this could boost the manufacturing sector's contribution to Malawi's GDP.

##### EXPORT ORIENTATION/FOREX GENERATION

Based on the hides and skins production of 2012, the Malawi leather value chain has

the potential of reaching a minimum direct value of USD 102 million per annum. A study revealed that Malawi has the capacity to feed into the semi processed leather at global market, in the short to medium term and has the required resources to produce for the export market, hence the project will also target the export market.

#### IMPORT SUBSTITUTION

All the SMEs that are involved in the production of footwear and other leather goods depend on informal and formal imports of from Kenya, Zambia and Zimbabwe. As such this project's production will supply to the local market and therefore reduce the import bill on leather products.

#### VALUE ADDITION

This project directly answers to the Government's call for value addition on Malawi's rich resources. It involves turning raw hide and skin into leather products and shoes.

#### FINANCIAL REQUIREMENTS

The project needs US\$200,000 financing.

#### PROPOSED INVESTMENT MODEL (ACTIONS REQUIRED/ IMPLEMENTATION ARRANGEMENTS/ CONTRACT TYPE)

#### FINANCING

The project promoter is willing for the partner to take up 15 percent of shareholding.

#### PROJECT FEASIBILITY

A feasibility study on viability of tannery in Malawi was done, a market study was done. The project is already operational.

#### FINANCIAL FEASIBILITY

Internal Rate of Return at 33%, Net Present Value US\$10,406,542 and Payback Period of 5 years.

## 4 PRODUCTION AND PROCESSING OF BIO-FORTIFIED VITAMIN A IN MAIZE AND ZINC & IRON IN BEANS

### CONTACTS

MANAGING DIRECTOR  
PATRICK CHINGATI - PHIRI  
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Email : Chingati6@hotmail.com



### PROJECT DESCRIPTION

#### PROJECT OWNERSHIP

The company is owned by CPM Agri-Enterprises

#### BUSINESS MODEL

The company owns farms and also sub-contracts farmers to produce maize which is used as raw materials.

#### OBJECTIVE OF THE PROJECT

The main objective of the project is to contribute to the healthy well-being of the citizens of the country in order to promote economic development.

#### SECTOR OF OPERATION

Manufacturing

#### BUSINESS ACTIVITY

The project is about production, processing, distribution and selling of bio-fortified (Vitamin A in maize and zinc & iron in beans), nutrition dense and climate sensitive certified seeds of Orange Hybrid maize, white hybrid maize, beans, soya beans and groundnuts for nutrition improvement, general food security, and for poverty reduction (economic empowerment) of vulnerable groups of people (women, pregnant women, girls, babies, school going children, the youth in general and the sick).

### COMPETITIVE ADVANTAGE/GAP ANALYSIS

The company is already in operation and understands the market well. The company is ready to share its performance report with potential partner.

### LOCATION

Processing will be done in Lilongwe while growing of the seed will be done in Lilongwe, Dowa, Ntchisi, Salima, Kasungu and Mchinji districts in Central region of Malawi.

### BENEFITS OF THE PROJECT/ALIGNMENT OF PROJECT TO GOVT GOALS

#### CONTRIBUTION TO ACHIEVING NATIONAL, REGIONAL OR GLOBAL ECONOMIC, SOCIAL, ENVIRONMENTAL AND DEVELOPMENTAL GOALS

Malawi has one of the highest HIV/AIDS prevalence rates. Therefore there is need for food with sufficient Vitamin A which helps in building the body's immunity to infections. Bio-fortified crops like maize (staple) can provide between 50-100% of a child's daily Vitamin A requirements.

Vitamin A, Zinc and Iron are particularly required by women (including girls), school-going children, the malnourished and the sick in general. Vitamin A is essential for cell division (growth), proper vision and maintenance of membranes. Zinc is essential

for brain development while iron is an essential component of the blood

### EXPORT ORIENTATION/FOREX GENERATION

Excess production will be sold to neighboring countries, especially Mozambique.

### VALUE ADDITION

The project is value-addition oriented as it involves processing of maize into various products.

### FINANCIAL REQUIREMENTS

The capital requirement is US\$1,380,000. CPM Agri-Enterprises will contribute a cash equivalent of US\$581,000 in addition to the following contributions in kind:

1. Office space
2. Land for additional office space
3. A 20 by 40 metres Warehouse
4. Parental lines for the hybrid maize varieties
5. One double cabin Toyota Hilux
6. 15 qualified staff

### PROPOSED INVESTMENT MODEL (ACTIONS REQUIRED/ IMPLEMENTATION ARRANGEMENTS/ CONTRACT TYPE)

The project promoter is seeking a loan/equity partnership

### PROJECT FEASIBILITY

The company is already in operation and is willing to share its profitability analysis report with potential partner.





## 5 SPINNING, WEAVING AND TEXTILE MILL

### CONTACTS

MANAGING DIRECTOR  
**COTTON GINNERS LTD**  
private bag 594, Limbe, Blantyre, Malawi.  
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Email : spencer@cgalmw.com



### PROJECT DESCRIPTION

Cotton Ginnners Limited owns a spinning, weaving and textile mill in Blantyre. Malawi has invested significantly in the cotton industry focusing particularly on ginneries. However, cotton ginnners Africa limited would like to work along the value chain where they already have three ginneries. They also have a sister company which crushes cotton seed into lint and also makes laundry soap.

The company now aspires to further add value to their lint with the proposed project.

With a population of over 17 million people, Malawi has 400,000 cotton farmer who produce not less than 100,000 mt of seed cotton in an area of 130,000 ha. Approximately 39,000 mt of lint is produced per annum and out of which only 5% is used by a local manufacturer, leaving 95% for export.

### PROPOSED INVESTMENT

A 3,000 kilowatts spinning facility utilizing latest European (Switzerland and Italy) technology on the spinning market, with opening blending and cleaning; carding;

drawing; combing; roving and rotor spinning capabilities. The project will primarily target the export market, particularly Europe and other yarn importing countries.

### PROJECT LOCATION

Blantyre.

### ESTIMATED COST OF PROJECT

Us\$ 46.8 million.

### INVESTMENT REQUIREMENTS

The project is seeking a financier.





# TOURISM SECTOR

Malawi, also known as the Warm Heart of Africa boasts of beautiful landscapes, variety of wildlife and a rich and diverse culture that make this small country the ideal place to invest in.

From the tip of Lake Malawi through the exciting towns and cities, to the Peak of Mulanje Mountain, tourists and business people are constantly flooding the country all year round. In order to realize the tourism potential, the government of Malawi is formulating a Tourism Investment Master Plan to ensure that the sector is well planned and monitored.

Meanwhile, there are plenty of rewarding investments waiting to be explored in Malawi including ecotourism, construction of hotels, lodges and cottage, conference facilities and water-based sports facilities.

The Government of Malawi identifies the tourism sector as a key driver for sustainable economic growth and development in the country, and offers attractive investment incentives. Investors in the tourism sector are eligible for exemption of various import duty and import excise duty on various goods at construction and operational stage.

The Ministry of Tourism is tasked with ensuring that tourism is developed and promoted in a manner that brings meaningful economic benefits to the people of the country. The Department is therefore working to improve the business environment for new and established businesses, address infrastructure development and strengthen public-private sector dialogue. With the envisaged improved business environment in the tourism sector, the promise of viable investment is great and worth exploiting.









## CONTACTS

MANAGING DIRECTOR - MIKE MLOMBWA,  
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# 1 COUNTRYWIDE RESORT HOTEL

## PROJECT DESCRIPTION

### PROJECT OWNERSHIP

The project is owned by Countrywide Hotels and Resorts Limited

### BUSINESS MODEL

The project involves construction and Operation of Resort Hotel in Kabula, Blantyre

### OBJECTIVE OF THE PROJECT

The project will contribute in the Tourism Sector in Malawi by having a new hotel constructed and to have a sustainable revenue generating business.

### SECTOR OF OPERATION

Tourism

### BUSINESS ACTIVITY

Hotel and Hospitality

### COMPETITIVE ADVANTAGE/GAP ANALYSIS

Fitting in the growing tourism industry in Malawi

### LOCATION

### ACTUAL LOCATION OF PROJECT

Kabula, Blantyre.

### PROMINENT BUSINESS ACTIVITY

### SURROUNDING YOUR PLACE OF OPERATION

Being the commercial city of Malawi, there is a lot of Tourism, Conferencing and General trading activities taking place that

would provide a readily available market for our business.

### BENEFITS OF THE PROJECT/ALIGNMENT OF PROJECT TO GOVT GOALS

### CONTRIBUTION TO ACHIEVING NATIONAL, REGIONAL OR GLOBAL ECONOMIC, SOCIAL, ENVIRONMENTAL AND DEVELOPMENTAL GOALS

The project will contribute towards achieving Government objective of ensuring that tourism is developed and promoted in a manner that brings meaningful economic benefits to the people of the country. The project will contribute towards creation of employment

### EXPORT ORIENTATION/FOREX GENERATION

The project will contribute towards Forex generation through tourism

### VALUE ADDITION

This project directly answers to the Government's call for value addition as it will work with various players in the Tourism value-chain in delivering its services.

### FINANCIAL REQUIREMENTS

Capital Expenditure Requirement – USD 3,750,000

Working Capital Requirement – USD 100,000

Proposed Financing Structure – Debt and Equity partnerships

### PROPOSED INVESTMENT MODEL (ACTIONS REQUIRED/ IMPLEMENTATION ARRANGEMENTS/ CONTRACT TYPE)

Joint venture partnership – our 30% and their 70% or 40:60, Financing – 100% Debt,

### PROJECT FEASIBILITY

#### TECHNICAL FEASIBILITY

The technical Feasibility documents have been completed by the Project Developer/ Promoter.

#### FEASIBILITY STUDY

The project Feasibility documents was undertaken and completed by the Project Developer/Promoter.

#### ENVIRONMENTAL IMPACT ASSESSMENT

The project Environmental Impact Assessment is not yet conducted

#### TECHNICAL DESIGNS

All Technical Designs have been done

#### LICENSES

The project promoters have acquired a Tourism License

#### MARKET FEASIBILITY STUDY

The Market Feasibility study was done

#### FINANCIAL FEASIBILITY

Internal Rate of Return – 30%, Net Present Value – USD 500,000 and Payback Period – 10 years





## CONTACTS

MANAGING DIRECTOR - MIKE MLOMBWA,  
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## 2 COUNTRYWIDE RESORT HOTEL

### PROJECT DESCRIPTION

#### PROJECT OWNERSHIP

Countrywide Hotels and Resorts Limited

#### BUSINESS MODEL

The project involves construction and Operation of Resort Hotel in Chintheche, Nkhatabay along Lake Malawi.

#### OBJECTIVE OF THE PROJECT

The project will contribute in the Tourism Sector in Malawi by having a new hotel constructed and to have a sustainable revenue generating business.

#### SECTOR OF OPERATION

Tourism

#### BUSINESS ACTIVITY

Hotel and Hospitality

#### COMPETITIVE ADVANTAGE/GAP ANALYSIS

Fitting in the growing tourism industry in Malawi

#### LOCATION

#### ACTUAL LOCATION OF PROJECT

Chintheche, Nkhatabay.

#### PROMINENT BUSINESS ACTIVITY SURROUNDING YOUR PLACE OF OPERATION

Being a district that is along the lake shore of Lake Malawi, there is a lot of Tourism, Conferencing and General trading activities taking place that would provide a readily

available market for our business. There is also a lot of Fishing and Farming activities taking place albeit being at small scale.

#### BENEFITS OF THE PROJECT/ALIGNMENT OF PROJECT TO GOVT GOALS

#### CONTRIBUTION TO ACHIEVING NATIONAL, REGIONAL OR GLOBAL ECONOMIC, SOCIAL, ENVIRONMENTAL AND DEVELOPMENTAL GOALS

The project will contribute towards achieving Government objective of ensuring that tourism is developed and promoted in a manner that brings meaningful economic benefits to the people of the country. The project will contribute towards creation of employment

#### EXPORT ORIENTATION/FOREX GENERATION

The project will contribute towards Forex generation through tourism

#### VALUE ADDITION

This project directly answers to the Government's call for value addition as it will work with various players in the Tourism value-chain in delivering its services.

#### FINANCIAL REQUIREMENTS

Capital Expenditure Requirement – USD 5,000,000,000 (One million dollars)  
Working Capital Requirement – USD 100,000  
Proposed Financing Structure – Debt and Equity partnerships

#### PROPOSED INVESTMENT MODEL (ACTIONS REQUIRED/ IMPLEMENTATION ARRANGEMENTS/ CONTRACT TYPE)

Joint venture partnership – our 30% and their 70% or 40:60, Financing – 100% Debt

#### PROJECT FEASIBILITY

##### TECHNICAL FEASIBILITY

The technical Feasibility documents have been completed by the Project Developer/Promoter.

##### FEASIBILITY STUDY

The project Feasibility documents was undertaken and completed by the Project Developer/Promoter.

##### ENVIRONMENTAL IMPACT ASSESSMENT

The project Environmental Impact Assessment is not yet conducted

##### TECHNICAL DESIGNS

All Technical Designs have been done

##### LICENSES

The project promoters have acquired a Tourism License

##### MARKET FEASIBILITY STUDY

The Market Feasibility study was done

##### FINANCIAL FEASIBILITY

Internal Rate of Return – 30%, Net Present Value – USD 500,000 and Payback Period – 10 years

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# MINING SECTOR

Mining in Malawi is an under-explored activity but it holds a great potential to develop Malawi's economy and attract a great deal of investors. Currently the sector accounts for about 1 percent of GDP.

According to the Geological Survey Department, an airborne geophysical survey conducted in 2015 revealed an abundance of mineral deposits including rare earth minerals, bauxite, uranium, graphite, vermiculite coal, gemstones, alluvial gold, monazite, limestone, phosphate, pyrite, glass sands, dimension stone and titanium heavy bearing mineral sands. Formal mining activity are happening for coal, and lime while gemstones are extracted by small-scale miners.

In order to cultivate and sustain a conducive environment for growth of investments in the sector, the Government of Malawi reviewed and endorsed the Mines and Minerals Act in 2018. The mining and fiscal regime was reviewed in 2016. The Government grants duty free and VAT free importation of mining equipment to investors in the mining sector. In order to access the incentives, an investor is required to obtain a mining license from the Ministry of Mines, Energy and Natural Resources.

Furthermore, the Department of Geological Survey set up a geo-data management platform to ease-up information access by investors and other stakeholders. This section lays out investment opportunities in the mining sector.





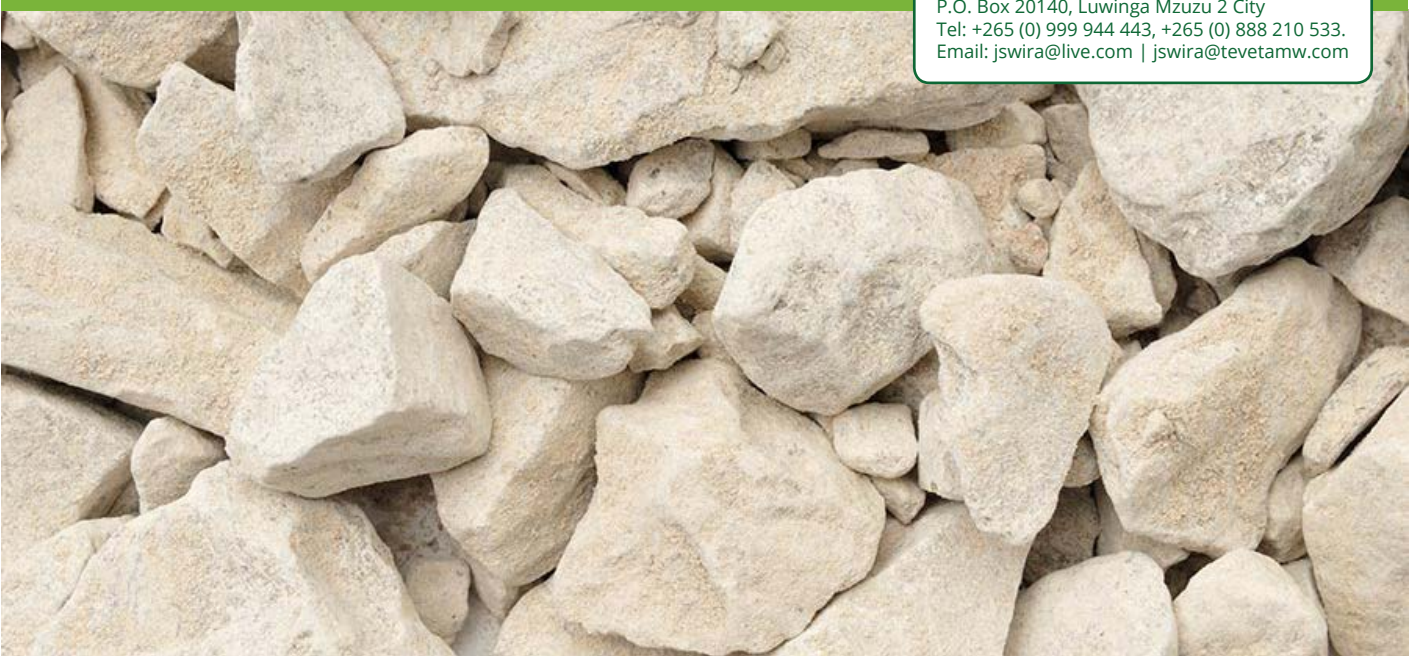




# 1 MINING OF LIME

## CONTACTS

MANAGING DIRECTOR - JOHN SWIRA,  
**WHY LIMESTONE MINING LIMITED**  
P.O. Box 20140, Luwinga Mzuzu 2 City  
Tel: +265 (0) 999 944 443, +265 (0) 888 210 533.  
Email: jswira@live.com | jswira@tevetamw.com



### PROJECT DESCRIPTION

The developers of Why Limestone Mining Limited are looking for suitable investors/partners to raise a minimum of \$200,000 for the operations of a lime plant in Malawi. The opportunity offered is unique, and a low risk investment with attractive returns generated annually.

The current developers have invested over \$800,000 to date, and have installed production machinery and has run batches of lime productions successfully.

This business process has brought the project to the point where it is possible to

offer additional new investors the following benefits:-

- 60% to 90% Shareholding in Why Limestone Limited, a company which has a capacity of production of lime of 200 tones per month.

### PROJECT LOCATION

Karonga

### CURRENT STATUS/ STAGE OF PROJECT

The injection of \$200,000.00 working capital into the business to enhance productivity.

### ACTIONS REQUIRED/ IMPLEMENTATION ARRANGEMENTS/ CONTRACT TYPE

The project seeks financiers/equity partners who can inject money in the project in order for the business reach its full potential. Acquisition of the business is possible.

### AVAILABILITY OF PRE-FEASIBILITY STUDIES, FEASIBILITY STUDIES, AND OTHER STUDIES

The feasibility study for this project was carried out and the project is operational

### ESTIMATED COST OF THE PROJECT

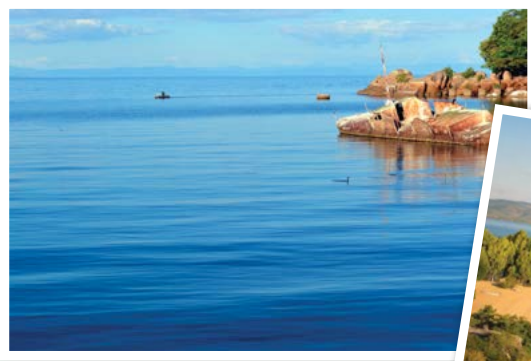
The injection of \$200,000.00 working capital into the business to enhance productivity.





# MALAWI

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[www.mitc.mw](http://www.mitc.mw)







# 1 MALAWI 100 MW COAL - BASED THERMAL POWER PLANT

## CONTACTS

MANAGING DIRECTOR - LINCOLN BAILEY  
**RUKURU POWER COMPANY LIMITED,**  
Suite 21 NICO Centre, Old Town  
P.O. Box 635, Lilongwe  
Email: lbailey@gjs.mw.  
Mobile: +265 (0) 999 828 695 | +265 (0) 888 828 695



### PROJECT DESCRIPTION

The project consists of the design, construction, commissioning and operation of a 100MW coal-fired power station with its associated infrastructure at a site about 16 Km north of Mchenga along the main M1 Road. The thermal plant will comprise two power generating units (each with a rating capacity of 50 MW) fuelled by coal largely from the Mchenga Mine mixed with coals from other mines. The project will be constructed in two phases, the 100 MW being the first phase of a targeted 250MW plant.

The associated infrastructure to the project includes the new Bwengu Substation which is 65km south of the project site, adjacent to the M1 Road; and a 132kV outgoing transmission line from the new power plant to the new Bwengu Substation. According to Fichtner's Feasibility Study Report1/ and from site investigations, it is feasible to connect the project to the backbone at Bwengu. The Power Purchase Agreement soon to be negotiated and signed with ESCOM will confirm the terms and conditions of the main power grid.

### LOCATION

CPL-Mchenga coal mining operations are located in the Livingstonia Coalfield in Rumph District, about 20 km north of

Mzuzu the northern capital. The Rukuru Power Plant will be located some 16 Km north of the Mine along the M1 road and about 500 metres from the Lake.

### BENEFITS OF THE PROJECT/ALIGNMENT OF PROJECT TO GOVT GOALS

The basic principle of this project is to build a safe and reliable power plant, fully compliant with government regulations and economic development objectives. The plant will be capable of supplying firm baseload power to the main line grid in a manner which will yield both economic and social benefits to the investors and to society as a whole. The country is desperately hort of power, which is having an adverse impact on economic growth and development. The project will go a long way in improving security and regularity in supply of electricity and meet the growing demand that currently exists in Malawi. The feasibility study shows the project to be financially and economically viable.

### FINANCIAL REQUIREMENTS

A term loan of US\$ 146.4 million is sought to fill the project funding gap

### PROPOSED INVESTMENTMODEL (ACTIONS REQUIRED/ IMPLEMENTATION ARRANGEMENTS/ CONTRACT TYPE)

The project promoters are seeking Equity/ Strategic investors.

### PROJECT FEASIBILITY

Below is a list of the milestones that the project promoters have so far undertaken:

- Sign a MOU with the Government of Malawi, through the Ministry of Energy;
- Negotiated and signed an EPC Contract with Power China
- Sign a MoU and PPA Term Sheet with ESCOM;
- Prepare a Bankable Feasibility Study for review and acceptance by ESCOM;
- Prepare a Financial Model for review and acceptance by ESCOM/Power Market Ltd;
- Prepare ESIA (advanced stage of completion);
- Sought and got a Partial Risk Guarantee from AfDB (now withdrawn because of pressure from AfD's European and American funders who have banned the funding of coal);
- Signed O&M contract with Murray and Roberts of South Africa;
- Obtained Financing Term Sheet from Chinese banks for EPC portion of the project;

### FINANCIAL FEASIBILITY

Internal Rate of Return - 10.2%, Net Present Value - (US\$) 27 893 761 and Payback Period - 10.8 years





## CONTACTS

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Alexander Maluza : +265 (0) 994 424 786

## 2 BLANTYRE WASTE TO ENERGY



### PROJECT DESCRIPTION

#### PROJECT OWNERSHIP

The Project is owned by a subsidiary of the Malbro Investment group (MIG), Afro Renewable Energy Group (AREG) a duly registered Malawian Company.

#### BUSINESS MODEL

The business model entails production of energy (electricity) and selling that to the single power offtake, Power Market Limited (PML).

#### OBJECTIVE OF THE PROJECT

The objective of the Project is to contribute to the Government's goal of eradicating power deficits in the country and promoting industrialisation.

#### SECTOR OF OPERATION

Energy

#### BUSINESS ACTIVITY

Intend to develop waste-to-energy plants, deploying technologies that extract residual energy from municipal solid waste and convert that into electricity, which is subsequently fed into the grid. The German technology developed by Intec can use a very wide variety of unsorted waste. The project will generate 438 Gigawatt Hours.

Technology, system and methods are based on the patented Thermolytic Cracking Process, an economically and ecologically proven system. The plant will be designed to be operated 24 hours a day continuously. Guarantees for technology and plant are available from international insurance. The plant will be designed to be operated 24 hours a day continuously.

The planned size of the plant is 50MW (~438 GWh per annum) output from an annual waste volume of 198,000 tons. Production of energy from Solid Municipal Waste (SMW) and selling of the produced energy to Power Market Limited.

#### COMPETITIVE ADVANTAGE/GAP ANALYSIS

There are many technologies currently existing on the market. The technology that the Project Developer intends to use is unmatched in terms of production, efficiency and environmental considerations.

The technology is environmentally friendly and has passed the relevant environmental licenses in Germany and the European Union.

#### LOCATION

##### ACTUAL LOCATION OF PROJECT

The proposed location of the Project is Blantyre, Malawi.

##### PROMINENT BUSINESS ACTIVITY

##### SURROUNDING YOUR PLACE OF OPERATION

The proposed project location is an urban area. The project will be surrounded by the businesses and commercial activities of Blantyre Urban.

##### BENEFITS OF THE PROJECT/ALIGNMENT OF PROJECT TO GOVT GOALS

##### CONTRIBUTION TO ACHIEVING NATIONAL, REGIONAL OR GLOBAL ECONOMIC, SOCIAL, ENVIRONMENTAL AND DEVELOPMENTAL GOALS

The project is a private sector-initiated development and shall therefore relieve the government of Malawi on the need and pressure to put development spending

in energy power generation infrastructure. Such Project development capital can be used by Malawi government to improve on the transmission and distribution network infrastructure, roads, healthcare and schools.

The project shall also help Malawi to minimize on any borrowings towards power plant infrastructure development thereby reducing the country's debt burden from multilateral institutions, Commercial Banks or public domestic debts. The project will further support attainment of sustainable development goals.

##### EXPORT ORIENTATION/FOREX GENERATION/ IMPORT SUBSTITUTION

The proposed Project will augment the country's efforts with energy security above the country's desired safety margin of 30% and go towards reducing interdependence on energy importation from neighboring countries like Mozambique, Zambia or Tanzania. In the long run, at the full production capacity of 100MW, any excess or unused capacity can be exported to the neighboring countries under the Southern Africa Power Pool, a cooperation of the national electricity companies in Southern Africa under the auspices of the Southern African Development Community (SADC).

##### FINANCIAL REQUIREMENTS

##### CAPITAL EXPENDITURE REQUIREMENT

The CAPEX requirement is approximately US\$180 Million.

##### WORKING CAPITAL REQUIREMENT

The working capital requirement of approximately US\$5 Million.

### PROPOSED FINANCING STRUCTURE

The proposed finance structure is 100% debt.

### PROPOSED INVESTMENT MODEL (ACTIONS REQUIRED/ IMPLEMENTATION ARRANGEMENTS/ CONTRACT TYPE)

Financing of the project and the construction of the plant occurs in two phases. Firstly, development capital is required for the licensing phase. In the second investment phase, all funding required for the construction of the plant, including land, buildings and bridge financing upfront fees will be raised at once, the financial close of the project. No further capital injections will be required beyond that point.

### PROJECT FEASIBILITY

#### TECHNICAL FEASIBILITY

The technical Feasibility documents have

been completed by the Project Developer/ Promoter.

#### FEASIBILITY STUDY

The Project Feasibility study was undertaken and completed by the Project Developer/ Promoter.

#### ENVIRONMENTAL IMPACT ASSESSMENT

The Project EIA has not been completed yet. However, the Project Developer completed the Project Environmental Brief which was duly submitted to the Department of Environmental Affairs. The EIA Process is underway and it is expected that the same will be completed by Q4 of 2021.

#### TECHNICAL DESIGNS,

Technical, Engineering and Architectural designs have been completed.

### LICENSES

The Project is yet to obtain relevant permits and licenses; IPP License, Generation License, EIA, Building Permit and Operational Permits.

### MARKET FEASIBILITY STUDY

Energy is unique in that there is a single buyer, in this case Power Market Limited. There is not much of a marketing aspect/ perspective to this nature of Project.

### FINANCIAL FEASIBILITY

The Project has an unlevered IRR of 12% and a Levered IRR of 7%, Net Present Value is approximately US\$271 Million, Payback period is 10 years

## 3 COAL POWERED GENERATION OF ELECTRICITY POWER

### CONTACTS

MANAGING DIRECTOR - JOHN SWIRA

**LONE STAR ENERGY**

P.O. Box 20140, Luwingu, Mzuzu 2.

Tel: +265 (0) 999 944 443 | +265 (0) 888 210 533

Email: jswira@live.com

jswira@tevetamw.com



### PROJECT DESCRIPTION

The generation of power, Lone Star Energy for suitable investors/partners to raise a minimum of \$90,000,000 for procurement and installation power plant in Malawi. The opportunity offered is unique, and a low risk investment with attractive returns generated annually. The current developers have invested over \$10,000,000 to date, and has been given government approval to conduct feasibility study.

This business process has brought the project to the point where it is possible to offer additional new investors the following benefits:-

- 40% to 60% Shareholding in Lone Star Energy Ltd, a Malawian registered company which has been give government approval to carry out further feasibility study. This project will be great news to government of Malawi who will be the main buyer as it is a much needed commodity to spur economic development in all sectors of the economy.

### PROJECT LOCATION

Rumphi

### CURRENT STATUS/ STAGE OF PROJECT

The injection of \$90,000,000.00 working capital into the business to enhance operation and production of energy.

### ACTIONS REQUIRED/ IMPLEMENTATION ARRANGEMENTS/ CONTRACT TYPE

The project seeks financiers/equity partners who can inject money in the project in order for the business reach its full potential.

### AVAILABILITY OF PRE-FEASIBILITY STUDIES, FEASIBILITY STUDIES, AND OTHER STUDIES

The feasibility study for this project is in pipeline but the government has given it all the necessary approval/blessings.

### ESTIMATED COST OF THE PROJECT

The injection of US\$90 million working capital into the business to enhance productivity.





- MARKET INTELLIGENCE
- EXPORT PROMOTION
- EXPORT DEVELOPMENT (CAPACITY BUILDING & COACHING)
- ADVOCACY



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# PUBLIC PRIVATE PARTNERSHIP PROJECTS

## OPPORTUNITIES FOR PUBLIC PRIVATE PARTNERSHIP WITH THE GOVERNMENT OF MALAWI

This section presents public projects which the Government of Malawi is interested to partner with private sector. All PPP projects in Malawi are facilitated by the Public Private Partnership in accordance with the Public Private Partnership Act. Private sector partners are identified through a bidding process where the Public Private Partnership Commission (PPPC) advertises the projects when ready for bidding. If unsolicited, the investor is expected to submit a letter of interest to the contracting authority who then refers it to PPPC for assessment and if acceptable, an invitation to bid for the PPP project.







Unlocking Malawi's Trading Potential

## INTERVENTIONS



### TERM LOANS

Working capital loans for procuring raw materials and operational costs. Encompass:

- Warehouse receipt finance loans;
- Capital Expenditure loans and
- Project finance



### TRADE FINANCE

EDF offers trade finance to exporters with export contracts but have short term financial need to fulfil their orders. The trade finance is also offered to importers who intend to import intermediary goods used for producing export products or products for internal consumption and use.



### COMMODITY MARKET MAKING (CMM)

The product is for traders and financially distressed manufacturers, who have confirmed commodity export orders/contracts but lack capacity to meet their obligation. The Fund provides financing for procuring of stocks, processing and exportation.



### VENTURE CAPITAL FUND (VCF)

An arrangement through which EDF implements equity investment. The Fund provides equity capital to targeted operators in the country's "tradables" and support sectors, with emphasis on activities that will promote and facilitate trade, development and value added exports (goods and services).



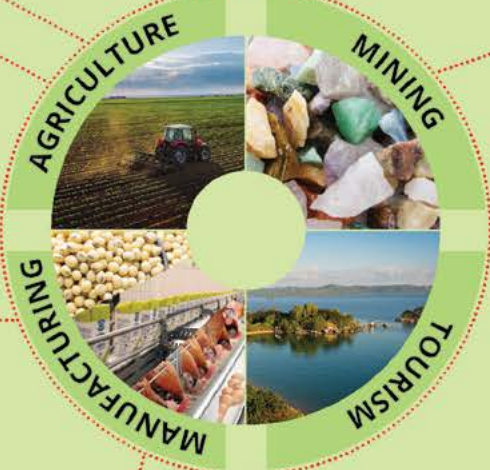
### PROJECT PREPARATION SERVICES (PPS)

A high impact and end to end project development and preparation service that de-risks projects and brings concepts to bankability in line with the government's trade and development agenda.



### CREDIT GUARANTEE

EDF provides guarantees to financial institutions willing to extend credit facilities to projects that do not have adequate collateral.



### ADVISORY SERVICES

Business advisory and management support covering institutional framework, governance, capacity building, talent sourcing, market access/linkages and trade information.

### ELIGIBILITY REQUIREMENTS

#### A. FOR COMMODITY MARKET MAKING

1. A valid export contract for any of the targeted export commodities
2. Willingness to cede the contract to EDF on profit sharing basis

#### B. FOR LOAN PRODUCTS

1. A registered business
2. A comprehensive business plan
3. Market information i.e. details of the off-taker and sell/ purchase contracts
4. Collateral to cover the loan
5. Owner's contribution of at least 20%

#### C. FOR PROJECT PREPARATION SERVICES (PPS)

1. Feasibility study
2. Owner's contribution of at least 15% of the project preparation cost







# ENERGY SECTOR



# 1 KHOLOMBIDZO HYDRO-ELECTRIC POWER PROJECT



## PROJECT DESCRIPTION

Proposed 210 MW Kholombizo Hydro -Power Project (HPP) is located upstream of the existing power stations along the Shire River. The power plant is a run-of-river type with a Concrete Gravity small dam, 16.8m high. Thus, Kholombizo HPP offers the possibility to be operated in base mode, following the load and responding to the instant changes in power demand. The Kholombidzo HPP site is utilizing the natural head at Shire river, the Kholombidzo falls and Toni rapids, located downstream of existing Matope bridge.

The natural head the rapids offer is approximately 55m. Flow duration curve variability at Kholombidzo can be considered low. The Shire river flow regime at Kholombidzo suggests a minimum turbined flow in the order of magnitude of 100 -150 m<sup>3</sup>/s in order to avoid outages in operation due to insufficient inflow. The design of the powerhouse and number of units' selection shall take this factor into consideration. The transmission line will be designed to conform to the existing installations as much as possible.

It is proposed that the two 132 kV Double Circuit Transmission Lines be run on Lattice Steel Towers and the conductors have to be of type Lynx running in a flat formation. The power will be evacuated to the new Phombeya substation located 16 kilometers from the power plant. The objective of the project is to increase the supply and reliability of power in the country.

## LOCATION

The Kholombidzo HPP is the first step of the cascade development of the middle Shire River. It is located 60 km downstream of Liwonde barrage and 18 km upstream of Nkula HPP. The location requires minimal compensation expenses of the community

because the area between the proposed generation site and Kammwamba trading centre is less developed. When the line crosses the M1 road to join the 132kV power corridor, there is a secured wayleave all the way to the proposed Phombeya Substation. The location has a flat terrain, therefore less challenging during construction and maintenance.

## BENEFITS OF THE PROJECT/ALIGNMENT OF PROJECT TO GOVERNMENT GOALS

The project is aligned with Government's energy sector and economic development goals as outlined in the National Energy Policy and the Malawi Growth and Development Strategy respectively. The project will benefit Malawians and the Southern African Power Pool (SAPP). Malawians will benefit from the project as it will provide more power to the national electricity grid and their access to electricity for households as well industries will be expedited and increased. Employment opportunities will also be created during and after construction of the project.

Implementation of the project will increase Malawi's power generation capacity which will boost industrialization (both import substitution and value addition). It is expected that surplus power from the project will be exported to the Southern African Power and Pool (SAPP) and this will generate foreign exchange for the country.

## FINANCIAL REQUIREMENTS

A Bankable feasibility study conducted for the project reveals that the investment cost for the project is US\$499.5 million and the specific investment cost is US\$2,401 per kW. The project IRR is approximated to be 10.8% and the levelized electricity cost is 4.9 US cents/kWh. Additionally the project's Net present Value is US\$127.4 million. The project is estimated to take

up to 5.5 years to construct and this period includes 1.5 years as the development period.

## PROPOSED INVESTMENT MODEL (ACTIONS REQUIRED/IMPLEMENTATION ARRANGEMENT/CONTRACT TYPE)

Government preference is to develop the project through a Public Private Partnership (PPP) arrangement. The project will be implemented following a build-own-operate and transfer (BOOT) model with a thirty years long concession period. A Special Purpose Vehicle (SPV) will be established to oversee the implementation of the project. After construction an operations and maintenance contractor will be engaged to operate the plant.

## PROJECT FEASIBILITY

The bankable feasibility conducted reveals that the project is technically, economically, financially and environmentally viable. The project is expected to generate up to 210 MW of power. Government plans to start developing the project once financial closure of Mpatamanga project has been concluded. The development phase will cover engineering, mobilization and preparatory works, civil works as well as construction of a transmission line.

## FINANCIAL FEASIBILITY

The project is financially feasible. The financial internal rate of return (FIRR) for the project is 15.2% with a peak tariff of 0.09 US cents/kWh. The financial viability of the Project is confirmed when the FIRR is compared to the investor's opportunity cost of capital at 8.0%. The net benefit at a discount rate of 8.0% is US\$ 413 million. These results show that the project is financially viable as the revenues from the project are sufficient to cover its capital costs and operating costs and to provide the investor with an adequate profit.



## 2 FUFU HYDRO-ELECTRIC POWER PROJECT



### PROJECT DESCRIPTION

Project is located on South Rukuru River in Rumphi district. Fufu is designed as a storage power plant through the reservoir formed by a 114m high RCC dam, it therefore offers the possibility to be operated in base mode, following the load and responding to the instant changes in power demand. The guaranteed generating capacity of the station is 146.3 MW and the total installed capacity is 261 MW. The objective of the project is to increase the supply and reliability of power in the country.

The geographical location of the power plant is very ideal for system voltage stabilization as it is situated in the northern region of Malawi which has no generating station rendering it prone to power quality issues due to long transmission distances. A feasibility study on the Fufu Hydropower Project is available.”

### LOCATION

The project is located on South Rukuru River in Rumphi district. The South Rukuru River catchment is the largest water resource area in Malawi draining directly into Lake Malawi. The South Rukuru River has a long-elongated catchment, west of the Great Rift Valley, with an area of 12 705 km<sup>2</sup> running mostly to the North. The area of the Fufu project extends from the Livingstonia Hills and Uzumara Plateau, where the South Rukuru flows in the Northern part of its valley, to the shore of Lake Malawi in the East.”

### BENEFITS OF THE PROJECT/ALIGNMENT OF PROJECT TO GOVERNMENT GOALS

The project is aligned with Government’s energy sector and economic development goals as outlined in the National Energy Policy and the Malawi Growth and Development Strategy respectively. The project will benefit Malawians and the Southern African Power Pool (SAPP). Malawians will benefit from the project as it will provide more power to the national electricity grid and their access to electricity for households as well industries will be expedited and increased. Employment opportunities will also be created during and after construction of the project.

Implementation of the project will increase Malawi’s power generation capacity which will boost industrialization (both import substitution and value addition). It is expected that surplus power from the project will be exported to the Southern African Power and Pool (SAPP) and this will generate foreign exchange for the country.

### FINANCIAL REQUIREMENTS

A Bankable feasibility study conducted for the project reveals that the investment cost for the project is US\$702.5 million and the specific investment cost is US\$2,700 per kW. The project IRR is approximated to be 12.1% and the levelized electricity cost is 3.5 US cents/kWh. Additionally the project’s Net present Value is US\$123 million.

### PROPOSED INVESTMENT MODEL (ACTIONS REQUIRED/IMPLEMENTATION ARRANGEMENT/CONTRACT TYPE)

Government preference is to develop the project through a Public Private Partnership (PPP) arrangement. The project will be implemented following a build-own-operate and transfer (BOOT) model. A Special Purpose Vehicle (SPV) will be established to oversee the implementation of the project. After construction, an operations and maintenance contractor will be engaged to to operate the plant

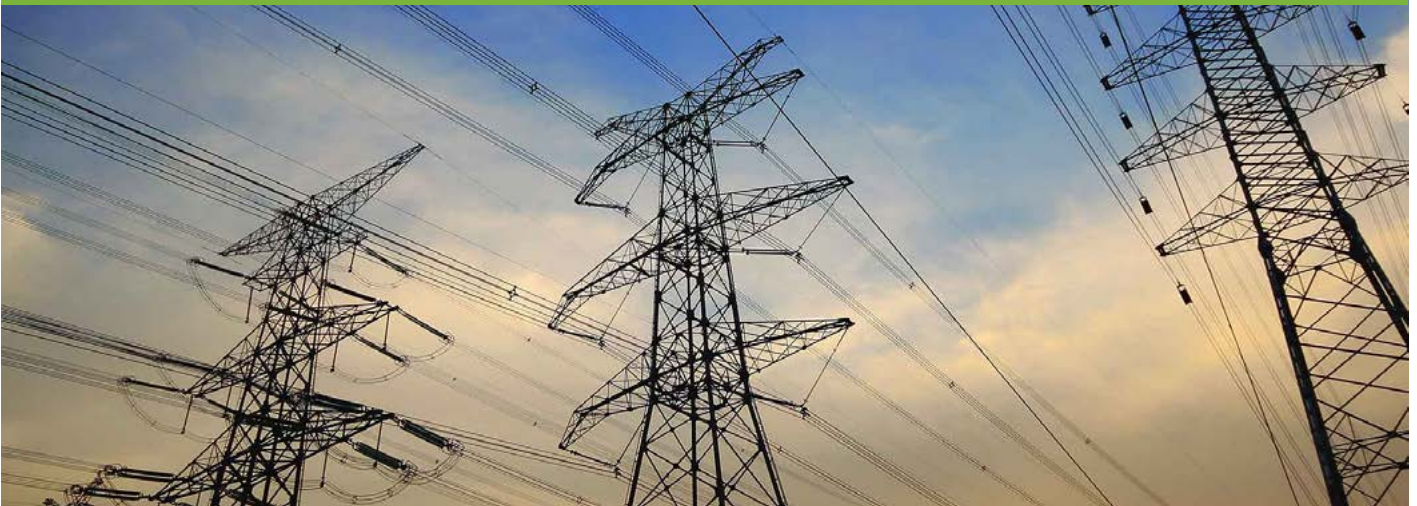
### PROJECT FEASIBILITY

The project is technically, economically and environmentally feasible. It proposes a 350 Megawatt hydro-power plant.

### FINANCIAL FEASIBILITY

The project is financially feasible and sustainable. The financial internal rate of return (FIRR) for the project ranges from 12% to 17.5% and a Net Present Value of between US\$110.5 million and US\$ 356 million respectively depending on the scenarios. Additionally, the Cost-Benefit results of the project are very promising ranging from 1.03 (where construction is delayed by one year and the construction cost increased by 10%) to 1.35 where the construction cost is decreased by 10%. These results show that the project is financially viable as the revenues from the project are sufficient to cover its capital costs and operating costs and to provide the investor with an adequate profit.

### 3 CHIWETA GEOTHERMAL PROJECT



#### PROJECT DESCRIPTION

The Chiweta geothermal prospect is located in the Rumphi district which is in Northern Region of Malawi and is 470km from Lilongwe. The site falls in the northern portion of the Malawi rift and is underlain by biotitic gneisses of the Basement Complex, covered by clastic sediments of the Karoo System and by a thin level of Quaternary deposits. The geoscientific investigations performed over the prospect, inclusive of geological, geochemical, gravimetric and geoelectrical surveys, allowed to elaborate the conceptual model of the field and to define at a preliminary level the main characteristics of the geothermal system.

#### BUSINESS ACTIVITY

Drilling, install a fluids conveyance system, power plant construction and construction of transmission line.

#### LOCATION

The Chiweta geothermal prospect is located in the Rumphi district which is in Northern Region of Malawi and is 470km from Lilongwe.

#### BENEFITS OF THE PROJECT/ALIGNMENT OF PROJECT TO GOVERNMENT GOALS

The project is aligned with Government's energy sector and economic development goals as outlined in the National Energy Policy and the Malawi Growth and Development Strategy respectively.

Malawians will benefit from the project as it will provide more power to the national electricity grid and their access to electricity for households as well industries will be expedited and increased. Employment opportunities will also be created during and after construction of the project.

Implementation of the project will increase Malawi's power generation capacity which will boost industrialization (both import substitution and value addition). It is expected that surplus power from the project will be exported to the Southern African Power and Pool (SAPP) and this will generate foreign exchange for the country.

#### FINANCIAL REQUIREMENTS

Costs relevant to the construction of the geothermo-electric power plant and to its operation can be grouped into two major components, which is capital expenditures (CAPEX) and operation and maintenance (OPEX). Costs of the above components have been estimated on the basis of updated information and experience of the Consultant in other geothermal projects of similar characteristics, as well as of direct inquiries at the potential manufactures and service providers. For each considered item costs have been expressed in 2018 US Dollars.

The pre-development costs are estimated, rounding off, at USD  $(2,905,000 \times 3)/2 +$  engineering (4.5%) + contingencies (8%)  $\approx$  USD 5,000,000.

Capital expenditures relevant to the construction of the 10 MW power plant include the following main components: 1. Drilling and testing of production and reinjection wells; 2. Fluid conveyance system from the production wells to the power house and from the power house to the reinjection wells; 3. Power plant and power plant facilities; and 4. 66 kV transmission line to the grid connection point. The total CAPEX of the Chiweta geothermal project is approximated to be 76.2 million USD.

#### PROPOSED INVESTMENT MODEL (ACTIONS REQUIRED/IMPLEMENTATION ARRANGEMENT/CONTRACT TYPE)

Government preference is to develop the project through an Independent Power Producer (IPP) arrangement. The project will be implemented following a build-own-operate and transfer (BOOT) model with a thirty years long concession period. A Special Purpose Vehicle (SPV) will be established to oversee the implementation of the project. After construction an operations and maintenance contractor will be engaged to operate the plant.

#### PROJECT FEASIBILITY

The pre-feasibility studies conducted reveal that the project is technically, economically, financially and environmentally viable. The project is expected to generate up to 10 MW of power. Government plans to start developing the project as soon as the IPP is identified. The development phase will cover engineering, mobilization and preparatory works, civil works as well as construction of a transmission line.

#### FINANCIAL FEASIBILITY

The project is financially viable. According to the Malawi Feed-In Tariff (FIT) Policy, Renewable Energy Resource Generated Electricity in Malawi, issued by the Malawi Energy Regulatory Authority in March 2013, the fixed tariff for the geothermal generated electricity is 10.5 USD cents per kWh. The resulting Financial Internal Rate of Return (FIRR) is 12.7%. Assuming a discount rate of 10% for the financial expenses and the benefit, the obtained Levelized Cost of Energy is 10.4 USD cents per kWh, which is very close to the FIT.





# TRANSPORT SECTOR



## 1 REHABILITATION OF MZIMBA TURNOFF - KACHECHE ROAD

### PROJECT DESCRIPTION

The project is owned by the Government of Malawi//Ministry of Transport and Public Works, Roads Authority. It is located Mzimba and Rumphi districts. It involves construction and rehabilitation of roads.

### PROJECT OBJECTIVE

To improve trade and transport along the North South Corridor by rehabilitating the 146.7km road section from Mzimba T/Off - Kacheche.

### SECTOR OF OPERATION:

Transport

### BUSINESS ACTIVITY SURROUNDING THE PROJECT LOCATION

The road section is part of the M1 road which is key to the transportation of goods and services to and from the Port of Dar-es-Salaam. Within its immediate catchment area, the road serves agribusiness activities including honey and Timber production in Chikangawa forest.

### PROJECT BENEFIT

The project will reduce travel time and costs in line with Malawi Growth and Development Strategy Key Performance Area IV on Transport and ICT infrastructure. It will improve safety and facilitate

international trade and transport along the North South Corridor.

### PROJECT COST:

MK 100 million

### MODE OF PARTNERSHIP

The projects requires financing.

### PROJECT FEASIBILITY

A feasibility report is available, technical designs were completed and environmental impact assessment was completed.

### FINANCIAL FEASIBILITY

FNPV = US\$77.24 million  
Internal Rate of Return = 36.30%

## 2 UPGRADING OF LIKUNI - MALINGUNDE ROAD

### PROJECT PURPOSE

To reduce transport costs by constructing 18km road from Malingunde to Likuni thereby contributing to Socio-economic development in the area and the country in general.

### PROJECT LOCATION

Lilongwe

### PROJECT BENEFIT

The project is expected to improve access and mobility to socio-economic services. The transport costs, travel time and vehicle maintenance costs will also be reduced.

### PROJECT COST:

US\$44 million

### MODE OF INVESTMENT

To be discussed with potential investor.

### PROJECT FEASIBILITY

A feasibility study was done. The technical features are clearly defined. The preliminary designs and EIA were done. RAP has fully explained the resettlement requirement and their financial implications are MK 396,968,447.

### FINANCIAL FEASIBILITY

FNPV US\$79.3 million  
EIRR 27.5%

## 3 UPGRADING OF KASINJE - NTCHEU ROAD

### PROJECT DESCRIPTION

The purpose of the project is to reduce transport costs by constructing 45km road from Ntcheu - Kandeu (30km) and Mphepo Zitatu - Njezera (15km) thereby contributing to Socio-economic development in the district and the country in general.

### PROJECT LOCATION

Ntcheu

### PROJECT BENEFITS

The project is expected to improve access and mobility to socio-economic services. The transport costs and vehicle maintenance costs will also reduce contributing to MGDS, National Transport Master Plan, National Transport Plan goals among others.

### FINANCIAL REQUIREMENTS

### ESTIMATED CAPITAL COSTS OF PROJECT

US\$27 million

### EXECUTING AGENCY

Roads Authority will be the Implementing Agency.

### PROJECT FEASIBILITY

FEASIBILITY STUDY, EIA AND DESIGNS WERE COMPLETED.

### FINANCIAL FEASIBILITY

FNPV US\$ 0.117 million  
EIRR 12%

## 4 UPGRADING OF CHITIPA - LLOMBA - TANZANIA BORDER

### PROJECT DESCRIPTION

The purpose of the project is to improve access and to reduce transport costs to Chitipa and the surrounding areas by constructing 31km road from Chitipa to Ilomba.

### PROJECT LOCATION:

Chitipa district

### PROJECT BENEFITS

- Improved access to social infrastructure (schools and health centers), providing many benefits from increased education and health facilities and improved social interaction and mobility.
- It will provide better access to markets by reducing transport costs, and by making it easier to transport certain types of goods (such as construction materials).

### PROJECT COST:

US\$32 million

### PROJECT FEASIBILITY

Feasibility study, EIA and designs are done.

### FINANCIAL FEASIBILITY

FNPV US\$1.48 million  
Internal Rate of Return 15.40%



## 5 UPGRADING OF CHIMWAZA - NAMBUMA ROAD

### PROJECT DESCRIPTION

#### PROJECT OWNERS:

Government of Malawi

#### PROJECT PURPOSE:

To improve access and to reduce transport costs to Dowa by constructing a 21km road from Chimwaza trading to Nambuma trading center.

### LOCATION

Dowa District

### PROJECT BENEFIT

Reduced cost of doing business; Improved access to social and economic facilities and services

### ESTIMATED CAPITAL COSTS OF PROJECT:

US\$32 million

### PROJECT FEASIBILITY

Feasibility study, EIA and designs are done.

### FINANCIAL FEASIBILITY

FNPV US\$ 5.127 million

EIRR 18%

## 6 RECONSTRUCTION AND REHABILITATION OF LIMBE TO MARKA RAILWAY SECTION



### PROJECT DESCRIPTION

The project is owned by the Government of Malawi. The main objective of the project is to reconnect Malawi's railway line to the Port of Beira through the rehabilitation and reconstruction of the railway infrastructure from Sandama to Marka.

### BENEFITS OF THE PROJECT

It will be cheaper and faster to transport cargo through rail than road. The lower cost and higher speed can result in a transfer of 50% of cargo from road to rail.

### LOCATION

The project will stretch from Blantyre to Nsanje. The area is an agriculturally rich land and the introduction of passenger services will open up the area for the production of cash crops. Additionally, Illovo can take advantage of the railway line for the transportation of sugar for export and importation of fertilizer, lime and machinery

### BENEFITS OF THE PROJECT

The project will lead to the reduction in time travel of cargo between Limbe and Beira and consequently reducing costs. The reintroduction of passenger services along the section will provide access to markets and social amenities to the surrounding communities. Other benefits include: vehicle operating cost saving, fuel consumption saving and reduction in carbon emissions. The project will boost country's trade through exportation of agricultural produce and other commodities to regional and international markets

### ESTIMATED CAPITAL COSTS OF PROJECT:

US\$400 million

### PROPOSED INVESTMENT MODEL

Government intends to use private sector financing for the project with repayment coming from revenues from concession

fees and other track usage charges.

The contractor will manage the day-to-day operations of the project under the supervision of the concessionaire and other relevant government institutions.

### PROJECT FEASIBILITY

Feasibility study and designs were done. An environmental impact assessment was conducted but is yet to be approved by EAD

### FINANCIAL FEASIBILITY

#### NET PRESENT VALUE

US\$432.5 million

The latest study finds an Internal Rate of Return (IRR) of 6.60% which is above the standard threshold of 3% meaning the project is financially viable.





## ➤ **Unlock** your business potential

with CDHIB asset financing

CDH Investment Bank has experience in providing business solutions with an individualised approach to help you stay competitive, optimise your cash flow and allow for greater financial security.

Asset refinancing | Equipment leasing | Operating lease | Hire purchase | Financial lease



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info@cdh-malawi.com | www.cdh-malawi.com





# Seeking cash flow improvement?

## ▶ Get asset financing



INVESTMENT BANK

Often, business growth is restrained by cash flow challenges. Do you know that asset financing is one of the easiest and cheapest ways of improving cash flow position? Get to understand asset financing; it could unlock the cash flow you have been seeking for unlocking your business growth.

### What really is asset financing?

Asset financing typically refers to the use of credit facilities to fund the acquisition of business assets. It is a type of business finance that enables you to confidently acquire the business assets you need to grow and operate both efficiently and effectively in your business, by spreading the cost of purchase over time. You obtain a loan from a lender to purchase assets such as equipment, machinery and vehicles and enjoy the use of the assets in return of agreed repayments spread throughout the term of the financing. The financed asset typically remains property of the lender until the facility is fully repaid and all facility conditions are met.

Asset financing also includes the use of credit facilities to refinance existing assets on a company's balance sheet. That is, a company borrows funds from a lender in order to release cash that may be tied up in assets already owned, including short-term investments, inventory, accounts receivables, machinery, buildings, or even warehouses. The funds are usually used for short-term funding needs, such as cash to pay employee wages or to purchase raw materials for production. In this way the company is not purchasing a new asset but using its already owned assets to make up a working cash flow shortfall or take advantage of cheaper cost of borrowing. The asset is simply pledged as collateral for the loan.

### What makes companies seek asset financing?

The most common reason for accessing asset financing for businesses is to improve cash flow. Imagine a company that needs to buy new machinery in order to increase their production. If that company can afford to pay for the equipment and actually decides to do so, this would have a negative impact on their cash flow. The low cash flow could actually affect other expenses such as purchasing inventory, paying staff, rent, etc. That is why most big companies prefer to go for asset finance instead.

Another reason why companies access asset finance is to raise cheap cash flow quickly. Sometimes companies need to raise cash flow quickly for various purposes, such as replenishing inventory to meet increasing demand from their customers. In such situations, asset financing process is usually easier and less costly than most other lending options. Take for example a business loan. When a company applies for a business loan, lenders weigh numerous factors about the business before offering the loan. Sometimes the whole process takes quite a bit of time. Asset financing, on the other hand, is a lot easier and faster to process since actual assets are pledged as collateral. Upcoming businesses are more suited to asset financing for this reason.

### What types of asset finance are there?

There are different types of asset financing, including the following:

**Asset refinancing:** This is where assets are used as collateral to secure a loan from a lender. It is commonly used when businesses need to raise working cash flow quickly for activities such as purchasing inventory or when the business seeks to take advantage of cheaper cost of borrowing. It is also popular for debt consolidation. Consolidating debt refers to the process of combining multiple debts into a single cheaper payment.

**Equipment leasing:** Here, a company rents equipment to use for its business on a lease from a lender for a specified period. Payments are then made periodically as agreed and the equipment is owned by the lessor throughout the lease period.

**Operating lease:** This is also called contract hire. It is very similar to equipment leasing except that the lease period is shorter and responsibility for maintenance lies with the lessor. It is best for a company that simply needs to fill a gap in, say, production, but only for a short period. Operating leases are cheaper because the lessee does not pay the full value of the asset.

**Hire purchase:** The lender buys the item on behalf of the company seeking asset finance and is repaid over a longer period of time in installments. Companies opt for this type of financing when they need to purchase critical assets for the business but would rather spread out payments so that the cash flow does not take too much of a hit from the purchase. Ownership is guaranteed after payment is completed.

**Financial lease:** Also called a capital lease, this has elements of a hire purchase and equipment leasing. It is similar to a hire purchase plan because the asset is capitalized on the balance sheet both as an asset and liability; and it is similar to an equipment lease because rent is listed on the Profit/Loss account. However, unlike a hire purchase plan, the rent paid over time in a financial lease is the same as the asset's value and the lessee has to return the asset to the lessor after the lease period elapses. A company may choose such an arrangement mainly for tax benefits.

### CDH Investment Bank's offering

CDH Investment Bank Limited (CDHIB) takes on the leg of a lender in case of asset refinancing and hire purchase plan. In case of leases, CDHIB works with either or both the lessor and the lessee to structure a workable financing facility.

When you come to CDHIB we will work with you to determine the financing method that would be appropriate for your unique situations and needs. We have previously provided finance for assets such as machinery, construction equipment, farm equipment, inventory, vehicles and other movable assets.

Our asset finance facility runs for a maximum period of 60 months and provides different repayment options. We are flexible and affordable. We are about adding value to your company and helping your business grow!!



# TRADE

## *Opportunities*

## ENJOY ORGANIC PRODUCTS FROM THE WARM HEART OF AFRICA



MALAWI PRODUCES A WIDE RANGE OF ORGANIC  
EXPORT PRODUCTS INCLUDING:



TEA		
SUGAR		
COFFEE		
CHILI SAUCE		
COTTON		
PULSES		
SORGHUM		
FRUITS & VEGETABLES		





# WATER SECTOR



# 1 DIAMPHWE DAM AND ASSOCIATED STRUCTURES, WATER TREATMENT PLANT, TRANSMISSION PIPES AND UPGRADING OF DISTRIBUTION NETWORK

## CONTACTS

ACTING GENERAL MANAGER - SILLI MBEWE  
**LILONGWE WATER BOARD**  
Private Bag 96, Lilongwe, MALAWI.  
Tel : +265 1 750 366. | Fax: +265 1 752 294.  
Email: madzi@lwb.mw.



## PROJECT DESCRIPTION

The proposed project will include increased access to water supply in urban, peri-urban and low-income areas in Lilongwe, irrigation system and hydropower generation plant. The project will involve:

- construction of multipurpose dam on the Diamphwe River;
- construction of an access road to the source (Diamphwe);
- environmental impact assessment and implementation of mitigation measures;
- iv) resettling of people under compensations; and
- Institutional capacity building to facilitate efficient and optimum utilisation of the new and refurbished facilities.
- Increased access to water supply in urban, peri-urban and low-income areas Priority investments for infrastructure development under Lilongwe Water Board shall include:
- construction of a system to convey water from the dam to the treatment works;
- construction of treatment works located at 30.7 km from the distribution system;
- construction of a transmission main to the water supply area (City of Lilongwe);
- various associated works

The irrigation system shall establish 1000 hectares land for irrigation in the five critical dry months of the year and the hydropower plant shall have installed capacity of 0.830 MW with annual generation capacity of 6,6000 MWH for water supply production input

## PROJECT OBJECTIVES

The project aims to improve water supply service delivery to approximately 1, 500,000 people living in urban, peri-urban and low-income areas of Lilongwe, enhanced capacity development of the Government of Malawi to manage, conserve, protect and utilise its water resources through the construction of a dam at Diamphwe. Improved health of people living in urban, peri-urban and low-income areas resulting from improved water quality and improved industrial development through a more sustainable water source

## LOCATION

### ACTUAL LOCATION OF PROJECT

The project is located in the Central Region of Malawi. The water source project site is located south of Lilongwe City on Diamphwe River, between Ndomba Hill in Dedza District and Chinzili and Phili la Fisi Hills on the Lilongwe District Side. The dam is located about 2 km upstream of the Diamphwe River Bridge, west of the Lilongwe – Blantyre M1 Road. The Water Treatment Plant and associated auxiliary works are located close to the dam site. The water transmission facilities shall run along the Blantyre - Lilongwe M1 Road from the Water Works to Lilongwe City Water Supply whereas the Balancing / Storage Tank will be located in the Lilongwe City Water Supply

## STRENGTHS OF THE PROJECT LOCATION

The Diamphwe River has adequate flows that can be reserved through a dam site. The dam site is capable storing up to 184 million cubic meters of water for multipurpose water use (water supply, irrigation and hydropower generation) and water supply demand for the Lilongwe City and its peri – urban areas can be reached up and beyond year 2035.

## PRODUCT/SERVICES CURRENTLY PRODUCED/ OFFERED

The project is a new infrastructure development for a new water source to increase water production capacity to meet water demand up to 2035. Present capacity for Lilongwe City supply is at 96,000 m3/day. The new projects will add production capacity of up to 189,000 m3/day

## PROPOSED INVESTMENT

The product/services that the proposed project will offer is potable water supply. The market being targeted by the project is local community, Lilongwe City and Peri – Urban community; residential, commercial / industrial and institutional establishments. The raw materials for the project include chemical for water treatment, pipes and fittings and power (ESCOM and petroleum products) that will be sourced locally and imported.



### FINANCIAL REQUIREMENTS

The project promoters are looking for funding amounting to US\$288 Million

### PROPOSED INVESTMENT MODEL (ACTIONS REQUIRED/ IMPLEMENTATION ARRANGEMENTS/ CONTRACT TYPE)

The project promoter is looking for either debt or equity partners. The preferred mode of undertaking the project is turnkey

### PROJECT FEASIBILITY

- Feasibility studies and preliminary designs were concluded in 2010
- Detailed designs started were concluded in 2015
- Environmental and Social Impact Assessment (EISA) and Resettlement Action Plans (RAP) preparation were completed in 2015

- Tariff Review and Willingness to Pay Study conducted in 2014 considering implementation under Public Private Partnership (PPP) or other financing approaches
- Fund's mobilization underway and project to be effective end of June 2022.

### CONTACTS

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## 2 DEVELOPMENT OF GROUNDWATER RESOURCES



### PROJECT DESCRIPTION

The project involves the following activities:

- Borehole drilling, screening and casing
- Borehole Cleaning and Development
- Test Pumping
- Water Quality Analysis
- Pump Stations Construction
- Connection to existing network

### PROJECT OBJECTIVES

The project entails developing groundwater resource to supply residents in the city of Lilongwe.

### LOCATION

The project is located in the Central Region of Malawi (Lilongwe City). All the activities shall be implemented within the water supply area of Lilongwe Water Board (Lilongwe City and other surrounding areas). Lilongwe being the capital city of Malawi, it is a necessity that it has reliable water supply services.

### PRODUCT/SERVICES CURRENTLY PRODUCED/ OFFERED

Production wells with the acceptable water quality and quantity for municipal water supply

### PROPOSED INVESTMENT

The product/services that the proposed project will offer is potable water supply. The market being targeted by the project is Lilongwe City and Peri – Urban community; residential, commercial / industrial and institutional establishments. The raw materials for the project include construction materials, electro-mechanical equipment and power (ESCOM and petroleum products) that will be sourced locally and imported. It is estimated that the project will employ 100 casual labourers for pipe laying works with local and foreign experts providing technical assistance.

### FINANCIAL REQUIREMENTS

The project promoters are looking for funding amounting to US\$1.4 Million. The financing of the project is required immediately as it is a short-term measure to reduce the current water supply – demand gap in Lilongwe City.

### PROPOSED INVESTMENT MODEL (ACTIONS REQUIRED/ IMPLEMENTATION ARRANGEMENTS/ CONTRACT TYPE)

The project promoter is looking for 100% funding. The preferred mode of undertaking the project is turnkey

### PROJECT FEASIBILITY

Environmental impact assessment reports and safeguards were developed and are available.

## CONTACTS

ACTING GENERAL MANAGER - SILLI MBEWE  
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# 3 ALTERNATE ENERGY SOURCE FOR TREATMENT PLANT AND BOOSTER STATIONS



## PROJECT DESCRIPTION

The project involves assessing power requirement for Lilongwe Water Board Treatment Plant and Booster Pump stations as well as outlining possible solutions to source of electrical energy that meet the required power demand for Lilongwe Water Board.

The Terms of reference for recruitment of a consultant to undertake the study have been developed

## PROJECT OBJECTIVES

To have alternative energy sources for the water treatment plant and booster stations to ensure reliable water supply services

## PROJECT LOCATION

### ACTUAL LOCATION OF PROJECT

The project is located in the Central Region of Malawi (Lilongwe City). All the activities shall be implemented within the water supply

area of Lilongwe Water Board (Lilongwe City and other surrounding areas).

### STRENGTHS OF THE PROJECT LOCATION

Lilongwe is the capital city of Malawi and hence it is a necessity that it has reliable water supply services.

### PRODUCT/SERVICES CURRENTLY PRODUCED/ OFFERED

### GIVE SPECIFIC DETAILS OF THE PRODUCTS THAT THE PROJECT CURRENTLY PRODUCES OR SERVICES THAT IT PRESENTLY OFFERS

Feasibility Report on alternative energy source. Standby power supply installed, commissioned and staff trained to operate and maintain the power plant.

### PROPOSED INVESTMENT

The product/services that the proposed project will offer is potable water supply. The market being targeted by the project is Lilongwe City and Peri – Urban community; residential, commercial / industrial and

institutional establishments. The raw materials for the project include pipes and fittings, pre-paid meters, electronic equipment and software that will be sourced locally and imported. It is estimated that the project will employ 200 casual labourers for pipe laying works with local and foreign experts providing technical assistance.

### FINANCIAL REQUIREMENTS

The project promoters are looking for funding amounting to US\$10.1 Million. The financing is required immediately as it is a short-term measure to reduce the current water supply – demand gap in Lilongwe City.

### PROPOSED INVESTMENT MODEL (ACTIONS REQUIRED/ IMPLEMENTATION ARRANGEMENTS/ CONTRACT TYPE)

The project promoter is looking for at least 90% equity partner. The preferred mode of undertaking the project is turnkey



## 4 UPGRADING OF BUNDA TREATMENT WORKS AND INSTALLATION OF MALIGUNDE SUPPLY SYSTEM

### CONTACTS

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### PROJECT DESCRIPTION

The project involves upgrading of Bunda treatment works and installation of Malingunde supply system. The scope of works of the two components is as follows:

#### BUNDA TREATMENT WORKS

Bunda Water Works supplies water to the Lilongwe University of Agriculture and Natural Resources (LUANAR), Bunda Campus and its surrounding areas. The activities involved will include:

- Upgrading of existing package plant capacity of 1000 m<sup>3</sup> to 2000 m<sup>3</sup>/day;
- Upgrading of pumping system to convey water to Bunda Campus;
- Upgrading of the existing pumping main from DN 160 to DN 250, about 12 km long; and
- Associated system interconnections to serve the growing areas.

#### MALIGUNDE SUPPLY SYSTEM

The sub – system will serve the Malingunde Market Centre at Kamuzu Dam I with the following activities:

- Supply and installation of a package plant of 250 m<sup>3</sup>/day
- Installation of transmission pipelines and distribution network
- Installation of storage tanks of volume up to 150 m<sup>3</sup>
- Auxiliary building and amenity works.

### NATURE OF PLANS THAT HAVE ALREADY BEEN PUT IN PLACE AND MILESTONES ACHIEVED SO FAR

Detailed designs were concluded in 2020. Fund's mobilization underway and project to be effective end of June 2022.

### PROJECT OBJECTIVES

To increase the capacity of the treatment works from 1,000 m<sup>3</sup>/day to 2,000 m<sup>3</sup>/day to supply potable water to un-served population supplied by Bunda Plant and to install Malingunde Supply System using a package plant of 250m<sup>3</sup>/day

### PROJECT LOCATION

#### ACTUAL LOCATION OF PROJECT

The project is located in the Central Region of Malawi (Lilongwe City). All the activities shall be implemented within the water supply area of Lilongwe Water Board (Lilongwe City and other surrounding areas).

#### STRENGTHS OF THE PROJECT LOCATION

Lilongwe is the capital city of Malawi and hence it is a necessity that it has reliable water supply services

#### PRODUCT/SERVICES CURRENTLY PRODUCED/ OFFERED

#### GIVE SPECIFIC DETAILS OF THE PRODUCTS THAT THE PROJECT CURRENTLY PRODUCES OR SERVICES THAT IT PRESENTLY OFFERS

- a) Upgraded treatment Works

- b) Malingunde Water Supply System  
c) Improved health and livelihood of 12,000 people having access to clean water  
d) Growth in business for the market center  
e) Improved sense of belonging and ownership of Malingunde dam by community thereby enhancing catchment management

### PROPOSED INVESTMENT

The product/services that the proposed project will offer is potable water supply. The market being targeted by the project is local community, Lilongwe City and Peri – Urban community; residential, commercial / industrial and institutional establishments. The raw materials for the project include chemical for water treatment, pipes and fittings and power (ESCOM and petroleum products) that will be sourced locally and imported.

### FINANCIAL REQUIREMENTS

The project promoters are looking for funding amounting to US\$5 Million

### PROPOSED INVESTMENT MODEL (ACTIONS REQUIRED/ IMPLEMENTATION ARRANGEMENTS/ CONTRACT TYPE)

The project promoter is looking for debt or equity partner. The preferred mode of undertaking the project is turnkey



## 5 REHABILITATION AND UPGRADING OF LIKUNI WATER SUPPLY SYSTEM

### CONTACTS

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### PROJECT DESCRIPTION

The project involves the installation of a new water tank, replacement and upgrading of a very old pipeline network and extension of pipeline network to unserved areas. Budget estimates were completed waiting for funding

### PROJECT OBJECTIVES

To improve the water reticulation system of Likuni to meet increased water demand and ensure continuity of supply

### PROJECT LOCATION

#### ACTUAL LOCATION OF PROJECT

The project is located in the Central Region of Malawi (Lilongwe City). All the activities shall be implemented within the water supply area of Lilongwe Water Board (Lilongwe City and other surrounding areas).

#### STRENGTHS OF THE PROJECT LOCATION

Lilongwe is the capital city of Malawi and hence it is a necessity that it has reliable water supply services.

### PRODUCT/SERVICES CURRENTLY PRODUCED/ OFFERED

#### GIVE SPECIFIC DETAILS OF THE PRODUCTS THAT THE PROJECT CURRENTLY PRODUCES OR SERVICES THAT IT PRESENTLY OFFERS

Installation of elevated tanks of total capacity 1,500 m<sup>3</sup> to improve supply to the following areas; Natural Resources College (NRC), a constituent college of the Lilongwe University Agriculture and Natural Resources, Chitedze Agriculture Research Station, Likuni – NRC development area, Chitipi Trading Centre up to, Lilongwe – Mchinji M12 industrial lines. Pipeline interconnections to newly developed Air – wing sub system. Booster Station complete with pump sets for Chitedze to Mpingu Area

### PROPOSED INVESTMENT

The product/services that the proposed project will offer is potable water supply. The market being targeted by the project is

Lilongwe City and Peri – Urban community; residential, commercial / industrial and institutional establishments. The raw materials for the project include pipes and fittings, pre-paid meters, electronic equipment and software that will be sourced locally and imported. It is estimated that the project will employ 200 casual labourers for pipe laying works with local and foreign experts providing technical assistance.

### FINANCIAL REQUIREMENTS

The project promoters are looking for funding amounting to US\$23 Million. The financing of the project is required immediately as it is a short-term measure to reduce the current water supply – demand gap in Lilongwe City.

### PROPOSED INVESTMENT MODEL (ACTIONS REQUIRED/ IMPLEMENTATION ARRANGEMENTS/ CONTRACT TYPE)

The project promoter is looking for either debt or equity partners. The preferred mode of undertaking is the project is turnkey



## 6 CONSTRUCTION OF AN AQUEDUCT FROM KAMUZU DAM II TO INTAKE AT TREATMENT WORKS

### CONTACTS

ACTING GENERAL MANAGER - SILLI MBEWE  
**LILONGWE WATER BOARD**  
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### PROJECT DESCRIPTION

The project involves reviewing designs and construction of an Aqueduct from Kamuzu Dam II to intake at Treatment Works

### NATURE OF PLANS THAT HAVE ALREADY BEEN PUT IN PLACE AND MILESTONES ACHIEVED SO FAR

- Feasibility study completed
- Preliminary design completed
- Detailed design completed
- Environmental and Social Impact Assessment (ESIA) completed

### PROJECT OBJECTIVES

To minimise the cost of water treatment chemicals resulting from increased pollution between Kamuzu Dam II and the Treatment Works.

### PROJECT LOCATION

#### ACTUAL LOCATION OF PROJECT

The project is located in the Central Region of Malawi (Lilongwe City). All the activities

shall be implemented within the water supply area of Lilongwe Water Board (Lilongwe City and other surrounding areas).

### STRENGTHS OF THE PROJECT LOCATION

Lilongwe is the capital city of Malawi and hence it is a necessity that it has reliable water supply services.

### PRODUCT/SERVICES CURRENTLY PRODUCED/ OFFERED

#### GIVE SPECIFIC DETAILS OF THE PRODUCTS THAT THE PROJECT CURRENTLY PRODUCES OR SERVICES THAT IT PRESENTLY OFFERS

A raw water aqueduct constructed from Kamuzu Dam II to the raw water intake point at Treatment Works. Reduced cost of water treatment and hence cost of water to the consumers.

### PROPOSED INVESTMENT

The product/services that the proposed project will offer is potable water supply. The market being targeted by the project is

Lilongwe City and Peri – Urban community; residential, commercial / industrial and institutional establishments. The raw materials or the project include pipes and fittings, pre-paid meters, electronic equipment and software that will be sourced locally and imported. It is estimated that the project will employ 200 casual labourers for pipe laying works with local and foreign experts providing technical assistance.

### FINANCIAL REQUIREMENTS

The project promoters are looking for funding amounting to US\$60 Million. The financing of the project is required immediately as it is a long-term measure to reduce water treatment costs.

### PROPOSED INVESTMENT MODEL (ACTIONS REQUIRED/ IMPLEMENTATION ARRANGEMENTS/ CONTRACT TYPE)

The project promoter is looking for debt or equity partner. The project will be undertaken as a turnkey



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# HOUSING SECTOR



# 1 CONSTRUCTION OF AFFORDABLE HOUSING FOR CIVIL SERVANTS

## CONTACTS

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## PROJECT DESCRIPTION

The Public Servants Housing Project aims at addressing the above challenge through delivery of adequate, affordable and quality housing for public servants. The houses are expected to be financed by both local and international private investors on a Build and Transfer (B&T) framework. The international investors will however be encouraged to partner with local investors.

The major vehicle for individuals to buy houses will be a rent-to-buy arrangement. The payment of the purchase price will be done once off by banks, schemes or individuals. With this arrangement, monthly rent deductions from the payroll, at source will be installments for the purchase of the house for a long period of time up to 30 years through bank mortgages or schemes established at beneficiary's work places.

## PROJECT OBJECTIVES

The overall programme goal is to increase access to decent and affordable housing units in urban areas, through the construction of houses and, office and business buildings to meet current and future demand.

The objectives of the project being proposed are to enable Public Servants, buy or rent houses through Build and Transfer (B&T) Framework, promote home ownership and economic empowerment among Malawians,

to promote both local and foreign private sector investment through the built industry, increase the housing stock thereby improving asset value of Malawi as a country, improve and uplift the outlook of urban centres and to contribute to job creation

## PROJECT LOCATION

The project be implemented in all the regions across the country. The specific location will be determined by the Ministry of Lands. Much as it would be good to see beneficiaries acquiring these houses in areas close to their work places, they would be allowed to buy the project's house from anywhere.

## BENEFITS OF THE PROJECT/ALIGNMENT OF PROJECT TO GOVT GOALS

The purpose of this project is to provide low-income earning public servants with an alternative means of owning a house. Decent and affordable housing is a necessity. It does not only fulfill a basic human need for shelter, but it also contributes to the well-being of both parents and children.

A decent and affordable housing improves the quality of life of residents by leading to, among others, a better health, improved consumer spending, increased job security, lowering risks of evictions and foreclosure, financial stability, increased sense of security and fostering greater self-esteem and importantly, increase employee productivity. In contrast, lack of decent and affordable

housing can worsen physical and mental well-being, expose residents to health hazards such as unsanitary conditions, overcrowding, infectious diseases, poor air quality, toxins and allergies.

## FINANCIAL REQUIREMENTS

The total budget for the proposed project will be worked out. The cost is dependent on the feasibility study that will be carried out on the type of houses that the government will settle for. The project is expected to be financed by both local and international private investors on a Build and Transfer (B&T) framework

## PROPOSED INVESTMENT MODEL (ACTIONS REQUIRED/ IMPLEMENTATION ARRANGEMENTS/ CONTRACT TYPE)

To achieve low-cost housing, it is envisaged that government will partner with the private sector through Public Private Partnership Commission (PPPC) in the form of public private partnership. The model would allow housing providers to access funding at lower interest rates and for longer terms

## PROJECT FEASIBILITY

The project is at concept level with no feasibility studies having been done. However, Government is ready to undertake this project as it will help in meet the growing demand of affordable housing for its civil service





# MARKET ACCESS

Malawi is party to a number of regional and international trade agreements that has proved to be enormous benefits to new and existing investors. Malawi enjoys:

- **Preferential trade agreement with China**
- **Bilateral agreements with Zimbabwe, Mozambique and South Africa**
- **SADC**
- **COMESA**
- **AGOA**
- **Everything But Arms (EBA)**
- **African Continental Free Trade Area (AfCTA).**



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# AGRICULTURE SECTOR



## CONTACTS

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# 1 THE SALIMA MEDIUM SCALE FARMERS 1000ha PROJECT

## PROJECT DESCRIPTION

Greenbelt Initiative (GBI) GBI Ltd is a subsidiary company of the Greenbelt Authority (GBA) that was formed with the aim of developing an Irrigation project in Malawi.

The initiative has irrigation projects in 3 districts in Malawi namely; Salima in the central region, Nsanje in southern region and Karonga in the northern region

In Salima, GBI has shares in a sugar factory called Salima Sugar Company Limited that was commissioned in August 2016 and is implementing a sugar project on 6,293 hectares of land of which 6,000 is used for sugarcane growing and sugar products by;

- (1) 250 Smallholder Farming householder who are allocated 2 hectares of land per family and the total land allocated is 530 hectares.
- (2) 100 Medium Scale Farmers (medium scale enterprises) from across the country have been allocated 1,000 hectares of land for the production of sugarcane on 10 hectares plot each.
- (3) Salima Sugar Company Limited which has 4,000 hectares

## PROJECT LOCATION

The project is being implemented at Chikwawa Scheme in the area of Traditional Authorities Khombedza, Mwanza and

Makanjira (Msosa) in Salima and the source of water is Lake Malawi and Lingadzi River.

## CURRENT STATUS/STAGE OF THE PROJECT

The consultant has produced the final draft detailed irrigation designs and tender documents and the designs. The development of 400 hectares out of 1000 hectares is in progress.

## AVAILABILITY OF PRE-FEASIBILITY STUDIES/ FEASIBILITY STUDIES AND OTHER STUDIES

Feasibility studies, detailed designs and Tender documents are available.

## ESTIMATED COST OF THE PROJECT

The estimated cost of the project is US\$30,000,000.

## CONTACTS

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# 2 THE NCHALO 3000ha COTTON PROJECT



## PROJECT DESCRIPTION

The company aims at developing at least 3,000ha of land of the 70,000ha at its disposal into a full irrigated block, with all the modern irrigation equipment installed.

The main goals of the Company is to have an all year-round point of cultivation for Government from which at any given point a particular crop of national interest will be grown and supplied to Government through its agencies, prepare a viable investment platform for private companies who have interest in investing in primary agriculture in order to better utilize their resources and to make the economy of the country practically dependent on Agriculture by commercializing the system of farming versus subsistence farming which has not been so successful for the nation for the past 50 Years.

The objectives of this irrigation project is to develop 3,000 ha of irrigated block ready for cultivation, 1,000ha of this block to be specially cultivating for the nation to carter food security in the country, and divide the remaining 2,000ha of the block into small blocks of a minimum 50ha each which can be rented out to different private companies who are willing to take up these blocks for their investment.

## PROPOSED APPROACH

The idea of forming a joint venture between Greenbelt Authority (GBA) and Nchalo Smallholder Cane Growers Association (NSHCGA), where GBA will provide support in the areas of finances and NSHCGA will provide land and available skilled management to run the scheme and a shareholding of 49% for GBA and NSHCGA 51%.

## PROJECT LOCATION

The project is located at Phwazi, Nkhwazi, Jombo Group Village Head of T/A Ngabu in Chikwawa District and the source of water is Shire River.

## CURRENT STATUS/STAGE OF THE PROJECT

The detailed irrigation designs have been produced and the construction of 1,000 hectares of the scheme is in progress.

## AVAILABILITY OF PRE-FEASIBILITY STUDIES/ FEASIBILITY STUDIES AND OTHER STUDIES

- Feasibility studies are available.

## ESTIMATED COST OF THE PROJECT

The estimated cost of the project is US\$110,000,000.



### 3 THE NTHOLA-ILOLA-NGOSI 1000ha PROJECT

#### CONTACTS

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#### PROJECT DESCRIPTION

The project has targeted land size is 1,000 hectares and 450 households will benefit from the scheme development once the project is completed.

The overall goal of the project is to contribute to wealth creation and attainment of food and nutrition security, increased household incomes and exports through sustainable Irrigation and Agro-processing.

The specific objectives of the project is to increase the area under irrigation by 1,000 hectares, help at least 4,000 farming families exit poverty by 2022, help at least 4000 farming families adapt and use improved technologies in farming, increase productivity and production of crop through promotion

of climate smart agriculture, improve market access, increase volumes and quality of value-added products and improve access to other socio-economic infrastructure.

Expected program outcome is to increase household wealth and enterprise incomes, contribution of the agriculture sector to the GDP and employment in the agriculture sector;

#### PROJECT LOCATION

The project is being implemented at Mzata and Lupembe Extension Planning Area (EPA), Traditional Authority (T/A) Paramount Chief Kyungu in Karonga District and the source of water for the project will be Lake Malawi

#### CURRENT STATUS/STAGE OF THE PROJECT

The consultant has produced the final draft detailed irrigation designs and tender documents and the designs have been reviewed and review comments have been communicated to the consultant awaiting the production of the final detailed designs by the consultant.

#### AVAILABILITY OF PRE-FEASIBILITY STUDIES/ FEASIBILITY STUDIES AND OTHER STUDIES

- Feasibility studies, Draft Final Detailed designs and Draft Final Tender documents are available

#### ESTIMATED COST OF THE PROJECT

The estimated cost of the project is US\$40,000,000.



## FOR MORE INFORMATION CONTACT US ON

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#### ACKGROUND TO GREENBELT AUTHORITY

##### MANDATE

Greenbelt Authority (GBA) is a government corporation established under the Greenbelt Authority Act No. 23 of 2017 from the Greenbelt Initiative. The aim of the organization is to champion large scale commercial irrigation through efficient use of land and water resources in order to accelerate socio-economic transformation of the country.

##### VISION

To transform Malawi into a wealthy nation with assured livelihoods and sustainable utilization of land and water resources.

##### MISSION

To increase sustainable irrigated agricultural production and productivity through well developed and managed infrastructure for comprehensive utilization of land and

water resources as well as effective service delivery.

##### STRATEGIC OBJECTIVES

- (i) To increase area under sustainable irrigation.
- (ii) To increase production and productivity of crops, livestock and fisheries technologies.
- (iii) To improve market access and linkages.
- (iv) To increase volumes and quality of value added products.
- (v) To improve access to socio-economic infrastructure in the context of rural growth centers.

##### THEMATIC AREAS

- Agricultural Production and Productivity
- Irrigation Infrastructure Development
- Agro-processing and Marketing
- Corporate Services

##### PROJECT IMPLEMENTATION ARRANGEMENTS

GBA facilitates establishment of a special purpose company (SPV) as a joint venture involving one or two of the following partners:

- GBI Holdings (the investment vehicle of GBA)
- Local farmers or land owners through an Association/Cooperative
- Reputable private investor(s) The SPV may be a company limited by shares, allowing multiple reputable investors to partake in ownership, decision making and sharing benefits of the SPV. Shareholding is allotted based on equity contributions.

##### PROJECT MANAGEMENT STRUCTURE

Investments in large-scale commercial irrigation projects are made by GBI Holdings which is a body corporate responsible for investing on behalf of GBA.

#### UPCOMING PROJECTS

## 4 NTHOLA ILLOLA NGOSI RICE SCHEME



##### PROJECT DESCRIPTION

The project is earmarked for to be implemented on 1000 hectares of land under rice production. Farmers have been mobilized to form an association which will enter into an agreement with GBA to contribute land towards the project. The project will involve scheme designs and construction, rice production as well as agro-processing and value addition for local and export markets.

##### PROJECT LOCATION

TA Kyungu, Karonga District

##### BENEFITS OF THE PROJECT/ALIGNMENT OF PROJECT TO GOVT GOALS

The project will contribute towards increasing the agricultural sector's contribution towards national income as well as forex generation through exports. In addition, there will be job creation and increased employment levels within the country.

##### FINANCIAL REQUIREMENTS/ PROPOSED INVESTMENT MODEL

A joint venture company with prospective investor(s).

##### PROJECT FEASIBILITY

A full feasibility study report is available together with irrigation scheme designs for 357 hectares of the land.

##### PROJECT FEASIBILITY

The investment cost for the scheme is estimated at \$14,583,572.42. The project has an NPV of \$11,355,994.30, an IRR of 13% and a Payback period of 4.3 years.



## 5 MBALANGWE INDUSTRIAL HEMP AND LIVESTOCK MEGA FARM



### PROJECT DESCRIPTION

Project aim: The project aim is two-fold, 1) to develop 600 hectares of irrigable land for industrial hemp farming and establish a silk ginning facility targeting local and export markets; and 2) develop 200 hectares of land for livestock farming. The project involves conducting feasibility studies, designing irrigation schemes and livestock kraals, installing irrigation infrastructure, developing livestock kraals and abattoirs, establishing a silk ginning facility and clothing tailoring factory to make kits and uniforms for institutions including the Malawi Police Service

### PROJECT LOCATION

Ntakataka, TA Kachindamoto-Dedza District.

### BENEFITS OF THE PROJECT/ALIGNMENT OF PROJECT TO GOVT GOALS

The project aligns well with the government agenda on agricultural production and value addition as charted in the MDGS III and the Malawi Vision 2063. Other than boosting economic growth, the project will increase employment levels in both the agricultural and manufacturing sector, thus allowing for import substitution and forex saving.

### FINANCIAL REQUIREMENTS/ PROPOSED INVESTMENT MODEL

A joint venture company with prospective investor(s).

### PROJECT FEASIBILITY

Project at concept level with no feasibility studies having been done.

### FINANCIAL FEASIBILITY

This will depend on the feasibility study

## 6 AQUAPONICS AND BAMBOO PLANTATION PROJECT



### PROJECT DESCRIPTION

Fish remains one of the major sources of protein in Malawi, and a source of income for the country through sale of internationally demanded species such as Chambo. The project aims to develop up to 10,000 hectares of irrigable land for aquaponics and bamboo plantation and also to establish agro-processing facilities for bio-fuel, silk, livestock feed, briquettes etc. targeting local and export markets.

The project involves entering into lease agreements with land owners, conducting feasibility studies, designing and constructing

fish ponds, designing irrigation schemes, installing irrigation infrastructure, establishing various agro-processing facilities (for bio-fuel, silk-ginning, livestock feed and briquettes production) for value addition and product marketing and sales.

### PROJECT LOCATION

TA Ngowe in Chikwawa District.

### BENEFITS OF THE PROJECT/ALIGNMENT OF PROJECT TO GOVT GOALS

The project is expected to contribute towards increased production of fish, bio-fuel, silk, and livestock thereby increasing national income and generating forex. The project

is aligned with MGDSIII and the National Fisheries and aquaculture Policy both of which aim at economic growth through commercial aquaculture.

### FINANCIAL REQUIREMENTS/ PROPOSED INVESTMENT MODEL

A joint venture company with prospective investor(s).

### PROJECT FEASIBILITY

Project at concept level with no feasibility studies having been done.

### FINANCIAL FEASIBILITY

This will depend on the feasibility study



## 7 WHEAT PROJECT



### PROJECT DESCRIPTION

The project aims to develop at least 500 hectares of irrigable land for wheat production and establish an agro-processing facility targeting local and export markets. The project involves entering into lease agreements with land owners, conducting feasibility studies, designing irrigation schemes, installing irrigation infrastructure, establishing an agro-processing facility for value addition and product marketing and sales.

### PROJECT LOCATION

GBA has a catalogue of available irrigable land from all the districts in Malawi. It will be the role of GBA in the joint development agreement to identify and procure suitable land (from its catalogue) in a district with weather conditions that suit wheat farming given technical advice of the investors.

### BENEFITS OF THE PROJECT/ALIGNMENT OF PROJECT TO GOVT GOALS

The project aims at raising land under irrigation, as outlined in the MGDSIII

for increased agricultural production and productivity.

### FINANCIAL REQUIREMENTS/ PROPOSED INVESTMENT MODEL

A joint venture company with prospective investor(s).

### PROJECT FEASIBILITY

Project at concept level with no feasibility studies having been done.

### FINANCIAL FEASIBILITY

This will depend on the feasibility study

## CONTACTS

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## 8 PINEAPPLE JUICE PROCESSING PLANT



### PROJECT DESCRIPTION

The project aims to set up a processing plant for pineapple juice and related products targeting local and export markets. The project involves conducting feasibility studies, designing processing plants, entering into supply agreements with local suppliers of pineapples for early years of operation, installing processing facilities and product marketing and sales.

If viable, future components include the establishment of the project's own pineapple

farms. GBA will procure the land for the processing plant.

### PROJECT LOCATION

Mulanje District

### BENEFITS OF THE PROJECT/ALIGNMENT OF PROJECT TO GOVT GOALS

The project will allow for increased employment, import substitution, as well as generate forex for the country.

### FINANCIAL REQUIREMENTS/ PROPOSED INVESTMENT MODEL

A joint venture company with prospective investor(s).

### PROJECT FEASIBILITY

The project is at concept level with no feasibility studies having been done.

### FINANCIAL FEASIBILITY

This will depend on the feasibility study.





# Investing in the CANNABIS INDUSTRY IN MALAWI

A new investment and trade opportunity has risen in Malawi – Medicinal and Industrial Cannabis!

Industrial and Medical Cannabis are a variety of Cannabis with low concentration of the Tetra Hydro Cannabinol (THC) of less than 1% compared to 7 - 25% in Cannabis Sativa (locally and popularly known as Indian Hemp, Chamba, Marijuana, Ganja, Mbanje or Dagga). With the low levels of THC, Cannabis is relieved of psychoactive properties and becomes an industrial crop.

Cannabis is being promoted in over 36 countries worldwide for its medicinal and industrial properties. The government of Malawi legalized cultivation and processing of medicinal cannabis and industrial

hemp in 2020 after extensive research and establishing its strategic importance to the economy of Malawi. The crop is a momentous opportunity because of its potential to open up numerous value chains and create employment opportunities. A wide variety of products can be produced from Industrial and Medicinal Cannabis such as organic body-care products, foods, textiles (clothing and ropes), paper, building materials, biofuels, plastic composites, pharmaceutical products and many more.

The market for industrial cannabis is estimated to reach US\$9 billion in 2021 and US\$30 billion by 2030 while the market size of medicinal cannabis is at US\$30 million and expected to grow to US\$90 billion by 2030.

The Malawi Investment and Trade Centre therefore invites investors to explore opportunities in production and processing of Cannabis in Malawi.

Obtain a license with the Cannabis Regulatory Authority in order to invest in the Cannabis Industry. Visit [www.mitc.mw](http://www.mitc.mw) for details on the Malawi Cannabis Act and how to obtain the license.

Register your investment with the Malawi Investment and Trade Centre in order to enjoy One Stop Services on business registration, business permits, access to land and other business support services.



Malawi offers wide range of tax incentives for investments which fall under two main categories: Customs & Excise and Domestic Taxes. Customs & Excise are taxes imposed at a rate percent of the Cost, Insurance and Freight (CIF) value of imported goods while the Domestic Taxes are taxes collected from income generated within the geographical confines of the country.

### GENERAL CUSTOMS & EXCISE TAX INCENTIVES

1. Import duty and import VAT exemption on importation of most machinery.
2. Import duty exemption while VAT remains payable at 16.5% on importation of specific type of machinery.

3. Import duty and import VAT exemption on importation of special purpose motor vehicles other than those principally designed for transport of persons or goods.
4. Solar products are import duty free while VAT remains payable at 16.5%. Examples of such solar products include solar batteries and solar energy lamps.

### GENERAL DOMESTIC TAXES

1. Losses are carried forward up to 6 years for businesses
2. Initial and annual allowances at various rates are granted besides the depreciation (annual) allowances.
3. Commercial buildings with a construction cost of MK 100 million or above, are subject to an Annual Allowance of 2.5%

4. A claim of 50% allowance of social contributions paid directly into the building of a public hospital or school, or the sponsoring of youth sporting development activities.

### INCENTIVES FOR PRIORITY INDUSTRY

There are two designated priority industries: agro-processing and electricity generation, transmission and distribution. The companies that are accorded the Priority Industry status are given either 0% Corporate Income Tax rates for a period not exceeding 10 years. They are also given an exemption on duty for importation of capital goods and building materials.

## SUMMARY OF SPECIFIC INCENTIVES

AGRICULTURE	MANUFACTURING	ENERGY	TOURISM	CONSTRUCTION	MINING	EXPORTS
Import duty and VAT free on importation of livestock meant for breeding	For projects that qualify for Industrial Rebate Scheme, import and excise duty exemption of raw materials for designated manufacturing industries, but VAT is payable at 16.5%  Import and VAT free for raw materials for the manufacture of fertilizer, medicaments and pharmaceuticals	Duty free importation but VAT payable at 16.5% on electricity generation and solar equipment	Free import duty, free import excise and VAT free importation on specialized equipment and building materials	Duty and VAT free importation of Crane Lorries, Concrete Mixer Lorries, Mobile Drilling Derricks and Track Laying Tractors	Duty free and VAT free on importation of specialized goods for use in mining	25% export allowance for non-traditional exports
Import duty, import excise and VAT free on importation of irrigation equipment	Pre-business expenses of up to 18 months are allowable expenses					25% international transport allowance for nontraditional exports
Exemption of duty, import excise and VAT free on importation of equipment for horticultural production	Losses are carried forward for six years to encourage investment in profitable business ventures					Exports are zero-rated for purpose of VAT
Import duty, import excise and import VAT free on importation of equipment for fishing industry	Capital Allowances are allowable on various capital items for the manufacturing sector					
Duty Free and VAT free importation of agricultural goods and equipment used for farming						
Some capital expenses are treated as acceptable expenses						



For more details on the tax incentives and procedures, please visit [www.mitc.mw](http://www.mitc.mw) or contact us via [ceo@mitc.mw](mailto:ceo@mitc.mw)







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