



INVESTMENT & TRADE OPPORTUNITIES IN MALAWI

Malawi-Japan Webinar

29th March, 2023

Malawi at a glance



Population at
20 million, 80%
below 35 years

GDP growth **2.8%**
(2021),

Agro-based economy,
contributes
23% to GDP



Main exports:
tobacco, tea,
coffee and **sugar**

Emerging value
chains: **oil seeds,**
macadamia
nuts, legumes

Trade balance with
Japan
(**US\$91,189,000**)

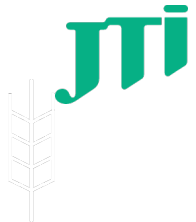
Malawi-Japan Ties



Bilateral relations date back to 1964



Japan has made significant contribution to Malawi's Infrastructural development- roads, training colleges, health facilities



Japan Tobacco International (JTI) is of the largest tobacco buyers in Malawi (invested US\$435 million)



Masauko Chipembere dual carriage road, Blantyre

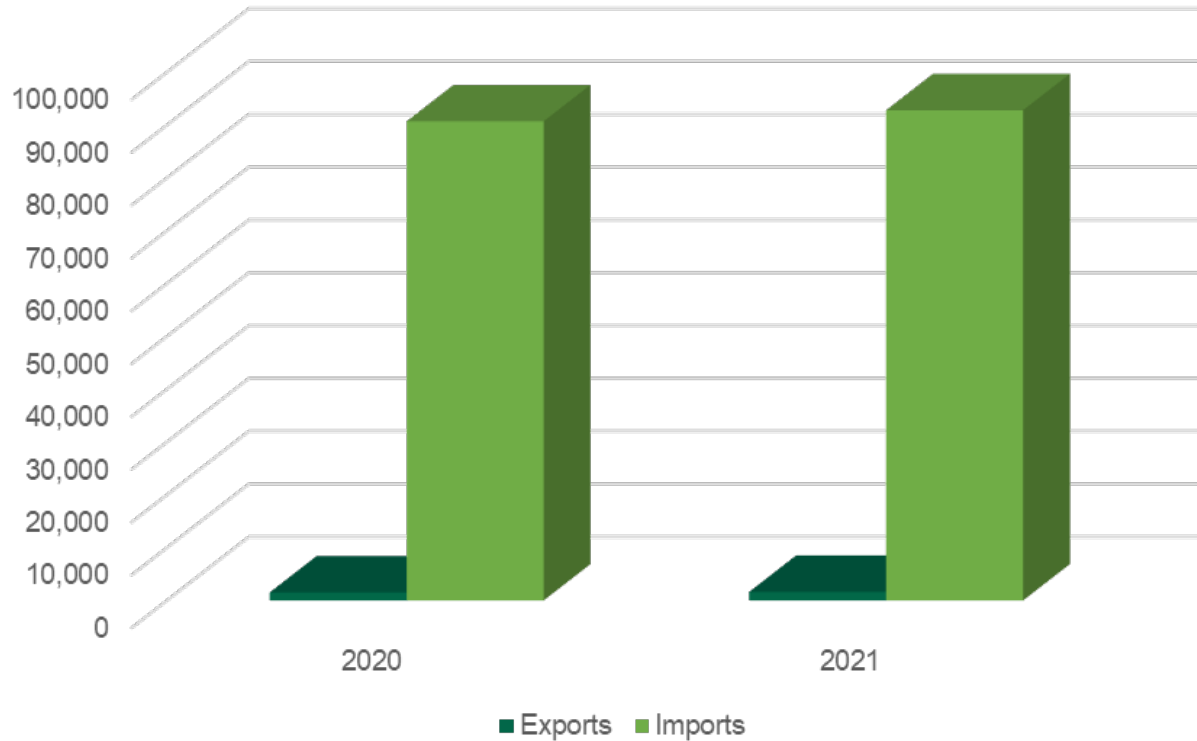


Domasi College of Education, Zomba

Trade with Japan



Malawi Exports and Imports with Japan (US\$000)



Main imports~ Vehicles

Exports~ Tobacco, Coffee and tea

Why invest in Malawi



Low political risk score



Streamlined investment processes



Enabling and constantly improving business environment



Regional and international market access



Vast unexplored business opportunities



Low-cost labour force



Attractive incentives



Energy sector focused on renewables



Examples of incentives



General Incentives

All priority sectors

- Import duty and import VAT exemptions on importation of most machinery
- Import duty and import VAT exemptions on importation of special purpose vehicles
- Losses carried forward up to 6 years
- 100% capital allowance on cost of new and unused machinery

Priority Industry:

Agro-processing & Power Generation

- Tax holiday up to 10 years
 - Exemption of duty on importation of capital goods and building materials
- For minimum investment capital of US\$5 million for agro-processing and US\$30 million for power generation*

Industrial Rebate Scheme:

Manufacturing

- Import and excise duty exemption of raw materials for designated manufacturing industries, but VAT is payable at 16.5%.
- Raw materials for the manufacture of fertilizer, medicaments and pharmaceuticals are both import and VAT free under the scheme

The One Stop Service Centre to Facilitate your Investment

4 institutions under OSSC to facilitate your investment process

- 1 Malawi Revenue Authority
- 2 Registrar of Companies
- 3 Department of Immigration
- 4 Ministry of Lands



**Minimum investment requirement:
US\$50,000**



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Lake Malawi Aquaculture Project

Fish demand gap at 20,000mt annually



Goal

Produce 1,000 tons of farmed fish in the first year and 4,000 tons within 3 years for the domestic, regional and international markets through outgrower cages



Social impact

12 full time highly skilled staff and 100 laborers
300 indirect employment through fish sales and spin off activities
High protein food source



Economic effect

Increase of economic activity and agriculture commercialisation **and exports,**



Investment Opportunity

Project promoter is looking for partners to finance fish production and processing for local and export markets

Financial viability

IRR: 34.4%
Payback period of 4 years
NPV: US\$2,744,702



Resource needed

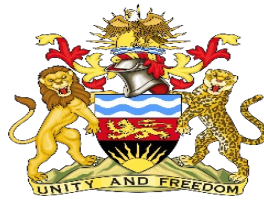
US\$3.3 million for outgrow cages, hatchery, feed storage, processing plant

Milestones already achieved

Technical Feasibility Study, Environmental and Social Impact Assessment Report, Business Plan, Financial Plan/Model, Bill of Quantities, Technology Plans

Aquaculture License, Permit for Surface Water Extraction and Installation of Cages in Lake Malawi, Land Title documents, Company Registration Certificate and MERMATS

Macadamia Production by Press Agriculture Limited



Project Description

- Press Agriculture Limited is one of the biggest landowners in Malawi
- Plans to invest in macadamia plantation on 1,000ha of land
- Potential to increase to 2,600 ha with the same crop or other crops
- Macadamia production in Malawi has grown by 50% in the past 10 years.
- Malawi's macadamia major export market is South Africa
- Global demand for macadamia projected to grow by 3-6%

Investment Requirement and Profitability

- Required financing is **US\$15 million**
- Profitability **US\$55 million (15**

Proposed Financing Structure

- Equity financing
- Debt/Equity Financing
- PAL will use the land as its equity contribution

Technical Arrangement

- The estates have a total of **2,607 ha** of land
- Closer to the perennial river and some dams for irrigation.
- All tree orchards will be through drip irrigation
- Availability of Management and expertise for the crop are available
- This macadamia has a 5-8 (five to eight) year phasing and is complemented by the annual crop such as legumes.



Salima Integrated Tourism Resorts

Project Description

- The Integrated lakeshore resort comprises construction of hotels, casinos, 1,000 seater conferencing facility, shopping mall, sporting complex, housing estate, entertainment complex, underground aquarium

Investment Requirement and Profitability

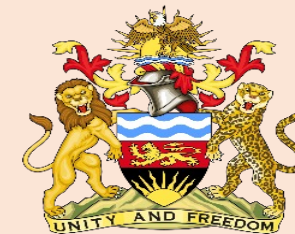
- Capital Expenditure (CAPEX) of **USD\$43.29 million**
- The project has an Internal Rate of Return of **12.4%**
- Projected revenue of **USD\$143 million** in 10 years, payback **period 9 years**
- **NPV US\$62.66 million**

Partnership Structure

- The project will be implemented under PPP arrangement
- Funding already provided for road development and acquisition of additional land under PSIP
- Timeline envisioned for preparation and completion of project is **3 years**



Solar Water Heaters Manufacturing Project



Project promoter: Nyika Solar Technologies Limited

Project description

- Manufacturing and distribution of solar water heaters products
- Located in Lilongwe, central region.

Socio-Economic Benefits

- Boost the country's manufacturing sector.
- Job creation

Project viability

- Pre-feasibility reports have been completed
- Environmental Impact assessment will commence once funds are available

Ask

- Funding of US\$3.7 Million for a processing plant and operations

Proposed Business Model

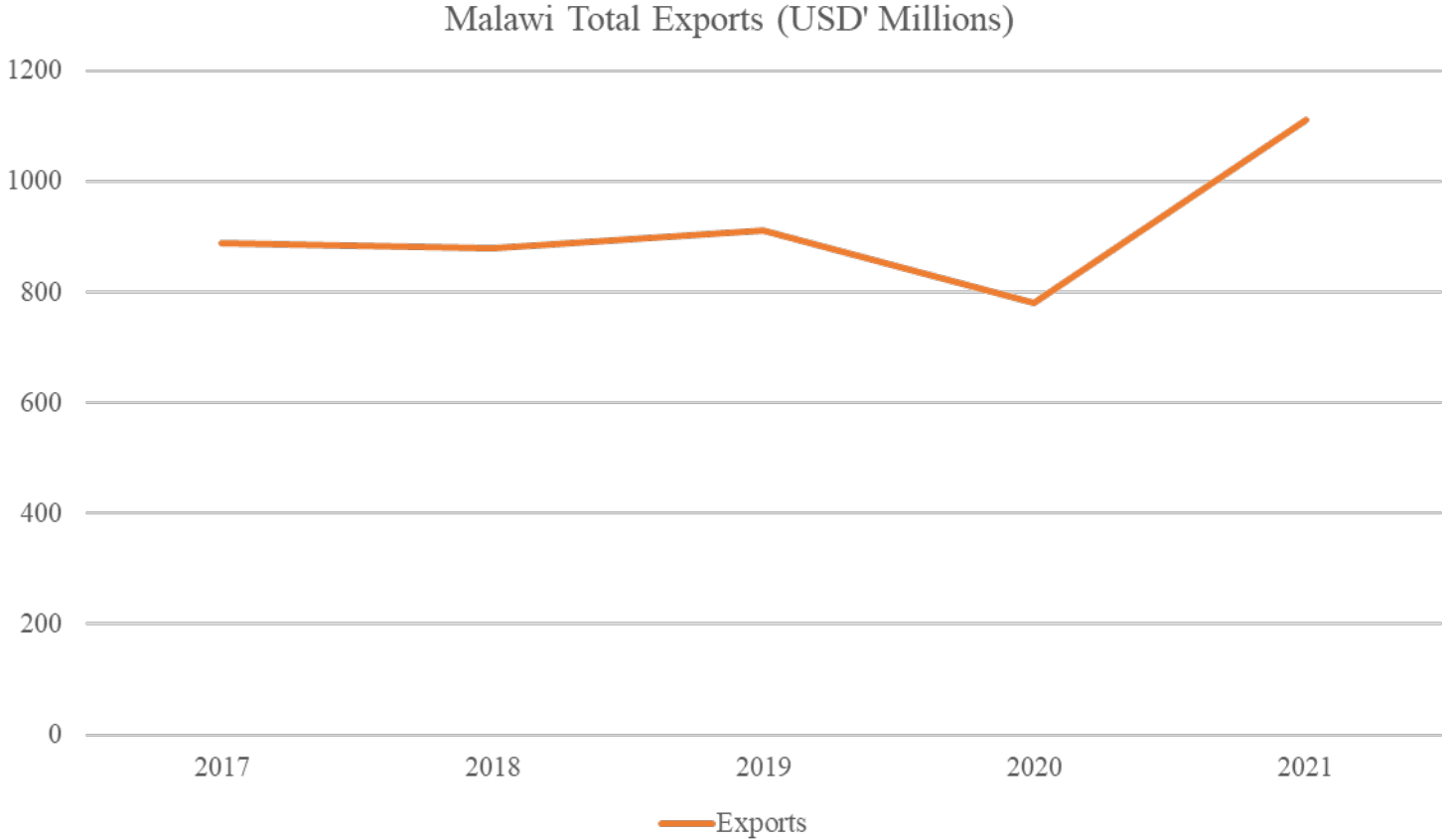
- Equity partnership/loan



MALAWI'S TOTAL EXPORTS



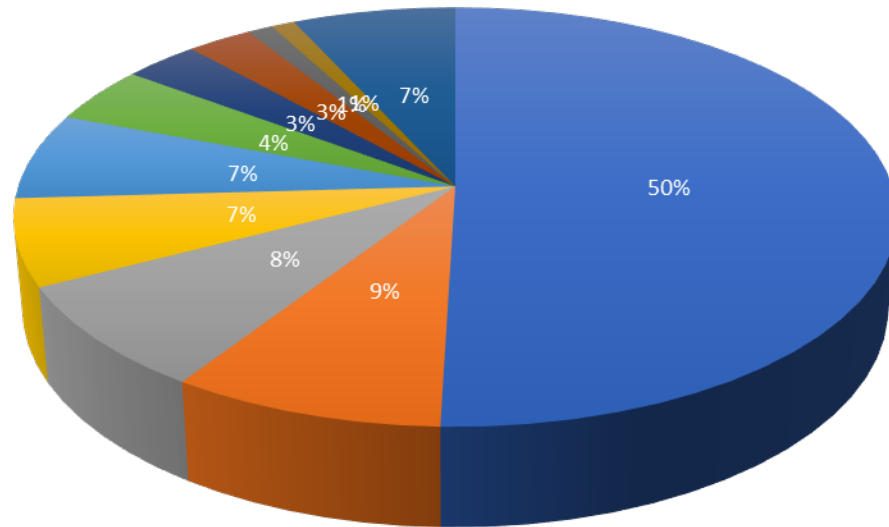
Malawi's untapped export potential US\$282 million



TOP 10 EXPORT PRODUCTS & OPPORTUNITIES

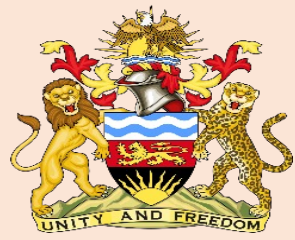


Top 10 Export Products

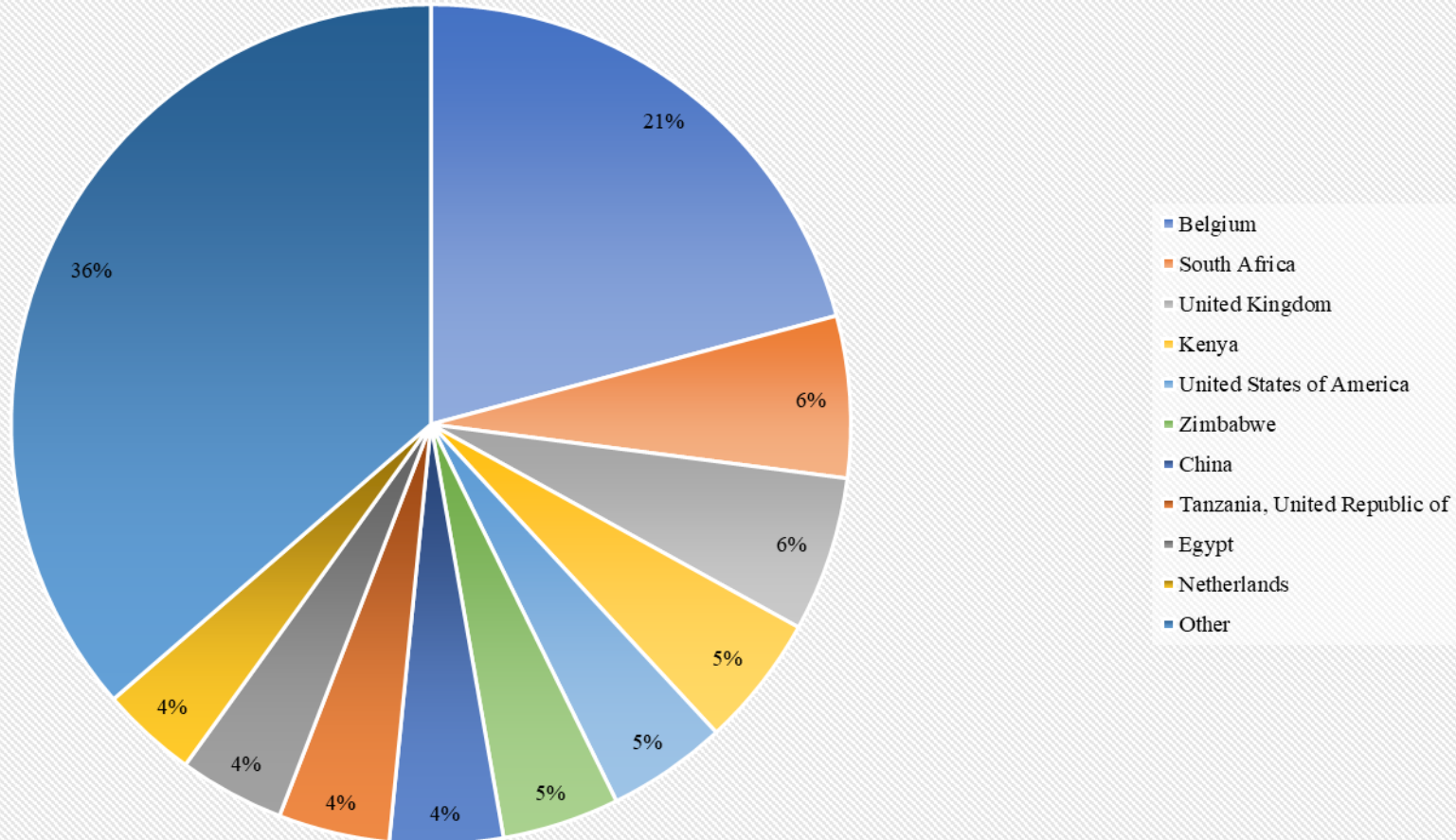


- Tobacco and manufactured tobacco substitutes
- Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ...
- Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...
- Sugars and sugar confectionery
- Coffee, tea, maté and spices
- Edible vegetables and certain roots and tubers
- Edible fruit and nuts; peel of citrus fruit or melons
- Residues and waste from the food industries; prepared animal fodder
- Railway or tramway locomotives, rolling stock and parts thereof; railway or tramway track fixtures ...
- Iron and steel
- Other

TOP 10 EXPORT DESTINATIONS



Top 10 Export Destinations (2020)



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