Innovation in times of crisis
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Dear Reader, as we are getting to the end of the first quarter of 2020, we dedicate this edition of the Business Voice Magazine for 2020 to the fight against the Corona Virus and how businesses can survive the pandemic.

The Corona Virus pandemic has seriously affected the performance of businesses in Malawi. While measures are being implemented to fight the virus, the impact of the Corona Virus will be damaging for many businesses in Malawi. Pressure is also being applied to Government from different sections with the Malawi Confederation of Chambers of Commerce and Industry taking the lead to ensure that there is job security for the masses as well as business continuity after the pandemic. However, despite a lot of businesses having already been heavily affected by the pandemic, it’s important to remember that “diamonds are formed under pressure”.

This issue contains news articles on the economic implications of the corona virus and the potential for digital technologies to stimulate business, potential business opportunities for the Malawi private sector in this tragic time, tips on how to be a great leader in times of crisis and more.

We have also included a review of the economy in the first quarter of 2020 to help you analyze your 2020 trajectory and help with forecasting for the rest of the year.

We would like to hear from you: mcci@mccci.org.

Tione J. Kafumbu
Editor-in-Chief

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Chief Executive’s Message

I am honoured to present to you, the first issue of the Business Voice Magazine for 2020. This time around, our Magazine is being issued in a digital form for wider circulation and coverage as we understand that with the Corona virus pandemic, we need to play our part in preventing the spread of the virus. This issue highlights the challenges of doing business in Malawi under the current health and economic crisis prevailing locally and globally and how businesses can innovate and adapt in order to sail through the labyrinth.

As we may all know, the world is facing a grim situation with the Corona virus pandemic. There is already extreme uncertainty around global growth forecast, particularly because the economic fallout depends on factors that interact in ways that are hard to predict, including the pathway of the pandemic, the intensity and effectiveness of containment efforts, the extent of supply disruptions, the repercussions of the dramatic tightening in global financial market conditions, shifts in spending patterns, behavioural changes (such as people avoiding shopping malls and public transportation), confidence effects, and volatile commodity prices. The Corona Virus also presents a fundamental development crisis for Africa. Poverty, inequality and marginalization are some of the key factors that will contribute to the devastating effects of the Corona Virus on African countries including Malawi. Malawi’s fragile healthcare system, food insecurity and a large informal economy make this pandemic much more than just a massive health and economic crisis.

A recent McKinsey report highlights the extensive impact of the Corona Virus on Africa’s economies – noting the slowdown in economic growth, job and productivity losses, and bankruptcies. Importantly, the analysis also notes that schooling and university closures will impact future human resource capacity and are likely to particularly impact girls, some whom may not return to school.

For Malawi and Africa as a whole to survive the pandemic will require public and private sectors to shift their perception and learn to think outside the box. Innovation and flexibility will form a key to survival.

The increased use of digital technology by companies has the potential to stimulates business activity through among others: improving access to information and financial capital, reducing information asymmetries between buyers and sellers thereby improving decision-making quality for consumers as well as helping overcome infrastructure limitations and mobility restrictions. In going digital, companies in the retail and wholesale sector can reach the consumer at their home and conduct business transactions with zero risk of contracting Corona Virus. Utilizing digital and accepting digital payments of businesses would also minimize the risk of the virus while at the same time, ensuring that business is continuing. The digitalization of banking and mobile money transactions has reduced the need for liquid cash in order to perform transactions. Funds can move electronically, for instance from the consumer directly to the account of the wholesaler, and in turn the wholesaler can also pay the company that is hosting their online shop or e-commerce platform electronically. Therefore, digital technology gives the opportunity for business activity and monetary transactions to continue during this challenging period.

In implementing some of the measures to reduce the spread of the virus, we know that only essential service providers are being allowed to continue with operations. This presents opportunities for those businesses which would otherwise be deemed to be non-essential to diversify and start production of essential products to help in the fight against the virus, while at the same time keeping their business open. For example, textile manufacturers would make a consideration to venture into the production of Personal Protective Equipment (PPE) which has been noted to quickly run out for health workers in those countries badly hit by the pandemic. Malawi is already facing a shortage, and going into the business of producing and supplying PPE could be a life saver for textile businesses in Malawi. Another example is where alcohol beverage manufacturers could make a consideration to also venture into the production of hand sanitizers which are currently in very high demand, and an essential product in the fight against the Corona virus.

It is important to point out that even though both the government and the Reserve Bank of Malawi have respectively instituted fiscal and monetary policy measures that are both commendable and necessary in responding to the Corona virus pandemic, challenges that can only be tackled by the private sector being pro-active in their individual areas of operations still remain.

As private sector, we continue to engage and work with Government on how we can ensure that businesses in Malawi survive the pandemic, with minimal loss to jobs and business in the short to medium term.

Chancellor Kaferapanjira
Chief Executive
Mr. Chancellor Kaferapanjira – CHIEF EXECUTIVE

Mr. Chancellor Kaferapanjira holds an MSc (Economic Management & Policy) (with distinction) specializing in Industrialisation, Trade and Economic Policy, an MSc (Strategic Management), a Bachelor of Commerce (Business Administration), a Diploma in Business Studies, and a Postgraduate Diploma in Marketing. He is a full member of the Chartered Institute of Marketing (MCIM) and a Member of Economics Association of Malawi. In addition he has attended various courses in Leadership, Change Management, Economic Analysis, Public Policy, Marketing, among others from the Royal Institute of Public Administration, London, the University of Maastricht School of Governance, University of the Philippines, and other reputable centres of excellence.

Chancellor Kaferapanjira was Deputy General Manager of the Malawi Investment Promotion Agency before joining MCCCI in January 2003. Upon graduating from the University of Malawi in 1990, he had stints with Southern Bottlers, KPMG, and NICO Limited. Mr. Kaferapanjira has varied experience from both the public and private sector and previously sat on the boards Malawi Revenue Authority, National Roads Authority, Roads Fund Administration, and National Construction Industry Council, among others. Currently he sits on the boards of Old Mutual Unit Trust, Combine Cargo Limited, Malawi Institute of Procurement and Supplies, and the Malawi Business Coalition Against HIV/AIDS.

Mrs. Madalitso Kazembe - Director, Business Environment & Policy Advocacy

Mrs Madalitso Kazembe has served as a Chief Economist in the Ministry of Finance for the Republic of Malawi. As Head of Financial Sector Policies in the Ministry, her responsibilities included monitoring financial sector policies, regulations and ensuring a conducive environment for a financial sector that is deep and inclusive. She has worked in formulating economic & fiscal policy as well. With over 13 years of experience in Macro-Fiscal policy Analysis, Financial Sector and Capital Markets Development.

Mrs Kazembe holds a Masters Degree in Economics and a Bachelors Degree in Social Science from the University of Malawi. She also holds a Graduate Certificate in Capital Markets Development from George Washington University. She began her career as a Trade Officer with the Ministry of Trade and Industry, a Government think tank specializing in international and domestic trade promotion before moving to the Ministry of Finance to work on the national budget.

Mr. Hope Chavula - Head, Real Sector and Macroeconomic Policy

Mr. Hope Chavula holds M.A (Economics) and BSoSc (Economics) degrees from the University of Malawi. He joined MCCCI in June 2008. Mr Chavula is a member of the Economics Association of Malawi and IfoWorld Economic Survey Expert Group. He has more than 11 years experience in the area of economic management, investment and private sector development having worked as Principal Economist in MoEPD of Malawi Government and as Planning & Research Manager for the then MIPA (now MITC).

Mr. Tione John Kaferapanjira - Head, Membership Development and Communications

Mr. Tione Kafambu holds a Bachelors of Science Degree in Business Administration and Agri-food business from HAS University of Applied Sciences in the Netherlands. He has more than 9 years’ experience in marketing. He previously served as a Marketing Manager in the telecommunications sector. As Marketing Manager, his responsibilities included driving customer usage and retention, revenue generation and customer communication. He joined MCCCI in February 2020.

Mrs. Linda Madalo Pete - Head, Business Linkages and Events

Linda Madalo Pete holds a Bachelor of Arts (Humanities) from the University of Malawi. She has more than 10 years’ experience in SME Business Relationship Management. She joined MCCCI in April 2018, having served in private sector as a Banker, specializing in Customer Relationship Management.
MEMBERSHIP CATEGORIES, BENEFITS AND SUBSCRIPTION RATES

The Malawi Confederation of Chambers of Commerce and Industry (MCCCI) is a membership based business association which exists to serve its members through representation, lobbying and advocacy, trade facilitation, and capacity building. The membership is segmented into five categories, namely Premium, Platinum, Diamond, Bronze and Star. Each category offers a bundle of benefits that meet the unique and distinct needs of the businesses in that category. The specific benefits broadly fall into four areas, i.e. Leadership, Promotion, Education for Business Growth, and Business Support.

Premium Category
This is a Membership Category suitable for businesses that are forward-looking and want to participate in defining the business environment in which they want to operate through playing a leadership role in shaping business related policy, legislation, regulation, and strategies.

Platinum Category
This Category meets the needs of businesses who want to place themselves strategically to take part in driving the private sector development agenda. This is achieved through representation on parastatal boards, government committees, sponsored regional and international trade missions, and sector representation at lobbying and advocacy fora.

Diamond Category
The Diamond Category is suitable for businesses that want to upgrade from a medium scale business to a nationally recognized corporate. To assist the business grow, you will be met by MCCCI management team for personalized advisory services.

Bronze Category
Small businesses embrace growth aspirations needs and the Bronze Category offers them benefits in the form of business support, advisory services, and access to information to assist them grow their businesses.

Star Category
The Star Category meets the specific needs of start-ups and cooperative enterprises in their quest to stabilize themselves in business. This is achieved through mentoring, coaching, training, and productivity enhancement programs.

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<th>Star 90,000</th>
<th>Bronze 125,000</th>
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PROMOTION

- 20 percent discounted advertising rates in Business Directory
- Placement of company Logo in MCCCI publications & on its website
- Eligible to qualify for fully sponsored regional trade opportunities
- Premium location during trade events
- Opportunity to host Chapter Meetings
- Opportunity to display company literature on MCCCI’s virtual market place
- Access to virtual Information Centre
- Opportunity to request coverage in newsletter and Magazine
- Use MCCCI logo on company letterhead
- Website link in Online Business Directory
- Differentiated participation rates in MCCCI trade events & workshops
- Eligible to have information about your business posted on MCCCI social media platforms and website
- Invitation to MCCCI networking opportunities
- Eligible for member to member discount offerings facilitated by MCCCI

EDUCATION FOR BUSINESS GROWTH

- Access to all MCCCI publications and information
- Discounts on training workshops
- Access to mentoring and coaching services

BUSINESS SUPPORT

- Eligible to qualify for fully sponsored training opportunities
- Access to productivity and business enhancement programmes
- Met by MCCCI management team
- Assistance on specific obstacles to doing business
- Discounted use of MCCCI meeting space
- Advice on economic and business matters
- Access to targeted business advisory services
- Eligible for business linkage support services

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THE ECONOMIC IMPLICATIONS OF COVID 19 PANDEMIC AND THE POTENTIAL FOR DIGITAL TECHNOLOGIES TO STIMULATE BUSINESS ACTIVITY IN MALAWI

Manfred Maguru, Economist

1. Introduction

The world has changed dramatically with the grim reality that we now have a pandemic that is very deadly and contagious to the extent that 100 infected individuals become 10,000 in a matter of a few days. Tragically, many human lives are being lost and the virus continues to spread rapidly across the globe. According to the latest statistics published by The World Health Organization, global Covid 19 cases have passed 3.4 million with over 239,000 deaths confirmed worldwide.

On the economics side of things this crisis is like no other particularly for the following reasons:

• Firstly, the shock is large and there is severe uncertainty about the duration and intensity of the shock.
• Secondly, under the current circumstances there is a very different role for economic policy in that this is unlike normal crises whereby policymakers try to encourage economic activity by stimulating aggregate demand as quickly as possible.

The crisis is to a large extent the consequence of necessary containment measures that have been instituted globally such as closure of international airports and borders as well as country lockdowns. These restrictions have affected the mobility of people and goods globally and consequently this has had acute effects on sectors that rely on social interactions (such as travel, hospitality, entertainment, and tourism) as well as disrupting global supply chains making the task of stimulating economic activity very challenging.

The idea that is being sold globally now is that people must reduce physical interactions in their day to day activities and adopt working from home as well as using digital payments in business transactions instead of physical exchange of cash. The use of technology has thus become very essential and countries that are advanced in technology stand a better chance of sustaining economic activity in most of their sectors unlike those that don’t.

2. Implications on Global Outlook

There is extreme uncertainty around global growth forecast. Particularly because the economic fallout depends on factors that interact in ways that are hard to predict, including the pathway of the pandemic, the intensity and efficacy of containment efforts, the extent of supply disruptions, the repercussions of the dramatic tightening in global financial market conditions, shifts in spending patterns, behavioral changes (such as people avoiding shopping malls and public transportation), confidence effects, and volatile commodity prices.

Despite the many uncertainties the International Monetary Fund has projected that the global economy will contract by -3 percent in 2020, much worse than during the 2008-2009 financial crisis. Furthermore, using a baseline scenario, which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound, the IMF projects that global economy will grow by 5.8 percent in 2021 as economic activity normalizes, helped by policy support.

Figure 1 below gives an overview of growth for major global economies some of which are Malawi’s main trading partners. Take note * means that’s a projection

![Figure 1 data: IMF World Economic Outlook 2020.](image)

2.1 Implications on Malawi’s economy

In regards to Malawi, the projected -3 percent contraction in global output which creates demand for local exports means that the country’s initial forecasted growth at 6-7 percent in the medium term and 6.0 percent overall in 2020 will not be achieved and the IMF has since revised their projection for Malawi’s growth to 1% overall in 2020. Already the economy has been negatively affected by the Covid 19 Pandemic with global restrictions in movement of people and goods massively slowing down business activity in the tourism, service and manufacturing sectors respectively, to the extent that even some companies have sent part of their staff on unpaid holidays as one way to reduce costs. This has presented a risk to the security of jobs for many of the people that work in these sectors and there is huge uncertainty as to what the immediate future holds. Overall the uncertainty will have spillover effects on aggregate demand as most people are likely spend less as they are not really sure what their income positions will be like in the coming months.

When it comes to international trade Malawi predominantly exports a lot of unprocessed agricultural products and heavily imports manufactured products. The decline in global demand means that local producers are at risk of suffering losses as the local industry does not have the capacity to absorb a huge portion of the output and therefore this does not hold well for the country’s economic growth prospects as the agriculture sector is the highest contributor to the country’s GDP. On the other hand the wholesale and retail sectors are heavily concentrated with imported goods therefore global restrictions on movement of goods means that very soon stocks of certain products will run out creating a shortage in supply and as a result this will raise non-food inflation as well as affecting jobs security in this sector.

On the brighter side, the successful opening of this year’s tobacco markets on 20th April, 2020 albeit with the threat of Covid 19 still hanging around us is good news for the economy as tobacco is the main source of foreign currency in the country and this also means that local farmers will be able to generate much needed income. The opening of the markets will affect the economy in two main ways, ceteris paribus: Firstly, demand for the local currency will increase due to the transactions taking place at the auction floors; the effect of which will be the Kwacha appreciating in value relative to foreign currencies and overall this will reduce cost of imports as well as non-food inflation. Secondly, the income generated from the sales will provide much needed relief to the economy as aggregate demand is likely to increase due to improvement in the income positions for the local farmers. So far the Market has started on a low tone with the maximum prices for Contract tobacco reaching $2.30 while at the auction the maximum price was $1.20.
3. The potential for digital technology to boost business activity in Malawi

The containment measures instituted by the government have affected the normal ways of doing business and this has reduced the sales turnover of most enterprises. Many business enterprises that rely on social interaction such as private schools and entertainment centers have experienced a complete shutdown and the message coming from the government is that people must stay at home. This has created the need to find a way in which business transactions and services can still be conducted without the need for people to be physically present and hence the need for companies to utilize digital technology has never been so important.

In the short term, increased use of digital technology by companies has the potential to stimulate business activity through among others: improving access to information and financial capital, reducing information asymmetries between buyers and sellers thereby improving decision-making quality for consumers as well as helping overcome infrastructure limitations and mobility restrictions. Specific examples include:

- By going digital companies in the retail & wholesale sector can be able to reach the consumer at their home and conduct business transactions with zero risk of contracting Covid 19. E-commerce platforms such as E Bay, whereby consumers are able to order goods online can be utilized.
- The schools can utilize E-learning platforms and continue to provide services to students at home.
- Corporate companies can take advantage of video conferencing applications such as Zoom, Skype business and Google meet to conduct important strategic meetings as well as board meetings.

On the financial side, the digitalization of banking and mobile money transactions has reduced the need for liquid cash in order to perform transactions. Funds can move electronically for instance from the consumer directly to the account of the wholesaler and in turn the wholesaler can also pay electronically the company that is hosting their online shop or E-commerce platform. Therefore, digital technology gives us the opportunity for business activity and monetary transactions to continue during this challenging period.

4.0 Conclusion

It is important to point out that even though the current fiscal and monetary measures that both the government and the Reserve Bank of Malawi have instituted respectively in response to Covid 19 pandemic are commendable and necessary, challenges still remain.

For instance the likely decline in global demand for the country’s agricultural products and the potential scarcity of certain manufactured products that are imported will create gaps in the economy on the demand and supply side respectively. In light of this, the government should take a targeted approach by leveraging local industries to absorb a huge portion of the local output and the Reserve Bank of Malawi should reduce the Bank rate by 100 basis points or more to encourage local companies to borrow more. This will make funds available for businesses to invest in new products that will fill in gaps that are likely to be there on the supply side. Secondly, in terms of ICT, government should revise the heavy taxes that it charges the telecom sector which in turn are affecting service delivery and making the final cost expensive for consumers. According to The World Bank statistics entry level broadband packages cost 5.2 percent of per capita GDP in Uganda, 2 percent in Kenya and yet 19 per cent of per capita GDP in Malawi. Surely the differences are too big to ignore.

The novel Corona Virus pandemic is inflicting high and rising costs in the business community. The economy worldwide has been greatly affected to an extent that projections show a contract by -3 percent in 2020, globally, according to the International Monetary Fund (IMF) in the World Economic Outlook. This is by far, much worse than the 2008- 2009 recession, such that if countries are to survive, there is need for innovative thinking and calculated as well as strategic planning businesswise.

Compared to other continents, Africa currently still has a lower infection level for this novel corona virus. According to COMESA, the lower infection rate can be attributed to Africa’s lower integration with the rest of the world. Therefore, the Covid 19 crisis can be used as an opportunity to expand intra-Africa trade which at the moment only accounts for 15% of trade in total. The same applies to Malawi, as a country, we can increase our focus on regional and continental trade. The country can use this opportunity to diversify and venture into businesses that are less tapped into.

What can we gain from the Impact of the Covid 19?

As a nation, it is very important to take advantage of the positive impacts of the pandemic, including economic integration initiatives in Africa. Malawi, being a non-oil producing country, the recent reduction in crude oil prices globally could also be used to our advantage, in the sense that it can help improve our Balance of Payments position as now we as a country are spending less on the same amount of goods, which is strengthening our currency. This then eventually drives down our production costs and improves general welfare costs.

Business opportunities during Covid 19 crisis

The manufacturing industry is one of the sectors that would benefit from this pandemic. Considering that Malawi is an importing country and imports
have now almost come to a standstill, companies could use this opportunity to venture into locally manufacturing some goods as our local stores run out of stock. For example, most manufacturing companies can diversify through production of hand sanitizers, soaps and other alcohol based sanitizers as these are currently on very high demand.

Companies should note the less know that they are not only limited to production of the afore-mentioned products. Manufacturers can even think outside the box to produce, for example air purifiers. So far, study has shown that the virus can survive for hours on surfaces, meaning that there is risk in being in a room that was recently occupied by a positive person. As such these purifiers would be used to clean the air or atmospheres and rid it of corona virus. This would be one of the highest selling products next to soaps and sanitizers if proven efficient.

Local manufacturers can also venture into production of basic necessities that can very easily be produced domestically for consumption. To name a few, some of these commodities include butter, jam, cereals, cooking oil and tomato sauce. It is with great shock, that as a country, we have to import basic commodities which do not require sophisticated technical knowhow for value addition. By going into production, it will at the same time boost competitiveness of Malawian products against the imported goods, going onwards.

Apart from just manufacturing of food products, other business entities can now join the supply chain process and make the actual sales of canned and jarred foods. These are also doing well in the crisis as consumers would prefer to stock up on non-perishables for future consumption. Safety remains of high importance, making mask production another very profitable business on the market.

As time goes, the country will start running out of PPE including masks, gloves and other protective gear. Thermal scanners are also on high demand as they enable measuring the body temperature, which is one of the signs and symptoms on the virus, without having to initiate contact. Companies capable of making such products should therefore take advantage as they could supply these to private medical staff as well as non-medicals.

Companies should be open to the idea of branching out and venturing into other new business fields that would also do well in this crisis. Some of these business include provision of cleaning services; these can come in very handy during this pandemic as they would be used to sanitize, restaurants and even homes to avoid the spread of the virus; other services include delivery services; with many people in the country practicing social distancing, it has become very difficult for consumers to get to commodities, including food commodities they require, as such these can be used to deliver goods at homes as well as offices; Liquor and wine stores are also a potential business idea seeing as most bars have been shut down across the country, as a result, consumers would now rather stock up at home in the process pushing up sales.

The pandemic has also led to closure of gyms and fitness centers. This means that businesses can see this an opportunity for sales of fitness and gym equipment that could be used at home.

These just a few of the many business ideas that are feasible, and would keep most companies from closure as well as keep our economy afloat as we navigate the corona virus pandemic.

The role of the Government
In order for these production ideas as well as business ventures to be feasible, the government needs to step in to create a conducive environment for the private sector to expand its production capacity and enhance competitiveness so that we reduce over reliance on imports, especially, basic commodities. COMESA has made sure, that its member states, including Malawi, reduces the interest rates in all central banks so as to lessen the blow. Businesses should therefore take this opportunity to borrow so as to stimulate local production as well as consumption.

The clout of the Private Sector
Businesses should also be prepared for disruption, as well as strategize to protect employees’ health and safety in the work place if they are to sail through the corona virus pandemic. They need to prepare for business continuity plans for significant absenteeism, supply chain disruptions, or even changes in the way they need to conduct their business. We, as Malawian businesses, have been given an upper hand as we can observe and refer to how other African countries were affected and how they are dealing with issues as they come. Moving forward, staying in business in these trying times shall solely rely on survival of the fittest, and this is the time for everyone to put their best foot forward.
WE ARE GOING THROUGH THE TOUGHEST TIME IN THE HISTORY OF HOSPITALITY IN MALAWI – SO WHAT’S NEXT?

David Church, Contributor

The impact of COVID 19, cannot be underestimated in any walk of life or industry anywhere in the world – but the Hospitality sector has seen an impact like no other. It is safe to say that the impact of Covid 19 worldwide is as bad as both the 1991 financial crash, SARS, Ebola and the great depression all combined.

As I am writing this - In terms of Hospitality in Malawi; its more than tough; 95% of hotels and lodges are closed for business and if we look at the month of April alone figures are suggesting that the industry has suffered a loss of 35,000 jobs, with the next few months looking to be even tougher as working hour/salary reductions will come into place to allow those businesses to try and survive, and be able to still be operation when relief arrives.

So What’s Next?

We are hoping that we may start seeing a return to international travel from mid to end June and potentially limited international links re-opened and operating fully by October, with travel slowly starting to drive demand and hopefully, people back to work. However, I don’t believe that it’s going to be business as usual.

If you had told me, when I returned to Malawi to lead of the most prestigious hotel in the country, with a highly dedicated team focused on providing the very best service with a smile and being the true example of Malawian warmth and friendliness, for me, privilege that only few have been lucky enough to experience, that I would be operating the iconic 21 Grill on Hannover as a gourmet take away alternative – I am sure I would have had a bit of a giggle at such thoughts. But, right now, it is one of the key concepts that we have successfully launched; we have had to become even more flexible than before, even more customer centric.

We have had to innovate, create and look outside what would be considered to be our “Normal” market and offerings.

I believe that this will become the new normal for Hospitality. I truly believe that we will all travel again and I am positive that we will experience the pleasure of this sooner than we think; but in the short term I believe guests are going to expect more; from increased and uplifted hygiene protocols, reduced capacity restaurants that will allow social distancing, more reliance on locally produced items than on imports, increased usage of technology – but more than any other a demand for more flexible & creative options and services than ever before.

At Protea Hotel by Marriott Blantyre Ryalls; We have been working on a variety of products and items to proactively meet guests needs now and in the future; from creating new cocktail offerings using fantastic local products, our own inspired & flavored Malawi Gin & Vodka; looking at the new trend of meetings & there requirements; how we can offer specialized services such as video conferencing, interactive and unique outside dining experiences that can cater for a meeting for two, to a wedding for over a 1000; improving our on arrival experience to increase guest satisfaction, enhanced room quality control and management as well as continuing to drive the training and development of our associates. These are a few of the approaches that we have taken as a business, with a lot more to come.

Proactive or Reactive

There is no “Magic Shot” that will heal all of our current issues in the hospitality sector. We may gain help or relief via Government interventions or other means, the same as many other business may experience, but Hospitality has a great advantage as we offer dreams and experiences like no other sector. We just need to get those dreams and offers out to the world.

We have a choice at this stage, to decide to either become Proactive or Reactive.

I believe that we should become Proactive - we need to highlight the best Malawi has to offer; we all have to be proactive, gain support from bodies such as the MCCCI, MTC as well as the respective Government Ministry’s & Departments; but we all need to lend our weight and drive for the benefit of us all.

For me, it is key that as an industry we need to be flexible and customer centric in our operations heading into the future. We have to be ready to offer and implement change and new ideas for the benefit of us all. I believe that we can create a fun and focused campaign that we can all be part of part of; a regional example of this was the “gotovicfalls” campaign that enjoyed international industry wide success and was completed on a very limited budget – but with everyone joining hands and offering help, support and what services they can for the benefit of all.

Rather than just being happy that at Protea by Marriott Blantyre Ryalls we are a preferred destination, we are very keen and committed to working with others in the Industry to help make Malawi a first choice & preferred destination for the benefit of all of us.

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HOW TO BE A GREAT LEADER DURING A CRISIS

Nicole Fallon, Contributor

The COVID-19 pandemic has been unique in its massive reach and impact globally. However, there is one thing it has in common with every other crisis: the need for strong leadership.

No matter the nature of a crisis, the No. 1 priority for business leaders is to allay fear and panic.

Nothing can be accomplished if people are letting their emotions drive their perceptions and decision-making. At the same time, management cannot sugarcoat the realities and challenges associated with the situation.

As a leader, you’ve probably already endured that initial wave of panic and concern among your employees and customers. Now, you must maintain a steady flow of communications to reassure your internal and external audiences throughout the pandemic.

Making and communicating company decisions during a crisis
In the coming weeks and months, you may need to make tough decisions that will impact your employees and customers. You must therefore balance action with taking the time necessary to thoughtfully review the situation and analyze the information available.
- Is this a temporary or permanent situation?
- What is the financial and operational reality right now, and what are the related short- and long-term financial and operational implications of my options for next steps?

• What will it take to get back to “normalcy” as quickly as possible?
• What will my customers’ and business’ needs be when we do get back to a normal routine?

Once these decisions are made and the potential impact has been assessed, you’ll need to communicate it quickly and transparently to your team to avoid gossip and speculation.

“In the absence of information, people will fill the void with what they can cobble together on their own,” said Scanlon. “Be transparent about the actions taken and decisions made and why — safety of employees and their loved ones, adjust to changes in the market and customer needs, etc. The information should focus on key priorities.”

Leadership must deliver a consistent message and be clear about what is and is not within the company’s control.

“Senior management has to set the tone and that tone must cascade through the ranks all the way to the front lines. “Control what you can, and ... communicate how your organization plans to deal with those factors it cannot control. Be honest and ... don’t make any promises you can’t keep.”

“In the absence of information, people will fill the void with what they can cobble together on their own.

Leading your company through the crisis
Here are a few tips for maintaining a strong, positive leadership front for your company throughout COVID-19 and beyond.

Show empathy
COVID-19 is impacting each of your customers and employees in different ways. The best thing a leader can do is express empathy for their concerns and show how the company is addressing them.

Keep a two-way dialogue going
Don’t assume ... employees know what is going on or likely to happen within your organization. Listen to your customers to find unique ways to provide value to them and the larger community during the pandemic.

Ask for help
Leaders should remember that they’re not in this alone. Your fellow business leaders are also experiencing many of the same challenges you are, and you may find that you can support each other through this.

If your are a member of a Chamber of Commerce, reach out to find out how what the chamber can do to support during the crisis.
REUNION INSURANCE COMPANY LIMITED

REUNION CELEBRATES ITS 15TH ANNIVERSARY ON 3RD MAY 2020!

(Editorial by Miller John Joshua, Business Development Manager, Reunion Insurance Company Ltd)

Reunion Insurance Company Limited is a reputable Malawian General Insurance Company with a record of professionalism and efficiency in claims handling, underwriting and all other areas of operations. The company was established on 03rd May 2005 by indigenous Malawians to add value to the insurance industry in Malawi; and this year 2020 marks the Company’s 15th Anniversary of existence in the industry. This fifteenth anniversary is a milestone in our business. It is interesting to look back at the many great accomplishments achieved in the last 15 years; and, it is exciting to look forward to the many new things that will be accomplished in the next decade and the many more years ahead. Over the last 15 years, we have had a mixture of experiences which included business challenges, opportunities as well successes, together with happy and sad memories.

Proudly, our organization has become stronger and more efficient over the years. Since inception, we have been adding onto everything we have, such as manpower, list of achievements, areas we deal in and even the passion, professionalism and dedication. This is obviously an amazing sign for any successful organization.

Our positivity reflects clearly in our growth rates and as the saying goes, “slow and steady wins the race”. REUNION has undeniably been one of the most steadily growing insurance companies in Malawi.

In her special anniversary message, the Chief Executive Officer Dr. Dorothy Chapeyama says: “We cherish the support of all our clients, business partners and staff who are all the reason we exist and key to Reunion’s current and future growth. We thank everyone for the support and for the integral role each one has played in our first 15 years of success. Reunion Insurance has extensively invested in modern technology and continually embraces new methods and platforms of servicing our clients, investing in equipment and system upgrades. The Company also embraces core human values, such as Trust, Integrity, and Teamwork and remains ever grateful for the fantastic team of enthusiastic, experienced and professional employees; as it continues to help the nation with employment opportunities. …….”

Reunion is committed to continue serving the market ethically, professionally and to always be a premier provider of innovative insurance products and solutions as a valued business partner whilst maintaining integrity, Customer Excellence and Teamwork. Reunion Insurance is always ready and happy to offer tailor made general insurance products for its clients.

In celebration of this day, Reunion Insurance has over the years shared its success with Malawians, giving back to the community through donations that have funded numerous community activities, literacy programs, natural disasters, economic development initiatives and many more.

The operating environment this year has, however, been somehow hardhearted. We do recognize the fact that the global pandemic, COVID-19, has brought many challenges. We are conscious that these are unsettling times which have affected the business environment and will continue to impact our personal and professional lives.

Reunion, however, will remain supportive and flexible to its customers. We value your well-being and treasure the trust you have in us. Our customers should be well assured that, as “Your First Class Insurer”, we are committed to serving you at all times even in difficult times like these. We will continue to act in accordance with the Directives of our Government and the World Health Organization (WHO). We will work with the Government and all stakeholders in the fight against the pandemic.

For all your insurance needs and solutions please contact us on the following:

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Our service centres and branches countrywide are open daily from Monday to Friday between 7:30am to 4:30 pm except public holidays. Our Border offices are open daily.
1. Introduction

In 2012, the 55 member states of the African Union agreed to establish the African Continental Free Trade Area (AfCFTA) as a way of creating a single continent-wide market for goods and services as well as promoting the movement of capital and natural persons. While this trade agreement does not guarantee trade, it does create incentives for countries within the African continent to trade with one another more and hence its importance cannot be overemphasized. Malawi, alongside 44 other countries signed the AfCFTA Agreement on 21st March 2018 in Kigali, Rwanda and this Agreement was expected to enter into force once 22 out of the 55 member states ratified it.

Over the course of the past year of 2019, several positive strides were made towards attaining the goal of making AfCFTA operational. This report therefore gives an update on the progress made under the AfCFTA between January and December 2019.

1.1 Developments made during the period January to June 2019

During the first half of 2019 negotiation meetings of the AfCFTA Negotiating Forum and Technical Working groups were conducted with the aim to conclude outstanding matters from 2018 and also to ensure that the technical support instruments for the Agreement were finalized ahead of the launch of its operationalization in July 2019, in Niamey, Niger. In this period great progress was made with respect to ratifications of the AfCFTA Agreement leading to attainment of 22 ratifications required for its entry into force.

1.2 Ratification of the Agreement and Official Launch of Negotiations

During the period between July to December 2019, the 12th Extraordinary Session of the Assembly was held on 7th July, 2019 in Niamey, Niger and this served as the official launch of the operational phase of the Agreement. At the summit an update of the AfCFTA process for the first half of 2019 was provided.

In this the key issues that were highlighted were the main meetings for negotiation and policy structures that took place and the outstanding progress made with respect to ratifications. By the time of the launch 27 member states had ratified the agreement, well beyond the 22 ratifications required for the agreement to enter into force. It is important to note that as at 31st October, 2019, 2 more countries had deposited their instruments of ratification with the depository making the total to be 29 countries however Malawi was not among the countries that had done so. Malawi is undergoing the process to ratification by obtaining views from various stakeholders the private sector, government, academics, civil society and youth organizations. Some of the issues that are being discussed are: competitiveness of local industries in a much liberalized market, the issue of jobs associated with it and government revenue etc.

In addition several other meetings were held over this period:

- 2 meetings of the Council of Ministers
- 1 meeting for the African Union Ministers of Trade (AMOT)

2. Significant achievements made in 2019

2.1 Launch & Adoption of instruments

One of the significant achievements made during this period was the launch and adoption of the following instruments at the summit in Niger that will power and enable the AfCFTA to become operational:

- Agreed Rules of Origin in Appendix IV to Annex 2 on Rules of Origin
- Trade in goods password protected online portal
- The African Union Trade Observatory
- The Non-Tariff Barriers Monitoring, Reporting and Elimination Mechanism
- The Pan-African Digital Payments and Settlement Platform

2.2 AfCFTA Adjustment Facility

Afrexim bank has availed US$ 1 billion line of credit to all African Union Member States to be used to meet adjustment costs related with the implementation of the AfCFTA. In addition, the Bank has availed US$ 2.5 billion for the African private sector who may require funds to scale up operations in the AfCFTA.

Despite the significant progress that was made during this period several key topics still remained under ongoing negotiations and some of which negotiations are still continuing to this day.

3. Topics still under ongoing negotiations

3.1. Annex 1 on Schedules of tariff concessions

As at 31st December, 2019, 11 countries had submitted their tariff offers, but a number of countries and Regional Economic Communities (REC’s) were still working on their tariff offers and were at an advanced stage. A recommendation was made at the 10th meeting of the African Union Ministers of Trade (AMOT) to give countries more time to finalize outstanding work on tariff offers and other issues.

3.2. Rules of Origin

Rules of Origin are legal standards supporting the differential treatment of some products based on their country or region of origin. During the second period of the year there was not much progress was made in regards to this issue. This was mainly due to the inadequate funding available to the AfCFTA secretariat. Efforts were being made to engage relevant structures to secure funding for finalization of this work.

3.3. The G-6 reservation

During initial negotiations at the onset of the AfCFTA Agreement, 7 member states were of the view that the adopted modalities were too ambitious for them and hence sought some preferential treatment. After some time Djibouti consented to administer the modalities as agreed. The remaining countries (G-6) namely Ethiopia, Madagascar, Malawi, Sudan, Zambia and Zimbabwe requested an 85% tariff liberalization line instead of the 90% agreed by the rest.

A decision at the 2019 summit in Niger was that this should be looked into further and there was hope that consensus would be achieved in February 2020 at the next assembly of the African Union (AU).
3.4. Trade in Services
The road map for finalization of regulation in trade in services was aligned as per the 2019 summit directives. Later it was agreed at the AMOT meeting that by January 2020 schedules of the commitments for priority sectors were to be finalized and that all other outstanding issues were to be finalized by June 2020.

3.5. Status of Signatures and Ratifications
In regards to signatures Eritrea was the only country out of the 55 members which was yet to sign the agreement and the AU was engaging the government of Eritrea on this. While in regards to ratifications as at 31st October, 2019, only 29 countries had submitted their instruments of ratification.

3.6 Phase II Negotiations
It was anticipated that by the end of the year most phase I negotiation issues would draw to a close and that phase II negotiations would commence shortly after. The African Union Commission was currently working on setting up Technical Working Groups for Phase II negotiations.

3.7 Collaboration with Regional Economic Communities
With regard to this issue the African Union Commission Department of Trade & Industry (DTI) was still working on a framework of collaboration between the African Union Commission (AUC), AfCFTA Secretariat and the Regional Economic Communities (RECs) to facilitate coordination and collaboration between the parties on matters of common interest (trade, investment, infrastructure development and private sector development) and to establish working arrangements. The idea was that once the document was ready it would then be brought before the executive council for endorsement.

3.8 Operationalization of the AfCFTA Secretariat
The Council of Ministers was tasked with the operationalization of the AfCFTA Secretariat. As at December, 2019 several major issues such as drawing up of an organizational structure and budget of the secretariat were yet to be finalized and they still remained work in progress. On the positive side, progress was made on issues such as recruitment of executive posts of the secretariat and a panel was appointed to facilitate the recruitment process. Accra, Ghana was chosen as the home of the secretariat.

4. Conclusion and Malawi Private Sector Recommendation
From the issues highlighted above we are able to see that in 2019 though significant progress was made on issues such as adoption of the agreements reached at the summit in Niger as well as steps towards appointment of executive members of the secretariat several important issues still remained far from being agreed. The hope is that most of these issues will have been resolved before the proposed date for the start of trading under AfCFTA which is 1st July, 2020.

Malawi on its part should prepare for its participation at the AfCFTA by ensuring that there is a private sector competitiveness plan to secure Malawi’s offensive commercial interests within the AfCFTA. There are challenges and risks as well as opportunities in the implementation of the AfCFTA and Malawi needs to address some of the supply side constraints such as competitive cost and supply of electricity, access to affordable finance, good access to infrastructure services (For Instance: rail, telecommunications, and good transport network), among others. There is also need to understand that countries institute non-tariff measures and non-tariff barriers. These frustrate the integration process and Malawi has already been affected by some countries despite existing preferential treatments on border taxes based on regional and bilateral agreements. There is need for Malawi to tread carefully with such countries because Malawi would be flooded by so many products that could potentially kill the domestic industry instead.
BUSINESS UPDATE ON COVID-19 PANDEMIC AS AT 17th APRIL 2020

Marian Nkomba, Economist

1. World
As the week ended on Friday 17th April 2020, the number of countries on lockdown continued to increase with the majority in Europe which is the epicenter of the coronavirus pandemic. In Europe, a total of 21 countries and many other countries were under lock with countries. In the United States recorded the highest cases of corona virus in the world totaling 678,144 cases. Although this is the so, the US has seen a slowdown in new cases recorded daily from 33,752 cases the previous week to 29,567 cases on the 16th April while new deaths continue to rise recording an all-time high of 6,185 cases deaths on 14th April. The country’s economy continues to take blows as businesses have come to a hold due to imposed lockdowns. As of 16th April, the country announced 5.2 million citizens who registered for unemployment due to loss of jobs bringing the total to 20 million. Although this is the case, President Trump announced plans to open up the economy on May 1st 2020.

Some countries include Germany, Portugal, Czech Republic, France, Belgium, Norway, China, Slovenia, Indonesia, El Salvador, New Zealand, Poland, Switzerland, Austria, India, United Kingdom, Australia, Italy, Denmark, Ireland, Spain, South Africa, Zimbabwe, Kenya, Nigeria etc.

While in China, total cases of the virus were recorded at 82,692 cases with daily new cases of 46 cases recorded on 15th April and 1 recorded death during the week. As the country still undergoes pre-lockdown opening of companies, reports on 17th April 2020 revealed that the economy shrank by 6.8 percent in the first quarter. Among other key figures, factory output was down by 11 percent, retail sales plummeted to 18.5 percent and unemployment hit 5.9 percent in March. Job figures recently showed the official government unemployment figure had risen sharply with the number working in companies linked to export trade falling the most. China has slowly started letting factories resume to production and letting businesses reopen but the slowdown in the rest of the global economy presents a significant problem as exports still play a major role in China’s economy.

2. Africa
On the African continent, a total of 55 countries have been affected by Covid-19 with Egypt being highly hit with 2,673 cases followed by South Africa with 2,605 cases, Morocco 2,283 cases, Algeria 2,268 cases and Cameroon 996 cases. The continent recorded total deaths of about 969 cases. In the Southern Region, Lesotho has been spared from the pandemic with zero recorded cases while South Africa has the highest recorded deaths in the region. To mitigate the effects of the virus, countries in the region have resorted to city or country lockdown in deeply slowing down economic activity in the region. Currently, only Mozambique and Zambia have insisted on keeping economic activity in their countries running.

3. Malawi
Here at home, businesses continue to feel the effects of the global economic slowdown with the tourism sector taking the biggest hit. With a total of 19 Covid-19 cases, on 7th April 2020 President Mutharika announced a planned country lockdown beginning on 18th April 2020 midnight amid controversies on the country’s preparedness in battling the pandemic.

Due to the nature of the economy, a lockdown presents an immediate threat to the 2020 GDP growth projection of 5.1 percent.

During the first three months of the year as reported in RMB economic publication, the wholesale and retail trade suffered a credit contraction of about K11 billion due to lockdowns imposed in main trading partner countries such as South Africa and Zimbabwe. With the lockdown in place, we should expect this trend to continue as trade comes to a total stand still. As China continues to slowly recover & restart manufacturing, they are still cautious about importing the virus from people entering the country. We should expect very strict regulations in regards to trade.

The manufacturing industry also recorded a credit contraction of about K6.8 billion in the first quarter of the year. Going into the lockdown, we should expect continued slowdown in this sector as some manufacturers depend on imported raw materials. We should also expect an increase in unemployment due to retrenchment as business shut down operations.

As it stands, the tobacco market is set to open on 20th April 2020. This is understandable move by the government as tobacco pulls a lot of foreign currency into the country. There is still uncertainty on how well the market will fair considering the situation at hand. Nonetheless opening of the market means some farmers will still be able to earn income during the lockdown. Malawi is also currently entering the maize harvest season and the nationwide lockdown will undoubtedly disrupt the food value chain. Due to disruption in public and private transportation most farmers will be forced to harvest after the 21 days of lockdown. This scenario is tricky because farmers face a risk of theft because for day laborers, a lockdown means an abrupt stop to their daily earning which will most likely end in a spike in crime.

There is of course a streak of hope for Malawi because the World Bank approved $7 million in immediate funding to support Malawi’s response to the global COVID-19 (coronavirus) pandemic under a new Malawi COVID-19 Emergency Response and Health Systems Preparedness project. In addition to the new operation $30 million was made available from the Disaster Risk Management Development Policy Financing with a Catastrophe Deferred Drawdown Option (Cata- DDO) to strengthen the country’s response to the pandemic. Hopefully these funds will be directed to supporting vulnerable groups of people during the lockdown.

International Monetary Fund also approved debt relief to 25 countries including Malawi under their revamped Catastrophe Containment and relief Trust (CCRT) as part of the fund’s response to help address the impact of Covid-19. This will provide Malawi with more funds to mitigate the effects of Covid-19.
ENHANCING AGRICULTURAL PERFORMANCE BY UNLOCKING NATURE’S POTENTIAL

40 YEARS OF EXCELLENCE

Since 1990, the Company has expanded its area of operation to include all crops in the country and is the largest supplier of Crop Protection Products, Micro Nutrients and Liquid Fertilizer in Malawi. The company also supply an extensive range of Spraying Equipment under the Jacto Brand which includes Knapsack sprayers, Tractor mounted and Tractor trailed Mist Blowers. FOL provides inputs for Sugar, Tobacco, Tea, Cotton, Coffee, Macadamia, Maize, Rice, Vegetables, Groundnuts, Bananas, Paprika, Soya, Sunflower, Pigeon peas and other Legume crops. We also service the Animal Health Industry and Environmental Health Sector, particularly the Malaria Vector Control Program. We do NYONGA input packs for all out grower projects.

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The Malawi Confederation of Chambers of Commerce and Industry (MCCCI) is a membership based business association which exists to serve its members through representation, lobbying and advocacy, trade facilitation, and capacity building. The membership is segmented into five categories, namely **Premium, Platinum, Diamond, Bronze and Star**. Each category offers a bundle of benefits that meet the unique and distinct needs of the businesses in that category. The specific benefits broadly fall into four areas, i.e. Leadership, Promotion, Education for Business Growth, and Business Support.

**Premium**

This is a Membership Category suitable for businesses that are forward-looking and want to participate in defining the business environment in which they want to operate through playing a leadership role in shaping business related policy, legislation, regulation, and strategies.

**Platinum**

This Category meets the needs of businesses who want to place themselves strategically to take part in driving the private sector development agenda. This is achieved through representation on parastatal boards, government committees, sponsored regional and international trade missions, and sector representation at lobbying and advocacy fora.

**Diamond**

The Diamond Category is suitable for businesses that want to upgrade from a medium scale business to a nationally recognized corporate. To assist the business grow, you will be met by MCCCI management team for personalized advisory services.

**Bronze**

Small businesses embrace growth aspirations needs and the Bronze Category offers them benefits in the form of business support, advisory services, and access to information to assist them grow their businesses.

**Star**

The Star Category meets the specific needs of start-ups and cooperative enterprises in their quest to stabilize themselves in business. This is achieved through mentoring, coaching, training, and productivity enhancement programs.

-MCCCI: The Voice of the Private Sector-

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