

MALAWI CONFEDERATION OF CHAMBERS OF COMMERCE AND INDUSTRY (MCCCI)

Commentary on the 2026 State of the Nation Address (SONA)

1.0 INTRODUCTION

The Malawi Confederation of Chambers of Commerce and Industry (MCCCI), as the representative body of the private sector in Malawi, has carefully reviewed the 2026 State of the Nation Address delivered to Parliament. The Confederation commends the Government for openly acknowledging the severity of the economic situation and for prioritizing economic recovery as the central national agenda, as highlighted by the theme **“the path to Economic Recovery: Delivering a people-centered development”**. The Address correctly recognizes that Malawi is emerging from a period characterized by foreign exchange shortages, fuel scarcity, rising prices, and business closures, conditions that significantly disrupted private sector operations and investment confidence. For the business community, these were not merely macroeconomic indicators; they translated into halted production lines, inability to import raw materials, disrupted supply chains, and reduced investment confidence. Addressing these economic challenges is fundamental to national economic recovery, and the private sector should be positioned at the core as the primary driver of growth and recovery.

2.0 KEY OBSERVATIONS FROM THE ADDRESS FOR THE PRIVATE SECTOR

2.1 The macro economic Environment

From the private sector’s perspective, the Confederation acknowledges several positive commitments contained in the Address that have the potential to improve the business operating environment and support wider economic recovery. These measures, if effectively implemented, can help restore business confidence, improve production activity, and stimulate investment across key sectors of the economy.

- In our Business climate survey and economic reviews, Forex scarcity and uncertainty about its accessibility was consistently top most ranked of the challenges faced by the business community. It is for this reason that the confederations commends and continue encouraging the Government to review the foreign exchange regulations. Improved forex management will support the importation of raw materials, restore production, and improve investor confidence.
- Government’s austerity measures aimed at reducing wasteful expenditure, eliminating fraudulent contracts, and improving public financial management are also positive steps toward macroeconomic stability. Fiscal discipline can help reduce inflationary pressure, stabilize the exchange rate, and create a more predictable environment for investment.

2.2 Agriculture and food security

- The commencement of fertilizer production in the country represents a positive and strategic development, as fertilizer is an essential input for agriculture and one of Malawi's top three major imports. An affordable and sustainable domestic fertilizer industry will reduce dependence on imports, save foreign exchange, and support agricultural production.
- Finally, the review and redesign of the mega farm programme is important for improving agricultural productivity, stabilizing food supply, and ensuring reliable raw materials for agro-processing industries. The confederation believes that a properly managed program can be a solution to the food insecurity problems faced in the country.

2.3 Industrialization and trade

- The commitment to strengthen cooperatives and Micro, Small, and Medium Enterprises (MSMEs) is a positive development because MSMEs constitute the majority of businesses in Malawi. Improved support to these enterprises can enhance productivity, formalization, and participation in supply chains.
- The Confederation welcomes the Government's continued development of Special Economic Zones, as this has strong potential to attract high-value investments into the country. Properly implemented, Special Economic Zones can stimulate industrialization by providing serviced infrastructure, investment incentives, and an efficient regulatory environment for manufacturers and exporters. This will encourage the establishment of processing and manufacturing industries, promote value addition, create employment, and enhance Malawi's competitiveness in regional and international markets.
- The government's intention to intensify support for local production is equally important because Malawi's economic challenges largely stem from low productive capacity. Increased local production can improve the availability of goods, stabilize prices, and support industrial growth. For businesses, this improves market predictability, strengthens consumer purchasing power, and allows firms to plan operations with greater certainty.

2.5 Mining

- During the pre-budget consultation the confederation proposed that the Government should facilitate the establishment of a pooled private sector driven investment fund aimed at mobilizing domestic capital for strategic participation in mining developments. The establishment of a Sovereign Wealth Fund to manage proceeds from mining is also a positive development because it fully aligns with the proposed investment fund by the confederation. If properly managed, the Fund can finance critical infrastructure and stabilize the economy during external shocks.
- Reforms in the mining sector, including auditing licenses and restricting the export of raw minerals, signal a shift toward value addition within the country. This is will also boost private sector investment.

2.6 Energy

- The planned increase in electricity generation capacity from 551 megawatts to over 1,000 megawatts by 2030 is a critical intervention for industry. Energy reliability remains one of the largest constraints to manufacturing and processing activities. An improved and reliable power supply will reduce production stoppages, lower reliance on costly generators, and improve the competitiveness of locally produced goods.
- Similarly, the plan to double national fuel storage capacity will improve fuel security, stabilize transport and logistics, and enable businesses to maintain consistent production and distribution schedules.
- These will ensure the utilization capacity of manufacturing companies is restored unlike the current status of less than 75% capacity utilisation

2.7 Transport infrastructure

- The rehabilitation of the Marka-Bangula rail line and the promotion of private sector participation in lake transport are equally important as they will diversify transport options and reduce the high cost of moving bulk goods. Lower transport costs will improve export competitiveness and support sectors such as agriculture, mining, and manufacturing.

2.8 Tourism

- In its submission during the 2026/27 pre-budget consultations, the Confederation proposed the establishment of the Malawi Tourism Authority to assume a stronger facilitative role in private sector development by serving as a one-stop interface between investors and government institutions. The State of the Nation Address (SONA) has since indicated that the Authority will be operationalized to accelerate flagship projects.
- To effectively achieve its mandate, the Authority should incorporate private sector representatives to help expedite project implementation and support resource mobilization efforts and accountability through private sector driven Public private partnerships

2.9 Digitization

- The inefficiencies within the business environment can be significantly reduced by fully embracing and integrating digital transformation across both public and private institutions in service delivery. This would enable faster access to services while minimizing deliberate human interference. The confederation commends the and strongly encourages government to fully actualize this initiative

2.10 Good governance

The Confederation commends the President for setting a strong and clear tone by warning leaders at all levels against engaging in corrupt practices. If this position is fully implemented and upheld, it will help safeguard and ensure the prudent use of the country's limited resources. Moreover, **“The most effective way to promote good governance is by ensuring that leaders remain accountable to the citizens they serve.”**

3.0 KEY RECOMMENDATION

The Confederation commends the economic recovery agenda. However, sustainable recovery will only be achieved through increased production, which requires positioning the private sector at the centre of the recovery process. We therefore expect that businesses will be supported with appropriate incentives to expand production capacity, as this offers a sustainable solution to many of the country's prevailing economic challenges.

3.1 Institutionalize Public–Private Sector Collaboration

Key institutions such as the Malawi Tourism Authority and proposed mining investment structures should formally incorporate private sector representation. Strengthened Public-Private Partnerships (PPPs) will accelerate project implementation, improve accountability, and enhance domestic resource mobilization.

3.2 Ensuring Forex Reforms Prioritize Export-Generating Sectors

The review of forex regulations must prioritize sectors that generate foreign exchange, particularly manufacturing, agro-processing, and other productive industries. Businesses require forex to produce and ultimately generate exports that sustain the economy.

3.3 Strengthening the Regulatory Framework in the Mining Sector

Mining reforms must be complemented by a comprehensive review of the regulatory framework to ensure transparency, predictability, and maximum value addition. A strong regulatory foundation will enable Malawi to fully benefit from its natural resources.

5. Promote Digitization and Good Governance

Full implementation of digital transformation across public institutions should be prioritized to reduce inefficiencies, minimize corruption risks, and improve service delivery. At the same time, sustained commitment to accountability, transparency, and anti-corruption measures will safeguard limited national resources and build long-term investor confidence.

4.0 CONCLUSION: FROM POLICY COMMITMENTS TO CONCRETE BUDGETARY INTERVENTIONS

The Confederation welcomes the State of the Nation Address and the President's acknowledgment of the prevailing economic challenges, as well as the proposed recovery interventions.

However, from the private sector's perspective, the success of the recovery agenda will depend on the specific and actionable measures that underpin these commitments. The Confederation therefore looks forward to concrete, targeted interventions in the 2026/2027 National Budget. These will be critical for implementing the outlined reforms and restoring private-sector-led growth.