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# Malawi Investment Portfolio

MALAWI INVESTMENT AND  
TRADE CENTRE (MITC)



# Foreword



## **Hon. Sosten Gwengwe Minister of Industry & Trade**

In 2012, the Government of Malawi initiated key policy reforms aimed at enhancing economic and social development through private sector and export-led growth.

The primary objective of the policy reforms was to establish strategic development plans in line with Government's vision to economically empower citizens by creating jobs and wealth, and reducing poverty.

To this effect, Government launched three key development strategies:

1. Malawi Growth and Development Strategy II (MGDS II) was approved on 17th April, 2012. MGDS II is the country's five year medium term development framework designed to support Malawi out of poverty to prosperity. MGDSII has nine priority development goals that are aligned to Millennium Development Goals.
2. Economic Recovery Plan (ERP) was officially launched on 28th September 2012. The ERP outlines the short to medium term development plan with a focus on fewer pro-growth priorities. It identifies areas for short term intervention to tackle the country's economic challenges inherited from the previous administration, such as shortage of foreign currency reserves, scarcity of fuel and essential drugs in hospitals.
3. National Export Strategy (NES) was launched in December 2012 to provide a framework for building Malawi's production and export capacity. The NES is fully aligned to the priorities set out in the MGDS II and ERP.

The National development strategies launched by the Government aim to foster a conducive investment climate to support business growth in priority sectors (i.e. Agriculture, Energy, Mining, Infrastructure, Tourism). Additionally, the NES identifies priority clusters for export (e.g. oil seed products, sugar cane products, agro processing products and manufacturing products).

As such, the Government through its Investment Promotion Agency, the Malawi Investment and Trade Centre (MITC) is working with Malawi based businesses

to support economic growth led by exports and the private sector. MITC also looks to encourage international investors to look at Malawi as their investment partner of choice.

In order to enhance business production and export capacity, Malawi is looking to attract greater Foreign Direct Investment (FDI) to support private sector development. An increase in FDI flows can enable Malawi based businesses to be more competitive and achieve success in international markets.

Therefore, this document presents a selection of current investment opportunities across the priority sectors.

Finally, I want to assure the business community and investors that the Government of Malawi is committed to creating a very conducive and attractive business environment in Malawi, and I take this opportunity to invite you to invest in Malawi and make Malawi your preferred source of imports.

**Hon. Sosten Gwengwe**  
Minister of Industry & Trade

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# 1. Malawi Profile

## 1.1 Country profile

Malawi is a country in Southeast Africa with a population of 15.4 million people. Its predominant languages are Chichewa and English. The capital city is Lilongwe and the main commercial city is Blantyre.

Malawi is a low income country with a GDP of US\$5.6 billion and Gross National Income (GNI) per capita of US\$360. The country has experienced positive economic growth over the past 10 years. However, the country is currently in an economic recovery phase after a series of economic shocks over the past 2 – 4 years.

The Malawi Government's recent policy reforms are aimed at enhancing economic and social development by enabling a conducive business climate and an increase in private sector investment as the means for driving growth.

The country's economy is largely agriculture based and the Government's policy reforms aim at supporting diversification of the economy. To this effect, a number of key priority sectors and export clusters have been identified for investment and these are outlined in the country's development strategic plans (i.e. MGDSII, ERP and NES).



## 1.2 Key facts and figures

<b>GDP</b>	US\$5.6bn
<b>GNI per capita</b>	US\$360
<b>Population</b>	15.4m
<b>Exchange rate</b>	\$1 = MWK 383 (at 10.03.2013)



2011 figures. Source: <http://data.worldbank.org/country/malawi>

# 2. Investing in Malawi

## 2.1 Overview

Malawi is a unique and rewarding place to invest and work, as it provides transparent and tangible options to contribute directly to the country's economic growth. The country's business is conducted in English, with a growing management and middle class workforce, and its priority sectors offer high-growth potential that can be achieved through increased investment.

In addition to the potential high commercial returns that can be achieved through increased private sector investment; other benefits can include social impacts such as reduction of poverty levels, improvements to health and education standards as well as youth development and women empowerment.

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### **Pre-identified supply gaps**

The Malawi economy faces an imbalance due to higher import levels than exports. As such, a number of priority export clusters have been identified in the NES in order to fulfill local and international supply demands. Current, low export levels are primarily constrained by a lack of affordable investor funding.

New international market opportunities have already been identified and these can be served with an increase in production capacity. For example, an increase in the supply of pigeon peas (toordhall lentils, in high demand in the Indian sub-continent and UK Asian markets) can be achieved through commercial up-scaling of agro-processing facilities.

Identification of new markets provides mitigation against potential demand side risks.

### **High cost of borrowing**

The interest rate on loans currently stands at around 40%; the cost of borrowing within the traditional financial sector indicates the returns that are available, and yet also indicate the need for lower cost, external investors to provide affordable finance to businesses.

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**Contribution to development**

The Government's recent introduction of the three development strategies (MGDSII, ERP, NES) provides a strong indicator on the level of commitment to transform Malawi's economy into one of the fastest growing in Sub-Saharan Africa.

Additionally, Malawi is taking positive steps to improve the overall business and investment climate and therefore its ranking for 'Ease of Doing Business'. This commitment is also demonstrated by the recent restructure of the Investment and Export Promotion Agencies, to create a single effective entity in the form of the Malawi Investment Trade Centre (MITC).

**A coherent national framework for investment**

The country's framework for investment planning is covered in the key development strategies (MGDSII, ERP, NES). The strategies provide a coherent and alignment of priority sectors and export clusters for investment.

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## 2.2 Specific investment incentives

MITC has the responsibility of formulating and further enhancing Malawi's incentives for inward investment and ensuring these meet stakeholder requirements.

The table below illustrates consideration of business requirements and incentives offered:

Business requirement	Incentive
<b>Export Processing Zone (EPZ)</b>	<ul style="list-style-type: none"><li>• Capital equipment and raw materials are duty-free</li><li>• No excise tax is imposed on the purchases of raw materials and packaging materials made in Malawi</li><li>• No value added tax</li></ul>
<b>Expatriation of profits</b>	Possible under EPZ rules and as foreign exchange (through foreign currency account).
<b>Expatriation of income</b>	Under normal business operations, approx. 66% may be externalized, with the remainder expected to remain in

	Malawi.
<b>Corporation tax</b>	30%: under review
<b>Investment Protection</b>	<ul style="list-style-type: none"> <li>• Constitution of Malawi guarantees protection of assets of foreign investors</li> <li>• Member of the Multilateral Investment Guarantee Agency (MIGA)</li> <li>• Signatory to the international centre for settlement of investment disputes</li> <li>• Member of the Africa Trade Insurance Agency of COMESA</li> </ul>
<b>Tax breaks on large investments</b>	<ul style="list-style-type: none"> <li>• Allowance for manufacturing companies to deduct all operating expenses incurred up to 25 months prior to the start of operations</li> <li>• Loss carry forward of up to seven years, enabling companies to take advantage of allowances</li> <li>• Additional 15% allowance for investment in designated areas of the country</li> <li>• 50% allowance for qualifying training costs</li> </ul>
<b>Business Permits</b>	Currently offered when a minimum of US\$50,000 is invested, though this may be lowered to US\$20,000.
<b>Land rights and property</b>	Property rights are based on Malawian Constitution.
<b>Forex accounts</b>	Foreign exchange accounts may be held with the Central Bank.
<b>MITC General Incentives Summary</b>	<ul style="list-style-type: none"> <li>• 100% Investment allowance on New and Unused Industrial Buildings, Plant and Machinery</li> <li>• Allowances of up to 40 percent for used buildings and machinery</li> <li>• Zero duty on raw materials used in manufacturing</li> <li>• Exemption of Duty, Excise and VAT on Industrial Machinery and Equipment</li> <li>• Exemption of duty on direct importation of goods used in the tourism industry</li> <li>• There are no restrictions on remittance of foreign investment funds (including capital, profits, loan repayments and lease repayments) as long as the capital and loans that were obtained from foreign sources were registered with the Reserve Bank of Malawi (RBM).</li> </ul>

## 2.3 Risk assessment

### **POLITICAL RISK**

Malawi is renowned for being a peace loving country, and was rated as the second most peaceful country in Africa by the Global Peace Index in 2009. The country has no history of civil war or conflict.

In 1994 the country went through a peaceful political transition following thirty years of single party rule and held its first ever multi party democratic elections. Since then, the country has held three further peaceful democratic elections which were all deemed free and fair by international observers. This illustrates Malawi's maturing democratic and governance structures.

Furthermore, in April 2012 Her Excellency Mrs. Joyce Banda the former Vice-President and now incumbent President was elevated from office of Vice-President to office of President following the untimely death of her predecessor. This was in line with the constitutional requirement. Since then, the Government of Malawi has initiated pro-private sector and inward investment growth plans outlined in the country's key development strategies (MGDS II, ERP, NES).

### **FINANCIAL RISK**

In April 2012, Malawi ceased operating the fixed currency regime and adopted a floating currency regime in line with common international practice. As such, the country's currency, the Malawi Kwacha, now reflects its true market value.

As Malawi looks to increase its export base and improve the overall balance of payments position, the strength of its currency is also likely to improve. Therefore, this should protect against any significant currency fluctuations in the longer term.

Furthermore, investors can look to protect their investment against significant adverse currency movements by hedging their positions accordingly.

### **SUPPLY CHAIN RISK**

The investment prospects presented in this document cover various priority sectors; this is in support of efforts to diversify Malawi's economy from an Agricultural base.

A diversified product export base will help reduce supply risks associated with the significant dependency on the agriculture sector.

It is acknowledged that the shift from an Agricultural base cannot be instantaneous. Investment prospects being promoted cover priority export

clusters such as agro-processing and manufacturing products where Malawian producers may realise their local and export market opportunities. This approach can enable a smooth transition whilst taking advantage of current agriculture sector strengths.

Additionally, Malawi also excels at organising small holder farmers through various associations and cooperatives. This in turn enables effective coordination of support for the farmers through various market-focused organisations operating at the National or Regional level (e.g. NASFAM and Self Help Africa).

## **MARKET RISK**

The aim of the majority of the investment prospects presented here is to either facilitate import substitution or increase exports. This is coherent with the recent currency flotation and subsequent devaluation which has made imports more expensive and exports much more competitive. Malawi is now well placed to significantly increase its exports by taking full advantage of its COMESA and SADC membership, AGOA signatory, and eligibility for preferential exports to the EU. This therefore mitigates any potential market risk.

Furthermore, a growing middle class in Malawi means that the market demand for goods and services is also growing rapidly.

## **PORTFOLIO RISK**

As Malawi may represent a new market for some investors, a diversified portfolio of investments can mitigate against any risks associated with single project investments. In this regard, a Malawi based financial institution is currently considering establishing a Malawi focused investment fund that can enable a coordinated approach to managing investment funds on behalf of investors. Such an investment fund model would help to spread investors' risk exposure across several project investments, as well as the priority sectors of Malawi's economy.

## **SUCCESSFUL INVESTMENTS IN MALAWI**

In addition, Malawi has excellent examples of long-standing successful inward investments in locally based SMEs and large international companies operating in Malawi (e.g. Press Corporation, Standard Bank, Illovo Sugar, Universal Industries Ltd, Globe, and Candlex). Malawi Mangoes and Limphasa Sugar are recent examples of significant inward investment into the country's agro-processing sector. New investments are now beginning to flow in, with Malawi Mangoes recently securing a multimillion dollar investment from BXR (for further information please contact MITC and/or the Technical Team).

# 3. Key Sectors

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## Agriculture

The primary economic activity for around 85-90% of Malawi's population, contributing 30% of GDP, and comprising the main input for much of the manufacturing sector's foodstuffs and agro-processing production.

Malawi is now exploring diversification away from tobacco (traditionally its main export) into other crops where there is significant potential.

## Manufacturing

The manufacturing sector provides scope for high growth and there are several well-documented opportunities, particularly in agro-processing, some of which are contained in the profiles in this document.

Other manufacturing sectors are textiles, plastics, packaging, soaps, steel production, pottery and ceramics.

## Energy

The critical input for industry across Malawi, in particular the effective growth of manufacturing. The development impact of energy projects is therefore significant, and the Scottish academic and industry consortium, the Energy Technology Partnership (ETP), the EU and DfID are now investigating what opportunities there are for value addition and investment.

Large energy infrastructure projects are being planned, including increasing the supply of hydroelectric power. However, as many Malawians are off-grid, there are numerous opportunities for micro-hydro, solar and biofuel energy supply.

## Mining

An important sector for Malawi to generate foreign exchange-based income, which is critical for funding imported inputs such as fuel and machinery, for example for agro-processing and other high-growth industries.

In addition to the high-profile uranium mining operations by Paladin Energy in the north of Malawi (Karonga region), there are a number of mining opportunities currently being explored (e.g. precious and semi-precious stones – these are often mined in the informal sector operated by associations of small producers). There are further opportunities in the wider extractive industries which may be explored through the Ministry of Mines and with MITC.

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**Tourism**

An important cluster in Malawi and one that has significant potential, because a) there is scope for further investment in tourism to meet increasing demand, and b) a growing appreciation of Malawi as a 'hidden gem' tourist destination, particularly Lake Malawi, known as the 'Lake of Stars'.

Malawi has one main chain of hotels (Sunbird) which provides good quality hotel accommodation in key cities (Mzuzu, Lilongwe, Blantyre) and holiday destinations (Lake Malawi, Zomba Plateau). However, there is scope for other hoteliers to enter the market. Niche and more informal accommodation is also available at various tourist locations across the country. As such, there is further potential to offer unparalleled and unique holiday experiences.

Secondary services to the tourism sector such as car hire and internal transport options also provide opportunities for further investment to enable integration of services in the sector.

**Infrastructure**

Large infrastructure projects (including energy, above) along with water and sanitation, national and regional grain storage silos, warehouse systems, roads and rail, are all underway with scope for additional investment.

Further innovative financing models to provide funding for silos, schools, hospitals and other infrastructure would be welcomed.

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# 4. Investment Prospects

## 4.1 Introduction

Ranging in size from US\$0.1m to US\$70m, with a combined value of US\$177m, and spanning the major growth sectors in Malawi's economy, the investment prospects presented in this portfolio demonstrate the extraordinary potential of the country and thus represent an extremely exciting opportunity for the investor.

The portfolio has been developed through direct consultation and meetings with the main sponsors of the investment prospects, many of whom have a track record in doing business with Scotland and the wider UK. In many cases, detailed business plans exist and can be shared with investors upon request. However, in all cases, a process of due diligence has commenced, and investees will be happy to answer any questions about their investment prospects.

## 4.2 Summary table of all prospects

No	Prospect	Sector	Investment	Approx value (US\$m)
1	Open	Agro-processing	Sugarcane	70.0
2	Open	Agriculture	Pigeon peas	33.0
3	Afriseed Ltd	Agriculture	Seeds	22.0
4	Sunbird Hotels	Tourism	Eco-lodges	8.0
5	Mpatsa Holdings Ltd	Agriculture	Irrigation	7.0
6	Universal	Agro-processing	Soy bean processing	7.0

7	RAB Processors	Agro-processing	Soy beans	6.0
8	Mpatsa Holdings Ltd	Financial services	Commercial bank	5.0
9	NASCOMEX LTD	Agro-processing	Input/output marketing	5.0
10	Pride Malawi	Financial services	Micro-finance	3.2
11	Skyband	Infrastructure / ICT	Fibre optic cables	3.0
12	Company X	Agro-processing	Groundnuts	2.2
13	BERL	Energy	Bio energy	1.3
14	Paragon Ceramics Ltd	Tourism/Manufacturing	Lodge & pottery	1.0
15	Mpatsa Holdings Ltd	Agriculture	Fish cages	1.0
16	Beta Television	ICT	Commercial TV station	0.9
17	Eqnon Electricity Kiosks	Energy	Mobile electricity	0.4
18	Tafika Milling	Agro-processing	Maize	0.3
19	Ink It Design & Print Press	Services	Printing press	0.3
20	Naturals	Agro-processing	Baobab juice	0.3
21	Waste Water Environment	Infrastructure	Water/waste services	0.3
22	Namiashi Lodge	Tourism	Lodge	0.1
23	FES	Agriculture & construction	Purchase of Business	TBC

Other investments which are more suitable for a mix of public, donor and private funding, rather than direct private investment, have been identified and are available on request.

# Investment Prospect 1

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<b>Company name</b>	Open – Sugarcane opportunity (USAID)
<b>Company description</b>	The investment opportunity is a green field sugarcane production and processing venture. It is founded upon the Government of Malawi's Green Belt Initiative (GBI) and the development of 6,000 ha of irrigated land set aside for the production of sugarcane. In addition to developing the land for sugarcane production, a processing facility will be established. Malawi's potential to achieve high sugarcane yields of excellent quality provide the investment with strong profit generating potential. As a public-private partnership (PPP) the investor can be assured of government support in all aspects of the investment. There is high potential for social impact due to the planned engagement of smallholder farmers (SHFs) as out-growers, as well as the expected job creation from the processing plant.
<b>Products/ Services</b>	Sugar to be supplied to the local market and, taking advantage of Malawi's exceptional yields and favourable agro-climactic conditions, the regional and international markets.
<b>Turnover</b>	TBC
<b>Goals</b>	The government of Malawi is seeking new producers and processors to secure sufficient volumes of sugarcane for the local market while also expanding the competitive landscape in the sugarcane sub-sector.
<b>Sector</b>	Agro-processing
<b>Location</b>	Chikwana in Salima

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**Proposed Investment**

As part of the Green Belt Initiative (GBI) the Government of Malawi is looking for a strategic partner to form a public-private partnership in the development of a 6,000ha sugarcane estate.

- 4,000ha of the land is to be made available to the investor to develop a sugar plantation, whilst the remaining 2,000ha will be developed for SHFs who will operate as out growers.
- The produce from both the anchor farm and the outgrowers will supply a processing plant to be built by the Government of Malawi within the production area.

An Indian company will be contracted to build the processing plant and to run it for the first year or two of operation, after which the investor will take over to run the plant under the public-private arrangement. The choice of contractor stems from Malawi having been granted a US\$40m line of credit by the Indian government.

**Investment requirements**

US\$70m in total. Breakdown:  
Development of Irrigated Land: US\$42m  
Agricultural Machinery and Equipment: US\$19m  
Inputs, Training and Market Development: US\$9m

**Investment considered**

Public-private partnership

**Further info**

A comprehensive Monitor Group / USAID analysis of the opportunity is available. Please contact MITC or the technical support team (see Section 6).

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# Investment Prospect 2

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<b>Company name</b>	Open – Pigeon peas (USAID)
<b>Company description</b>	The investment opportunity is a Greenfield investment into pigeon pea production through an anchor farm and accompanying out-grower scheme. The anchor farm will consist of 2,000 ha of land with an additional 1,000 ha servicing has land for smallholder out-growers.
<b>Products/ Services</b>	Excellent market opportunities exist for the supply of pigeon peas, both domestically, to local processors for value addition, and globally, due to high demand in Asia, particularly India whose supply gap is increasing. As the world's third largest producer, Malawi is in a good position to further increase its volumes and serve this demand.
<b>Turnover</b>	TBC
<b>Goals</b>	The aim is to produce close to 12,300 MT/annum (~6% of national output), making the investor a major actor in the Malawian pigeon pea production landscape, particularly given the absence of any commercial competitors.
<b>Sector</b>	Agriculture
<b>Location</b>	Southern Malawi
<b>Proposed Investment</b>	<p>Investment opportunity is to establish a 2,000ha pigeon pea anchor farm with an accompanying 1,000ha out-grower scheme. Expected annual production volumes of ~12,300MT.</p> <p>In summary:</p> <ul style="list-style-type: none"><li>- 3,000 ha cultivated area, of which 2,000ha are under irrigation.</li><li>- Average yields of 2MT/ha</li><li>- Two harvests/annum</li></ul> <p>Equivalent to ~6% of national output</p>
<b>Investment requirements</b>	US\$33m in total. Breakdown: Land Development: US\$21m Agricultural Machinery and Equipment: US\$8m Inputs, Labour and Training: US\$4m

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**Investment considered**

Various options would be considered. However, it is anticipated that the investor would have full control over all operation.

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**Further info**

A comprehensive Monitor Group / USAID analysis of the opportunity is available. Please contact MITC or the technical support team (see Section 6).

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# Investment Prospect 3

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<b>Company name</b>	Afriseed Limited Company
<b>Company description</b>	Seed multiplication using social entrepreneurship model and working with rural women farmers.
<b>Products/ Services</b>	Legumes seed production Quality seed distribution Grading service and packaging Hiring out of farm equipment to farmers
<b>Turnover</b>	US\$5m-US\$20m
<b>Goals</b>	One year: value chain seed development Two years: value addition (processing) Five years: exports
<b>Sector</b>	Agriculture
<b>Location</b>	Lilongwe in Malawi, Chipata in Zambia, Tete Mozambique and South Africa
<b>Proposed Investment</b>	Afriseed is seeking for equity financing. The local company will contribute land, labour and market (ready market for procurement of seed by government through subsidy programme). The equity funds are for purchasing of breeder seed and all required farm inputs, purchasing of farm mechanization and construction of warehouses for seed storage and distribution and construction of packaging space and purchase of packaging equipment.
<b>Investment requirements</b>	Required investment: US\$20m Internal company capital: US\$2m
<b>Investment considered</b>	Both equity and donor financing. Donor funding under the women groups for training, sourcing of private sector extension services, mobilization of women groups and skill transfer to the women groups.

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**Further info**

Please contact MITC or the technical support team (see section 6).

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# Investment Prospect 4

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**Company name**

Sunbird Tourism Limited.

**Company description**

Sunbird Tourism Limited, (STL) incorporated in 1988, is a publicly quoted company, listed on the Malawi Stock Exchange. The major shareholder at 71% is MDC Limited, a dormant company, owned by the Malawi Government.

STL is a leading operator in the hospitality industry in Malawi and has as its main activity, the ownership, operation and management of seven hotel properties in Malawi. Catering Solutions Limited, a 65% owned subsidiary, is involved in the provision of catering services. With this portfolio, STL is by far the largest single hospitality and tourism enterprise in Malawi employing about 1,000 people and commanding 33% of the total market share.

**Products/ Services**

Business Concept:  
The Company's business can be summed up into three main categories.

- The provision of accommodation to business and leisure travelers.
- The provision of meetings and convention facilities to various user segments.
- The provision of food and beverage services to guests staying on premises and or conducting business (meetings and convention) at the hotel.

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**Turnover**

2012 Annual Turnover was US\$14m.

**Goals**

**One year:**

Improve shareholders wealth: improve the return on Capital Employed.

Capital restructuring: inject additional equity capital in Sunbird.

**Two years:**

Expansion. Develop two eco lodges in Malawi's Game Reserves.

**Five years:**

Manage other hotels under the Sunbird Brand.

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<b>Sector</b>	Tourism
<b>Location</b>	<p>The company's registered office and head office is, Sunbird Mount Soche, Glyn Jones Road, Box 376, Blantyre.</p> <p>The group has a total of 7 hotels, all strategically located in Malawi's key business hubs and resort locations.</p>
<b>Proposed Investment</b>	<ol style="list-style-type: none"> <li>1. Develop a 25 room/unit eco lodge within Liwonde National Park on the Upper Shire River.</li> <li>2. Develop a 25 room/unit eco lodge within Majete Game Reserve.</li> </ol>
<b>Investment requirements</b>	Required investment for the two eco lodges amounts to US\$8m.
<b>Investment considered</b>	The proposal is to have equity finance. The equity capital has not been mobilized yet.
<b>Further info</b>	A full business plan is available on request.

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# Investment Prospect 5

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<b>Company name</b>	Mpatasa Holdings Ltd
<b>Company description</b>	The investment arm of Mpatasa Trust has several business interests throughout Malawi.
<b>Products/ Services</b>	In addition to cash crops, products and services currently offered include real estate, distribution, hospitality, and advertising.
<b>Turnover</b>	US\$1-US\$5m
<b>Goals</b>	The aim of the current proposed investment is to increase the productivity and environmental efficiency of existing agricultural land in various locations around Malawi by investing in modern irrigation equipment.
<b>Sector</b>	Agriculture
<b>Location</b>	Blantyre, Zomba, Thyolo, Mangochi and Salima
<b>Proposed Investment</b>	Irrigation equipment for cash crop farming
<b>Investment requirements</b>	US\$7m
<b>Investment considered</b>	All options to be considered
<b>Further info</b>	Please contact MITC or the technical support team (see section 6).

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# Investment Prospect 6

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**Company name**

Universal Industries Ltd

**Company description**

Universal Industries Ltd for the past 55 years has always been synonymous with biscuits, confectionery and snacks, being the biggest manufacturer of these products in the country.

Over the last decade the company evolved, moving away from being just a pure food manufacturer and turning itself into a dynamic entity actively engaged in the supply chain of its raw materials. This strategy entailed backward integrating its processes and thereby creating its subsidiary, Universal Farming and Milling Ltd (UFML) based at Njuli in Chiradzulu district.

UFML spearheads the Universal Groups mission of adding value to Malawian crops in addition to its mandate of bringing about innovation in Agriculture/Agro-processing. The company has identified 3 major crops that it currently works at every level of the supply chain, right from growing it to adding value to packing for the supermarket shelf.

**Products/ Services**

Quality Biscuits, Confectionery, Savoury Snacks, Beverages, Pre-packs of Bakery Ingredients, Anchor milk powder, Nutri Gluco Phala (NGP).

Maize milled products, High Quality Cassava flour (HQCF), Green Coffee, & Potatoes.

**Turnover**

Turnover >US\$30m

**Goals**

One year: To encourage innovation and through Inclusive business model link smallholder farmers to UFML (Thus develop reliable supply chain).

Two years: Production to meet agreed targets, and Sales growth by 10% of previous year

Five years: To provide shareholder returns and Advance food security and Nutrition.

**Sector**

Agro-processing

**Location**

Head Office,  
Universal Industries Ltd (UIL),  
Ginnery Corner,  
Masauko Chipembere Highway,  
P.O. Box 507,  
Blantyre, Malawi, Central Africa

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**Proposed  
Investment**

There are 3 new value chains projects that the company has embarked on. These projects are; High Quality Cassava Flour (HQCF), Potato Multiplication Project & Nutritional Projects (Soya based, Soya incorporated Projects [3]). The [3] projects are;

- Soy oil by using Extrusion process,
- Soy Chunk by using defatted soya cake from Soya oil,
- Corn-Soy Blend (CSB) prepared from heat-treated Maize and Soya beans, sugar, vitamins and minerals for adult and children over than 6 months.

And Nutri Gluco Phala (NGP) containing 40% Soya is done at head office UIL.

The Projects will start in March 2013 (HQCF), Soya Projects July 2013 -2014.

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**Investment  
requirements**

US\$5m capital requirement.  
US\$2m working capital requirement.

**Investment  
considered**

Debt finance or equity – hence intention to list on stock market.

**Further info**

Full business plans for each of the three projects are available on request.

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# Investment Prospect 7

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**Company name**

RAB Processors Ltd- Soy beans (USAID)

**Company description**

Rab Processors Ltd was founded in 1983 and is a leading company in Malawi's agro industry, specializing in value addition and the trading of local produce to act as a conduit between producers and global customers.

**Products/ Services**

The company offers a broad range of agriculture-related products, including farm inputs, raw commodities and nutritional food products.

Non-food goods: The company is a key regional supplier of basic non-food household and agricultural items such as fertilizer, bicycles, paraffin and cement. The sourcing, storing and sale of Rab's products is facilitated by the country-wide network of Kulima Gold depots allowing service to local, regional and international markets.

Raw Commodities: Rab's also specializes in the trading and export of locally grown produce. Examples of what they trade include: groundnuts, faya rice, corn soya blend (CSB), maize, pigeon peas, soya beans, sugar beans and tea.

Food Products: Rab's have a broad product offering such as flour, milk powder, nuts, peanut butter, rice, salt, tea and other consumer products. They also supply the World Food Program with nutritional products and have two in-house brands: Likuni Phala (CSB) and Sibusiso Ready Food Supplement (high energy food supplement).

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**Turnover**

Available on request.

**Goals**

Key organizational goals are to:

- Provide farm inputs and basic needs to support smallholder farmers (SHFs)
- Create a market for SHFs to sell their produce
- Maximize the value of Malawi's agricultural outputs

Act as a conduit between local producers and global customers

**Sector**

Agro-processing

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<b>Location</b>	Limbe, Malawi
<b>Proposed Investment</b>	Rab Processors Ltd are looking for a strategic partner to diversify into the production of textured soy protein which requires investment into plant, equipment and working capital. Equipment is needed for oil extraction and refinery.
<b>Investment requirements</b>	US\$6m
<b>Investment considered</b>	Rab is looking for debt or equity financing from a financial or operational investor.
<b>Further info</b>	A comprehensive Monitor Group / USAID analysis of the opportunity is available. Please contact MITC or the technical support team (see Section 6).

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# Investment Prospect 8

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**Company name** Mpatsa Holdings Ltd – Proposal to establish a commercial bank

**Company description** The Mpatsa family would like to set up a retail commercial bank whose overall objective is to assist most economically active Malawians achieve sustainable livelihoods and contribute to poverty reduction by increasing access to financial services (loans, savings, payment services, money transfers, and/or insurance) for the under-banked, un-banked (missing middle) and vulnerable populations, with priority given to increasing access to the “missing middle” such as SMEs and those living just below the poverty line and whose demand for services is greatest.

The bank will focus on the middle to low end mass market in delivering its services. These are estimated to be around 4.2m people.

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**Products/ Services** Loans, savings, payment services, money transfers, and/or insurance.

**Turnover** The bank is expected to breakeven in year 2 of operations and become fully and consistently profitable by the end of year three.

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**Goals** Mpatsa Bank has purposefully chosen to be a differentiated provider of financial services for most Malawians. Its competitive advantage will come from delivering the services based on the Critical Success Factors (CSF) for its target market of middle and lower class and clients of the various development projects run by NGOs such as:

- Access to financial services at fair prices (cost of funds, loan loss, interest and fee rates)
- Respectful staff
- Operating close to homes of its clients and workplaces
- Fast turnaround time on client dealings
- Profitable linkages with both suppliers and clients and particularly those organizations running developmental projects.

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**Sector** Financial services

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<b>Location</b>	Suitable premises in Blantyre, Limbe and Lilongwe are already owned by Mpatsa Holdings Ltd.
<b>Proposed Investment</b>	In order to capitalize the bank, support lending growth and a standby liquidity to ease seasonal liquidity crunches, at least US\$5m in long-term loans is required.
<b>Investment requirements</b>	US\$5m
<b>Investment considered</b>	Debt
<b>Further info</b>	A full business plan is available on request.

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# Investment Prospect 9

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<b>Company name</b>	NASCOMEX LIMITED
<b>Company description</b>	Commercial arm of the National Smallholder Farmer Association of Malawi (NASFAM), which is the largest smallholder association in Malawi with a combined membership of over 100,000 smallholder farmers. NASCOMEX is involved in input and output marketing mainly involved in commodity trading and agro processing
<b>Products/ Services</b>	Input marketing: Supply of fertilizer and various seed including legume seed Output marketing and agro processing of various commodities such as groundnuts, rice, chillies, peas, sunflower, soya, beans, maize and other commodities
<b>Turnover</b>	For year ending Feb 2013: US\$5m-US\$20m
<b>Goals</b>	<b>Immediate:</b> Continue with the provision of stable and reliable markets for the farmers <b>One year:</b> Explore possibilities of expanding the agro processing and volumes handled by the Company <b>Two years:</b> Introduce additional processing and value addition to produce handled by the company with individually or through JV <b>Five years:</b> Increase processing capabilities and export potential to achieve higher percentage of processed goods sales and export sales
<b>Sector</b>	Agro-processing
<b>Location</b>	NASFAM is present in 19 districts in Malawi. Nascomex operates from Lilongwe, Malawi
<b>Proposed Investment</b>	Groundnut oil production
<b>Investment requirements</b>	Approx US\$5m
<b>Investment considered</b>	Mixture of equity and donor grants

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**Further info**

Please contact MITC or the technical support team (see section 6).

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# Investment Prospect 10

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**Company name** Promotion of Rural Initiatives and Development Enterprises PRIDE Malawi Ltd. A Company limited by guarantee and licensed by Reserve Bank of Malawi as Non Deposit Taking Microfinance Institution.

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**Company description** PRIDE Malawi (PM) is a first microfinance company. It has operational establishments throughout the country with robust microfinance products tailor-made to serve the SMEs in Malawi.

**Products/ Services** PM uses two distinct lending methodologies based on servicing an individual client as a unit and servicing clients under group based loans product.

**Turnover** Audited accounts for 2010 and 2011, and unaudited accounts for 2012 are available on request. Interest income in 2012 was MK 253,232,119 (US\$660k).

**Goals** Balanced Score Cards for years 2 – 5 are available in the Business Plan and Strategy document upon request.

One year: increase capital base to MK500m (US\$1.3m) and Loan Portfolio to MK650m (US\$1.7m). OSS>200%, FSS >140%

Two years: increase capital base to MK800m (US\$2.1m) and Loan Portfolio to MK900m (US\$2.35m). OSS>280%, FSS >180%

Five years: increase capital base to MK1.8bn (US\$4.7m) and Loan Portfolio to MK2.2bn (US\$5.7m). OSS>370%, FSS >200%

**Sector** Financial Services - Microfinance Sector

**Location** Throughout Malawi.

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**Proposed  
Investment**

Loan Fund and limited systems infrastructure upgrade. Loan portfolio growth is limited due to limited loan funds. PM extends loans to largely women. Currently 65% of the active clients are women. Penetration is limited due to unavailability of capital. PM has Prudential regulated license for Microfinance. Further capital injection would enable PM to upgrade to deposit taking status which would make the company fully sustainable as portfolio growth would be derived from customer deposits. PM is committed to grow the company as detailed in its current business plan.

PM is seeking debt financing phased over three years. This investment would increase finance available to SMEs, in particular those run by women, and improve PM's IT systems. The overall result for the company is expected to be a trebling of active client numbers.

**Investment  
requirements**

PM requires a three tranced investment of US\$1m each in the space of 18 months. US\$150k is also required for systems upgrade and institutional development.

**Investment  
considered**

PM is awaiting approval for transformation to a shareholder-owned regulated financial institution. It is likely to be granted within 2013 and this would enable PM to seek equity investment as well as debt financing. PM would also appreciate grants towards the systems upgrade and institutional development.

**Further info**

A full business plan is available on request, together with audited financial statements.

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# Investment Prospect 11

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**Company name**

Skyband Corporation Ltd

**Company description**

Skyband Corporation Ltd at its core is a communications technology company providing internet services in Malawi with a product suite geared primarily (but not exclusively) towards the enterprise/corporate market and includes, but is not limited to, corporate Internet, MPLS, VPNs and wide area networks, VSAT and remote support, email and web hosting and basic data centre services; and private consumer internet, including Wi-Fi hotspots and nomadic 3G dongle services. Skyband has two main offices being Blantyre and Lilongwe and a third smaller office in Mzuzu. It has a point of sale in over 140 hotspot locations across Malawi. There are approximately 80 members of staff employed of which all are local Malawians except one expatriate. Skyband pride itself in offering the premier internet service in Malawi.

**Products/ Services**

As stated above Skyband has a wide range of enterprise/corporate connectivity packages, as well as managing over 140 hotspots across the country and a 3G network. Skyband also provides a range of other products and services such as 2-way radios, WAN's (wide area networks), data center, hosting facilities and others.

**Turnover**

2012 – 2013 US\$7.7m

**Goals**

Immediate: to commission multiple metro fiber rings throughout the cities of Blantyre and Lilongwe in order to increase the capacity and reliability of services available to Skyband's growing customer base.

This investment will also allow Skyband to increase market share by expanding its coverage to segments of the market that it is currently unable to serve.

**Sector**

Infrastructure / ICT

**Location**

Skyband currently has two main offices in Blantyre and Lilongwe and also has a third smaller branch office in Mzuzu. Blantyre covers services offered in the South of the country, Lilongwe covers the Center and Mzuzu covers the North. This proposed investment would be for the two main centers being Blantyre and Lilongwe.

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**Proposed Investment**

To commission multiple metro fiber rings throughout the cities of Blantyre and Lilongwe.

**Investment requirements**

An investment of US\$3m is required for this project.

**Investment considered**

Any investment option will be considered.

**Further info**

Please contact MITC or the technical support team (see section 6).

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# Investment Prospect 12

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**Company name**

Company X

**Company description**

Company X is a groundnut processing facility producing peanuts and peanut paste. It was founded as a commercial and development joint venture and started full operations in 2011. Its domestic market share is ~4%.

**Products/ Services**

- Shelled, high quality peanuts that meet stringent EU market standards (includes Fairtrade certification).
- Blanched peanuts and roasted kernels, as well as peanut paste for peanut butter and nutritional supplements.

**Turnover**

Available on request.

**Goals**

- Key organizational aims are to:
- Move smallholder groundnut producers up the value chain (i.e., link them to output markets).
  - Expand the volume of Fairtrade and other value-added peanuts for international, regional and domestic markets.
  - Maximize potential for groundnut trade in Malawi for the benefit of smallholders and the economy at large.

**Sector**

Agro-processing

**Location**

Available on request.

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**Proposed  
Investment**

Company X is seeking investment to purchase new equipment and increase capacity to 20,000 MT by 2016.

Plans for future growth:

Expansion Plans

- Supply growing market demand by increasing capacity from 6,000 to 20,000 MT / annum by 2016.
- Take over post-harvest handling and further reduce the risk of aflatoxin contamination.
- Cover full spectrum of groundnut processing operations (i.e., peanut paste, oil, animal feed).

Equipment Needed

- Total value of equipment needed is ~US\$1.2m, which covers: Shelling plant, color sorter, improved peanut paste processing equipment and oil extraction machinery.
- ~US\$1m to purchase own processing site instead of renting.

**Investment  
requirements**

US\$2.2m

**Investment  
considered**

Not specified whether debt or equity

**Further info**

A comprehensive Monitor Group / USAID analysis of the opportunity is available. Please contact MITC or the technical support team (see Section 6).

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# Investment Prospect 13

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**Company name**

Bio Energy Resources Limited

**Company description**

Bio Energy Resources Ltd (BERL), founded in 2006, is a dual product company. Similar process technology is used to produce bio fuel from jatropha – a non-edible crop – and cooking oil from sunflower. The company holistically supports the value chains for both oilseed crops. The BERL team implements a business model with the Malawian context at heart; jatropha is only grown with smallholder farmers as a boundary hedge, ensuring that the fuel crop does not compete with food crops. Sunflower, which was adopted by BERL in late 2011, is procured from the same smallholder network. Combined, these crops are providing an annual income to smallholder farmers and their families.

**Products/ Services**

The jatropha nuts are processed into jatropha straight vegetable oil and seedcake. The oil is blended with both diesel and paraffin, for fuelling diesel engines and paraffin lamps respectively. The seedcake is sold as bio-fertiliser for use on Maize, Sunflower and Tobacco. The sunflower seeds are processed into cold pressed virgin sunflower oil and seedcake. The oil is sold as high quality cooking oil and the seedcake is sold as a component of animal feed. All of BERL's products are sold on the domestic market thus reducing the country's import bill and trade deficit.

**Turnover**

As an agro-processor, BERL's financial year runs from 1<sup>st</sup> August to 31<sup>st</sup> July. The turnover for the 2012 – 2013 year currently stands at US\$173,630. It is projected that the total turnover for the financial year will be US\$825,296. Further financial details can be found in the supporting document titled "2013-2017 Cashflow Forecast".

<b>Goals</b>	Immediate 2013	To install a second press and additional processing equipment
	Year One 2014	To be cash positive
	Year Two 2015	To have 30,000 smallholder farmers with 12m trees producing 3235 tonnes of Jatropha and 4250 tonnes of sunflower
	Year Five 2018	To have 60,000 smallholder farmers with 20m trees producing over 4750 tonnes of Jatropha and 4250 tonnes of sunflower

<b>Sector</b>	Energy
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<b>Location</b>	Operational in 10 Districts of Malawi, with the head office and oil processing facility located in Lilongwe.
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<b>Proposed Investment</b>	To date, US\$8.4m of equity finance has been invested. This proposal requests debt financing in the tune of US\$1.25m for further development of BERL's oil processing facility. The long-term loan will finance further seed / oil cleaning and storage equipment, an additional oil press and initial working capital for the procurement of increased volumes of sunflower feedstock.
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<b>Investment requirements</b>	Oil Press	\$	300,000
	Seed and Oil Cleaning Equipment	\$	200,000
	Seed and Oil Storage Equipment	\$	100,000
	Initial Working Capital	\$	650,000
		<b>\$</b>	<b>1,250,000</b>

<b>Investment considered</b>	Preferably debt but equity is possible.
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<b>Further info</b>	A full business plan is available on request.
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# Investment Prospect 14

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<b>Company name</b>	Paragon Ceramics Ltd – Dedza Pottery (& Lodge) Branch
<b>Company description</b>	Paragon Ceramics Ltd is the owner of Dedza & Nkhotakota Potteries which manufacture high quality ceramics from mainly locally found raw materials, and 4 Lodges at Dedza, Nkhotakota, and Likoma Island which provide mid-range accommodation and restaurant services for both Local and overseas visitors.
<b>Products/ Services</b>	The potteries manufacture a wide range of ceramics including handcrafted pottery, quarry tiles, firebricks and electrical insulators. The Lodges are busy with tourists, business people, conferences, and school groups.
<b>Turnover</b>	Annual Turnover for Dedza Branch Pottery Manufacturing US\$250k-US\$350k Lodge & Restaurant US\$110k-US\$130k
<b>Goals</b>	Immediate: To handover all responsibilities for the Dedza Branch of the business. Ideally both the pottery production unit and the lodge.
<b>Sector</b>	Tourism & Manufacturing.
<b>Location</b>	Outskirts of Dedza Town, District Headquarters for Dedza District. The Pottery and the Lodge have stunning views of the mountainous Dedza landscape.
<b>Proposed Investment</b>	Current shareholders, Christopher & Charity Stevens would like to sell the business to a buyer who would be interested to continue to develop the enormous possibilities of this unique company that they have built up over the past 25 years. If required, advice and consultations from Christopher & Charity for up to 24 months can be written into any sale agreement.
<b>Investment requirements</b>	Required investment would be in the order of US\$1m + and would probably require a professional valuation of the properties and business before any sale. The company has no significant loans or debts and staff pensions are fully paid up in line with the new Pension Act.

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**Investment considered**

Any of the following would be considered:-

- Sale of Site and Business of Pottery Production and Lodge.
- Sale of majority Shareholding to an investor who would take full executive responsibility for the business.
- Sale of the Business with the Site and Buildings on a long term repairing lease.
- The Pottery, Lodge & Restaurant very much complement each other but we would consider selling the businesses separately.

The site is on 99 year lease from government which has over 80 years of lease remaining.

**Further info**

Please contact MITC or the technical support team (see section 6).

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# Investment Prospect 15

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**Company name** Mpatsa Holdings Ltd – Nkhonjeni Integrated Fish Farming Project

**Company description** The Mpatsa Fish farming is a project that Mpatsa Trust will implement in a 23 hectare dam that lies within 700 hectare farm (Khonjeni Estate) about 15 km from East of Thyolo Boma.

Fish will be reared in cages and fingerlings and breeding will be done in hapa. In addition the project will rear pig to supply manure. The project will target to have 36 cages constructed in the water body. Pig houses will be constructed in strategic places of the dam.

Stocking fish in the dam has other synergetic advantages as the dam will be utilized for other ecotourism activities such as sport fishing. In fact, stocking fish in the dam will be in-situ fish conservation and improve productivity of the water through fish production there by increasing the value of the dam.

**Products/ Services** Data indicates that nominal demand for fish is very high in both urban and rural areas while nominal supply is declining such that gap of fish demand and supply is becoming larger in the domestic market. Fish production gap is likely to increase with increasing population of the nation.

The project will target four tilapia fish species: makumba, chilunguni, chambo and mlamba. Mlamba will be reared in future after getting proper source of fingerlings.

The fish will be sold in strategic markets within the domestic markets as follows; selling at farm gate, selling in tea estates, selling in peri urban and urban markets. As production increases, some fish will be sold through supermarkets.

**Turnover** Financial projections will be made available on request.

**Goals** To maximize the productivity and profitability of the existing 23 hectare damn by selling fish in various strategic markets within Malawi where demand currently outstrips supply.

**Sector** Agriculture

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<b>Location</b>	Khonjeni Estate about 15 km east of Thyolo Boma.
<b>Proposed Investment</b>	Although the project has commenced, further financing is required to construct new dams and fish cages in order to fully realize the potential of the business plan.
<b>Investment requirements</b>	US\$750k - US\$1m.
<b>Investment considered</b>	Debt is preferred but other forms of financing may be considered.
<b>Further info</b>	A full business plan is available on request.

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# Investment Prospect 16

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**Company name**

Beta Television

**Company description**

Beta Television Limited is a wholly Malawian owned television company. It aims to provide superior fact-checked news coverage, edutainment infotainment, programs and business services to people of all ages in Malawi and beyond, using Beta Television channel as a medium of communications.

**Products/ Services**

Broadcasting of content including entertainment, news & current affairs, educational, health, good governance, environmental, human interest, political, awareness programs etc.  
Advertising space for companies and organisations operating in Malawi.

**Turnover**

US\$1m-US\$5m (projected)

**Goals**

**One year:** Acquisition of Studio/Transmission/support Equipment, Human Resource, Training of HR, Installation of Equipment, Acquisition of foreign content and production of local content  
**Two years:** Expansion program of the TV station i.e. Infrastructure, personnel, national coverage area, local content production, and radio station license acquisition  
**Five years:** Expansion program continue to print media equipment acquisition

**Sector**

ICT

**Location**

Lilongwe (Headquarters)

**Proposed Investment**

Financing is sought for studio broadcasting and transmitting equipment plus support equipment such as studio furniture, motor vehicles, air-conditioners, office equipment and desks. Human resource training, wages and salaries plus operating costs

**Investment requirements**

US\$850k

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**Investment  
considered**

Different options will be considered.  
Current owners' equity invested is US\$230k.

**Further info**

A full business plan is available on request.

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# Investment Prospect 17

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<b>Company name</b>	Eqnon Electricity Kiosks - Malawi
<b>Company description</b>	Increasing access to electricity by installing and operating electricity kiosks
<b>Products/ Services</b>	Operating electricity kiosks where people can rent batteries for their basic electricity needs, such as lighting, mobile phone charging and listening to the radio. Batteries with more capacity are offered allowing people to start a new business, e.g. a barbershop, video hall or a cooled drinks store.
<b>Turnover</b>	Available on request.
<b>Goals</b>	<b>Current:</b> Renting 300 batteries (pilot funded by Scottish Government) <b>Immediate:</b> Renting additional 1,600+ batteries <b>One year:</b> Renting additional 10,000 batteries <b>Two years:</b> Renting additional 100,000 batteries <b>Five years:</b> Renting additional 1,000,000+ batteries
<b>Sector</b>	Energy
<b>Location</b>	Rural areas with no direct access to the electricity grid and not being part of a planned grid expansion plan
<b>Proposed Investment</b>	The investment requested will scale up the existing pilot and rent an additional 1,600+ batteries
<b>Investment requirements</b>	Required equity investment: US\$0.4m
<b>Investment considered</b>	40% equity, 60% debt / donor finance (US\$0.6m donor funding has already been requested)
<b>Further info</b>	Please contact MITC or the technical support team (see section 6).

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# Investment Prospect 18

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<b>Company name</b>	Tafika Milling – Maize (USAID)
<b>Company description</b>	Tafika Milling Company is a 100% Malawian owned and operated corn soya blend (CSB) processor with a growing reputation for its high quality products. The company was founded in 2010 and is owned and operated by Rhoda Misomali, a Malawian woman.
<b>Products/ Services</b>	<p>Under its Zathanzi brand, Tafika offers three main products:</p> <ul style="list-style-type: none"><li>– Likuni Phala Porridge (CSB)</li><li>– Cream of maize (maize flour)</li><li>– Fat soya cake</li></ul> <p>Zathanzi has not publicly launched for general retail and is only sold in bulk, but plans are in place to launch the retail brand this year.</p>
<b>Turnover</b>	Available on request.
<b>Goals</b>	<p>Plans for future growth:</p> <ul style="list-style-type: none"><li>– Increase processing capacity from current 20MT/day to 60MT/day</li><li>– Increase level of mechanization to become a certified supplier to WFP, Mary’s Meals and UNICEF</li></ul> <p>Leverage regional market potential and start exporting to SADC countries</p>
<b>Sector</b>	Agro-Processing
<b>Location</b>	Malawi
<b>Proposed Investment</b>	Equipment needed to upgrade the plant include, amongst others: supplements to cleaning section (e.g. cleaner with cyclone), dry extruder, cooling system, electrical plant control panel, conversion kit for starch.
<b>Investment requirements</b>	US\$300k
<b>Investment considered</b>	Debt or equity not specified, Tafika wants to leverage technical and strategic expertise from an investor.

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**Further info**

A comprehensive Monitor Group / USAID analysis of the opportunity is available. Please contact MITC or the technical support team (see Section 6).

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# Investment Prospect 19

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<b>Company name</b>	Ink It Design Print and Press
<b>Company description</b>	The company is a unique design and print company that is environmentally focused and gender bias. It provides for design and printing solutions on recyclable paper only making it a green printing press, the only one of its kind in Malawi. The company advocates for both technology and services to help organization's print less as ultimately no printing is the most ecofriendly solution, to this end the company explores unique and inexpensive approaches to information dissemination that limit the amount of paper that needs to be consumed by companies. At present the company only employs female staff as a conscious way to provide formal employment to Malawian women.
<b>Products/ Services</b>	Communication strategy development Consultancy services in limiting paper consumption Providing print alternative Printing on recyclable paper Advocacy for greener solutions to communication Education and training in design, print and press Peer to peer conversation program
<b>Turnover</b>	US\$0-\$250k
<b>Goals</b>	<b>One year:</b> Procure a digital heavy duty recyclable paper printer, Recruit and train additional staff. <b>Two years:</b> Roll out the peer to peer conversation program in schools and formal private and public sector Procure a heavy duty recyclable packaging and branding press <b>Five years:</b> Replace all thin plastic paper carrier bags with recyclable paper bags in Malawi
<b>Sector</b>	Services
<b>Location</b>	Headquarters are in Lilongwe but project has a nation wide outreach
<b>Proposed Investment</b>	The investment required is solely for the procurement of capital equipment over a three year expansion period.

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**Investment requirements**

Capital Investment of US\$300k  
US\$250k Required investment  
US\$50k Internal Company capital

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**Investment considered**

Debt and Donor financing

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**Further info**

Please contact MITC or the technical support team (see section 6).

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# Investment Prospect 20

## Company name

Naturals, P.O. Box 31927, Blantyre, Malawi  
Tel: 265 212 956 246  
Email: Naturals@teecs.net

## Company description

The business is a duly registered owned by two Malawian ladies Mrs Towera Jalakasi and Mrs Ntchindi Masamba. Established in 2006, the business manufacture and sells baobab juice to wholesalers and Retailers in Malawi, Mainly through chain stores such as Peoples and Shoprite.

## Products/ Services



The product is baobab juice marketed under the brand name Khathi Khathi. It is available in 250ml, 500ml and 1 litre bottles.

## Turnover

Available on request.

## Goals

**One year:** Improve raw material resource and add other products such as baobab oil, baobab soap.

**Two years:** Building the capacity of delivery of products to consumers including exports

**Five years:** Up grading & Up rating current Production Processes to meet quality requirements and demand

## Sector

Agro-processing

## Location

Blantyre, Malawi.

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**Proposed Investment**

- Acquisition of machinery for Extraction of powder from baobab fruit
- Acquisition of machinery for Extraction of oil from seeds
- Acquisition of new vehicles for distribution
- Acquisition of coolers for display is shops
- Acquisition of modern processing machinery and building for the factory.

**Investment requirements**

US\$300k

**Investment considered**

Equity currently stands at US\$30k. There is financial obligation that is winding up in March 2013. Looking at the asset requirement of the business, it will be necessary to secure long term facility to finance long term assets. Different options will be considered.

**Further info**

Please contact MITC or the technical support team (see section 6).

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# Investment Prospect 21

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**Company name**

Water Waste and Environment

**Company description**

Water, Waste and Environment Consultants is a private consulting firm, registered under the Business Names Registration Act (Cap. 46.02), and with the National Construction Industry Council (NCIC). The firm has extensive experience working with and for international organizations.

The firm has six full time consultants with relevant expertise in Water and Wastewater Engineering, Social Sciences, Environmental Management, Civil Engineering, Forestry Management, Agricultural Engineering, Water Resources Management and Irrigation Engineering. In addition, the firm has an extensive network with other consulting firms as well as individual consultants working in specialized fields to offer a wide range of services.

Main clients of WVEC include, among others, the Government of Malawi through various Ministries, the World Bank, European Union, other donors; and other foreign governments such as the Government of Mozambique, Tanzania and Uganda.

**Products/ Services**

- (a) Project Designing
- (b) Baseline Socioeconomic including Health and Gender Studies
- (c) Water Supply and Sanitation
- (d) Wastewater Engineering
- (e) Solid Waste Management
- (f) Project Monitoring and Evaluation
- (g) Development of Monitoring and Evaluation Frameworks
- (h) Process Design
- (i) Environment Management and Impact Assessment
- (j) Development of Environmental Management Tools and
- (k) Provision of related services.

**Turnover**

US\$250k-US\$1m

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<b>Goals</b>	<p><b>One year:</b> Advertise and Build Customer Base</p> <p><b>Two years:</b> Build Capacity and meet market demands</p> <p><b>Five years:</b> Maintain being the leading manufacturer of Biosand filters</p>
<b>Sector</b>	Infrastructure
<b>Location</b>	Malawi
<b>Proposed Investment</b>	Invest in staff, infrastructure and dissemination of knowledge of Biosand filter production
<b>Investment requirements</b>	US\$290k
<b>Investment considered</b>	Debt, Equity and donor finance
<b>Further info</b>	Please contact MITC or the technical support team (see section 6).

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# Investment Prospect 22

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**Company name**

Namiashi Lodge

**Company description**

Namiashi Lodge is a family owned lake-side lodge and camping ground, that has been in operation for over 15 years.

**Products/ Services**

Namiashi Lodge offers customers four double bedrooms, two single rooms, and a two double bedroom chalet – all rooms are self-contained. The lodge has a full service restaurant, bar, a twenty person conference facility, a secure camping ground and ablution facility.

**Turnover**

US\$0-US\$250k

**Goals**

**Immediate:**

- Design, renovate and expand the infrastructure to reflect the local natural and cultural environment using sustainable designs which incorporate minimal use of natural resources and promote renewable alternatives.

**One year:**

- Work in collaboration with Women Forum (an established grassroots women community empowerment program) and involve them in the planning of the Sima Singing Safari ecotourism program.
- Train a team of competent staff committed to excellence in ecotourism.

**Two years:**

- Complete construction.
- Increase exposure locally and internationally through a well designed evidence based marketing strategy.
- Increase occupancy 10% every year, exceed clientele expectations.

**Five years:**

- Investigate the economic, cultural and environment impact of the Sima Singing Safari on the local community.
- Continue to maintain ecotourist excellence and high occupancy rates at 80%.
- Consider other ecotourist programs e.g. conservation research.

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<b>Sector</b>	Tourism
<b>Location</b>	Namiashi Lodge is located on the northern lakeshore Chiweta, near Chitimba, Rumph. Namiashi lodge is located on a main throughfare along the M1 motorway. 120km from Mzuzu, 80km from Karonga, 60km from Rumph and 15km from Livingstonia.
<b>Proposed Investment</b>	Be the premier destination in Malawi for a locally owned ecotourism lodge committed to local community development and the ideals of preserving culture and supporting a sustainable environment. Sima Singing Safari is proposed as a program that will expand accommodation assets, create community wealth while providing opportunities to promote and preserve Malawians culture. This will involve (1) designing and redeveloping Namiashi Lodge as an ecotourist facility (2) developing a community program.
<b>Investment requirements</b>	US\$100k
<b>Investment considered</b>	Equity
<b>Further info</b>	Please contact MITC or the technical support team (see section 6).

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# Investment Prospect 23

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<b>Company name</b>	Farming and Engineering Services Limited
<b>Company description</b>	Distributor of mechanized agricultural and construction machinery and agricultural contractor.
<b>Products/ Services</b>	Sole franchise holders for Massey Ferguson (tractors and generators), Komatsu (construction machinery), Toyota Forklift & Baldan implements. We also do lease hire and machinery contracting.
<b>Turnover</b>	Year ended 30/09/2012 – US\$11m. Financial statements for years 2010, 2011 and 2012 available on request.
<b>Goals</b>	<b>Immediate:</b> Increase tractor market share by 10% & maintain contract obligations <b>One year:</b> Expand the contracting business opportunities within the sugar industry <b>Two years:</b> Capitalise on current mining exploration with Komatsu franchise <b>Five years:</b> Be well positioned for agricultural commercialisation (enabling MW to feed the expanding nation). Likewise be market leader within the construction machinery market, in anticipation of the numerous mining explorations coming to fruition.
<b>Sector</b>	Agriculture & Construction
<b>Location</b>	Throughout Malawi (Head Office in Blantyre)
<b>Proposed Investment</b>	Sale of business
<b>Investment requirements</b>	To be based on valuation of the business
<b>Investment considered</b>	Equity

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**Further info**

Please contact MITC or the technical support team (see section 6).

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# 5. Next steps

## 5.1 Investment forum in Malawi

Current considerations include the hosting of an in-country investment forum in Malawi possibly later in 2013. Such a forum would provide an excellent opportunity for investors to meet with project sponsors in order to get a better feel of the investment prospects on the ground.

## 5.2 Establishing a Malawi-focused fund

A Malawi based financial institution is currently considering a proposal to establish a private equity fund in which the principal investors can include DFIs, institutional investors and private investors. Such an investment fund can provide investors with an opportunity to diversify their investment, and ensure a coordinated approach to managing investments.

The objective of the fund is to invest equity or debt capital in a portfolio of private companies identified and researched by the fund manager across various sectors (e.g. agriculture, energy, manufacturing, tourism, infrastructure, ICT), including as a starting point those presented above. The fund would aim to maximize their operational performance, ensure social and developmental goals are achieved, and generate capital profits from the sale of its investment in the private companies.

## 5.3 Exiting investments

In the case of equity investments, the most likely exit options available to investors in Malawi will include:

1. Floatation on the Malawi Stock Exchange or other regional exchange. CDH Investment Bank has experience of performing such transactions, and an objective of the investment fund is to work closely with the Malawi Stock Exchange to increase its size and capabilities with the overall aim of increasing market activity and share ownership amongst Malawian citizens.

2. Trade sale to a third party. This would comprise a full sale of the business to a third party either within Malawi or abroad. The increasing appetite of South African multinationals for expansion in the region makes this a very viable option.
3. Management buyout. This would comprise a full sale of the business to the existing management.

# 6. Further Information

Further information on the investment prospects contained in this portfolio is available on request. We have provided key contacts and reference documents below.

## 6.1 Contact details

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### Technical Support Team

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## 6.2 Further references

Query	Reference Document	Where can I find it?
<b>Where can I view Malawi's policies on the economy?</b>	Malawi National Export Strategy	USB storage provided
	Malawi Growth and Development Strategy II (MGDS II)	USB storage provided
	Economic Recovery Plan	USB storage provided
	World Bank Overview of Malawi	<a href="http://www.worldbank.org/en/country/malawi/overview">http://www.worldbank.org/en/country/malawi/overview</a>
<b>Where can I find key metrics on doing business in Malawi?</b>	Doing Business in Malawi 2013 report	<a href="http://www.doingbusiness.org/data/exploreeconomies/malawi/">http://www.doingbusiness.org/data/exploreeconomies/malawi/</a>

# Glossary of terms

## Institutions

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<b>COMESA</b>	Common Market for Eastern & Southern Africa
<b>DfID</b>	Department for International Development (UK)
<b>MIGA</b>	Multilateral Investment Guarantee Agency
<b>MITC</b>	Malawi Investment & Trade Centre
<b>NASFAM</b>	National Smallholder Farmer's Association of Malawi
<b>RBM</b>	Reserve Bank of Malawi
<b>SADC</b>	Southern African Development Community

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## Key documents

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<b>ERP</b>	Economic Recovery Plan
<b>MGDS II</b>	Malawi Growth & Development Strategy II
<b>NES</b>	National Export Strategy

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## Other

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<b>AGOA</b>	Africa Growth & Opportunity Act (USA)
<b>Blantyre</b>	Malawi's main commercial city
<b>DFI</b>	Developmental Finance Institution

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<b>EPZ</b>	Export Processing Zone
<b>FDI</b>	Foreign Direct Investment
<b>GDP</b>	Gross Domestic Product
<b>GNI</b>	Gross National Income
<b>Kwacha</b>	Malawi's national currency
<b>Lilongwe</b>	Malawi's capital city
<b>SME</b>	Small and Medium Enterprise

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# Notes

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