

# **MALAWI 2063**

## **Setting the Scene: Industrialization and Trade Development**

By

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# Outline of the Presentation



1. The wealthy Malawi we want by 2063 (as individuals and the state)
2. How shall we create the wealth? - Pillars and Enablers
3. Setting the Scene: Game Changers and flagships
4. The Industry and Trade products

## Our Resolution:

- “We as Malawians desire and resolve to be an inclusively wealthy and self-reliant **industrialized** upper-middle-income country by the year 2063, so we can fund our development needs primarily by ourselves. Our manufacturing industry shall have strong forward and backward linkages with the sectors that will drive it. We shall achieve this Vision through collective effort and shall not allow any state or non-state actor to derail us”

# Aspirations of MW2063

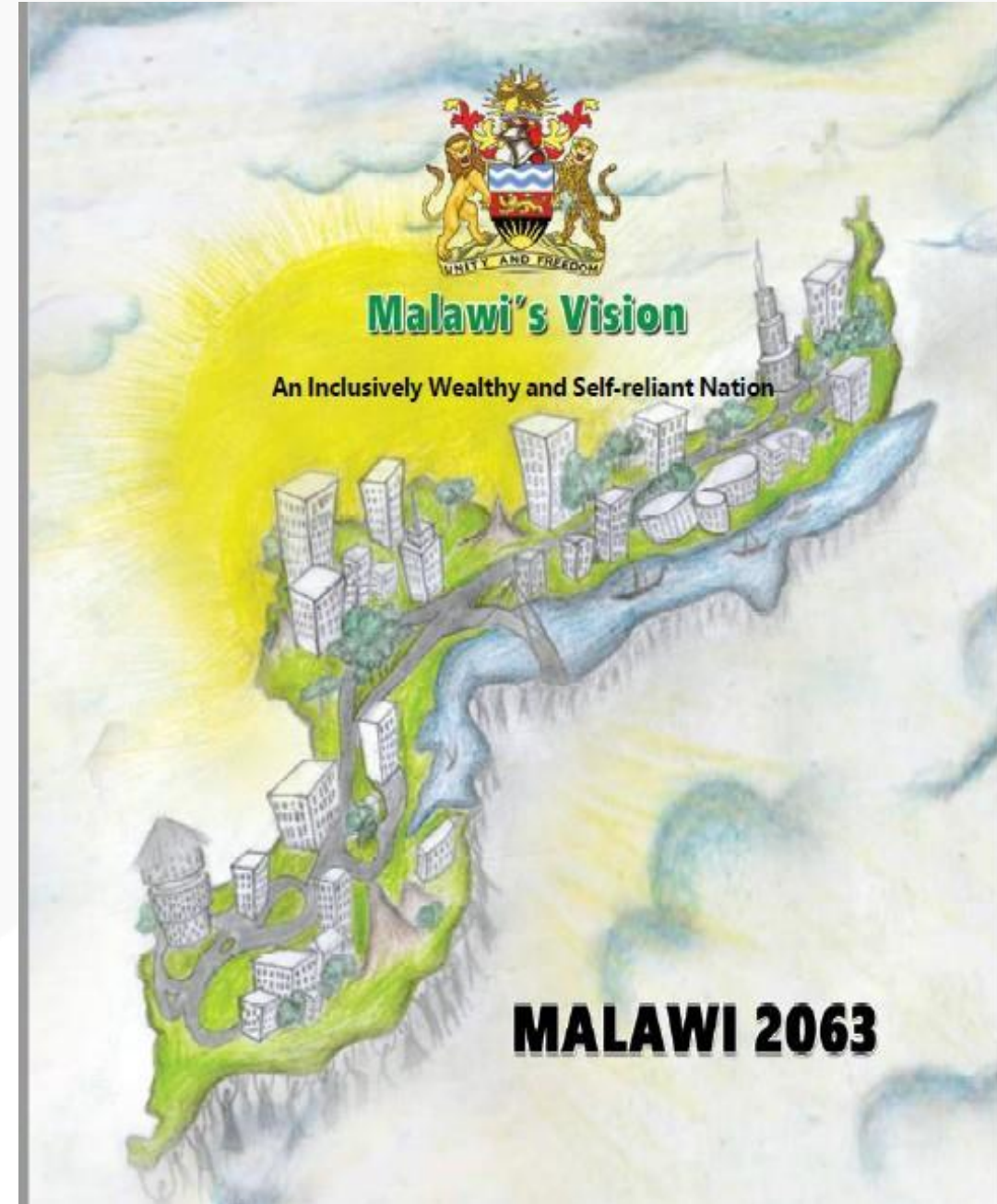
1. An inclusively wealthy and self-reliant industrialized upper middle-income country.
2. A vibrant knowledge-based economy and a strong manufacturing industry driven by productive and commercially vibrant agriculture and mining sector
3. World-class urban centers and tourism hubs World-class urban centers and tourism hubs across the country with requisite socio-economic amenities for a high-quality life.
4. A united, peaceful, patriotic and proud people that believe in our own abilities and are active participants in building our nation.
5. Effective governance systems and institutions with strong adherence to the rule of law
6. A high-performing and professional public service
7. A dynamic and vibrant private sector
8. Globally competitive economic infrastructure
9. A globally competitive and highly motivated human resource
10. An environmentally sustainable economy.

## Three Pillars

1. Agriculture Productivity and Commercialization
2. Industrialization
3. Urbanization

## Seven enablers

1. Mindset Change
2. Effective Governance System
3. Public Sector Performance
4. Private Sector Dynamism
5. Human Capital Development
6. Economic Infrastructure
7. Environmental Sustainability





# How do we operationalize MW2063

- Malawi 2063 will be operationalized in blocks of 10-year implementation plans.
- Malawi 2063 First 10-year Implementation Plan (MIP-1) was launched by HE on 8<sup>th</sup> November 2021 with two key milestones of graduating the country to a middle-income status and meeting most of the SDGs, by 2030.
- The MIP-1 has;
  - **Priority strategies and interventions** by pillars and enablers.
  - **5-year Quick wins**
    - ✓ Interventions that are already in the pipeline or on-going for scaling-up
    - ✓ Interventions that have ready finance commitment
    - ✓ Interventions that have political will
  - **Game-changer** interventions
    - ✓ Interventions with significantly impacts and have to be done if Malawi is to graduate into middle-income country by 2030
  - **Flagship** projects and programs that will lay foundations of development
  - The MIP-1 also defines indicative financing options for every intervention
  - Stakeholder engagement/collaboration and Reporting framework

# Agriculture Productivity and Commercialization Game Changer Interventions

1. **Land titling** to offer land tenure security for long-term investments.
2. Strengthening **agricultural extension services** to improve agricultural production and entrepreneurship.
3. Sustainable **access to high quality affordable inputs and modern production technologies**.
4. **Structured markets** for all strategic agriculture commodities (as prioritized under the existing NES).
5. Scaling up of **vibrant cooperatives** for easing access to markets, financing extension services, and input supply.
6. Investment in infrastructure especially for **large-scale irrigation**



# Urbanization Game Changer Interventions

1. **Creation of secondary cities** based on existing economic opportunities.
2. Establishing a **minimum economic infrastructure package** (energy, road network, ICT) for the four cities as they generate 33 percent of the country's GDP.
3. Establishing a **minimum tourism infrastructure package** (air strips, access roads, ICT, energy) for each tourism centre; followed by **massive marketing/promotion** of the industry.
4. **Sustainable innovative municipal financing** and expansion of revenue base
5. **Enforcement of the Physical Planning Act**, and related legislation and bylaws.





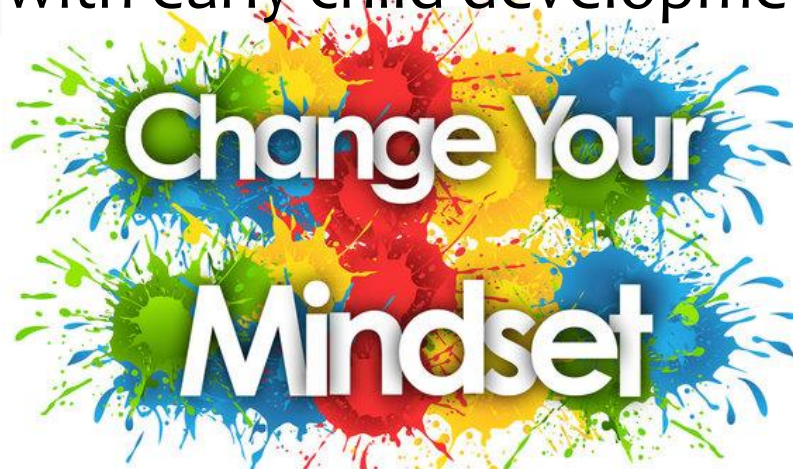
# Industrialization Game Changer Interventions

1. Re-establishment of the Development Catalyzing Corporation as an investment trailblazer that will have strong alliances with the private sector.
2. Economic infrastructure that offers affordable and sustainable services, especially purpose built structures, power, transport networks and ICT  
E.g Regional warehouses, dry-ports, transport depots, including cold chain, freeport facilities at the Lilongwe and Blantyre airports for agricultural (cold storage for perishable products and vaults precious and semi-precious stones) and to allow for minor processing.
3. Fiscal incentives that beat regional averages
4. Availability of innovative long-term financing instruments
5. Promotion of a digital economy (Increasing access to affordable internet services, supporting automation of business processes, i.e national single window, electronic certificates of origins, business licensing, among others)

# Mindset Change Interventions



1. Identifying and **scaling-up** of **successful initiatives** as part of the *Ndizotheka* Programme.
2. **Rewarding performance** and **penalizing mediocrity** and corrupt officials.
3. Inclusion and **inculcation of values** that will **promote inclusive wealth creation and self-reliance** in the country's education **curriculum** and system, starting with early child development.



# Effective Governance Systems and Institution

## Game Changer Interventions

1. **Digitalization of Government services**
2. **Enforcement of finance management laws**, such as the Public Finance Management Act and the Public Procurement and Disposal of Public Assets Act
3. **Enforcement of the rule of law** without fear or favour, especially in dealing with corruption
4. Revision of the working conditions of public servants to **motivate hard work and discourage corruption**
5. **Full capacitation of oversight institutions** and **non-political interference** in their operations.



# Enhanced Public Sector Performance Game Changer Interventions

1. Fast-track the **implementation of Public Sector Reforms**.
2. Enforce the **rewarding of good performance and penalizing underperformance** in accordance with public service regulations.
3. **Digitalizing Government operations** and making them mandatory, such as digitizing land registry, digitalizing public procurements and payments for public services.



# Private Sector Dynamism Game Changer Interventions

1. Establish a **Development Catalyzing Corporation** as an investment trailblazer that will have strong alliances with the private sector.
2. **Economic infrastructure** that offers affordable and sustainable services, especially power, transport networks and ICT.
3. **Fiscal incentives** that beat regional averages.
4. Availability of **long-term financing instruments** – all major banks to have a **long-term financing arm**
5. Promotion of a **digital economy**.





# Economic Infrastructure Game Changer Interventions

1. Establishment of the **Development Catalyzing Corporation** as an investment trailblazer parastatal.
2. **Innovative long-term financing** such as blended finance and PPPs, especially in power, strategic roads and ICT.



# Human Capital Development Game Changer Interventions

1. Defining and **equipping all existing schools and health facilities with a minimum priority package** to enhance the quality of services and apply the package to all establishments that will be newly built.
2. **Intensifying education especially for the girl child** and economically empowering women.
3. Intensifying **universal access to SRH services** for a quality population.



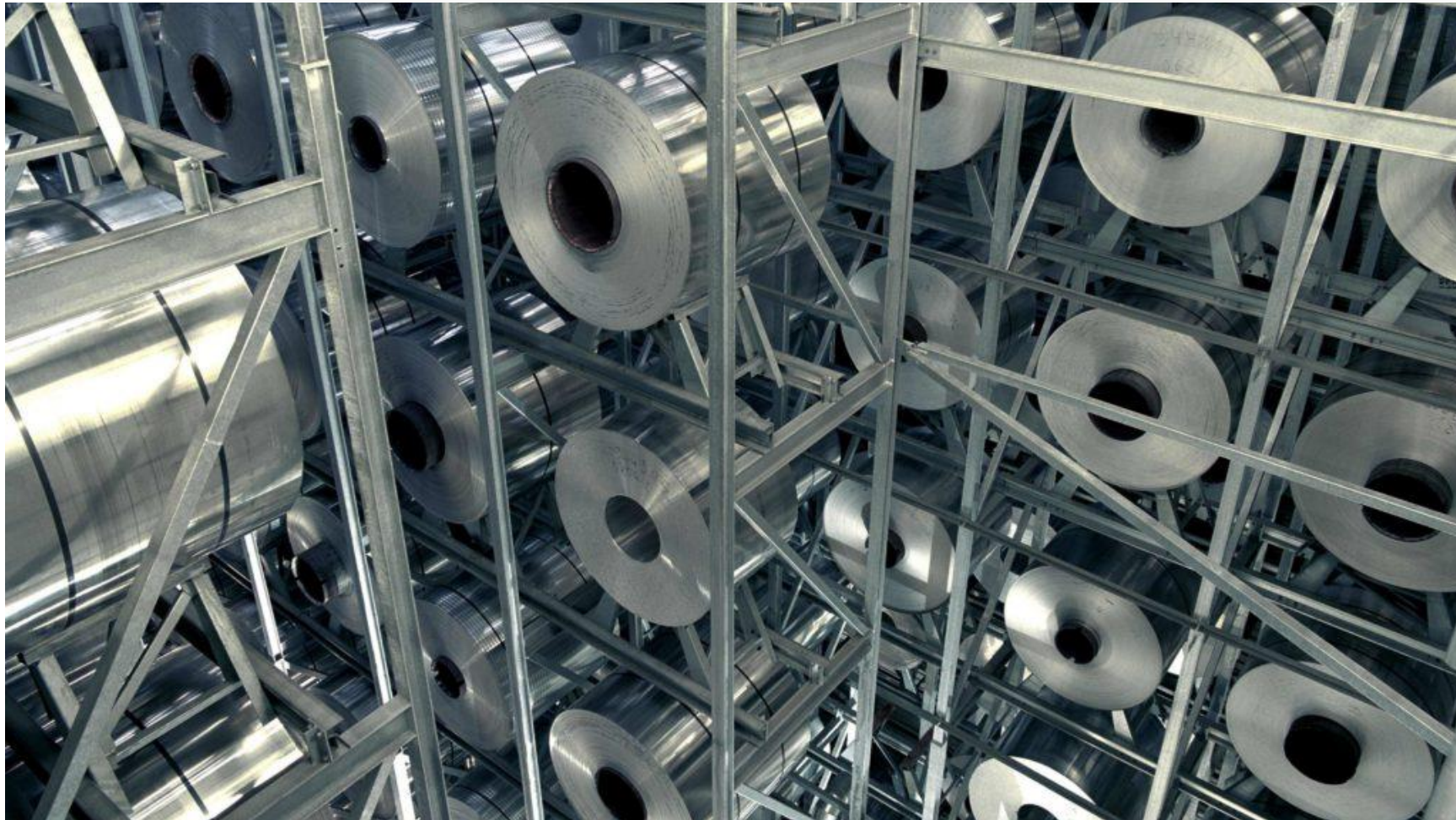


# Environmental Sustainability Game Changer Interventions

1. Massive **agro-forestation** and re-forestation program.
2. Promotion of a **green economy**, such as climate-smart agriculture, green tourism, green cities.
3. Promotion of **alternative sources of livelihood** beyond environmentally degrading interventions.
4. **Enforcement of legislation on land use management and environmental management.**



# Industrialization and Trade Development



# Industrialization Focus

**Objective:** To have a vibrant knowledge-based economy with a strong manufacturing industry driven by productive and commercially vibrant agriculture and mining sectors

## Focus Areas:

1. Legislation and Institutional Capacity Building
2. Industrializing Mining: Developing mines, mostly through Public Private Partnership (PPP) arrangements.
3. Diversification, Value Addition and Competitiveness largely targeting the Export Market: Increasing the transformation of raw materials in the agriculture and mining sectors for export markets
4. Creation of Special Economic Zones and Export Processing Zones
5. Research, Science, Technology and Innovation: Commercializing locally generated STI and adapting for scaling-up those impactful STIs that are catalyzing industrialization in other countries



# Private Sector Dynamism Focus

**Objective:** We shall have a dynamic and vibrant private sector that effectively delivers on the industrialised upper middle-income status within the shortest time possible.

## Focus Areas

1. **Business Environment:** Development of macroeconomic environment and economic infrastructure that is pro-investment.
2. **Digital Economy Promotion:** Ensuring adoption of new online business technologies that promote e-commerce and take full advantage of digital platforms, especially in marketing and service provision
3. **MSME Development:** For inclusive participation in the development process and development of a vibrant and significant 'middle class.'
4. **Anchor Firms Development:** For promoting the establishment of large-scale firms with strong connections to local and global market value chains
5. **Structured Markets Development:** For priority products to support industrialization and trade

# Flagship Opportunities from Pillars & Enablers in MIP-1

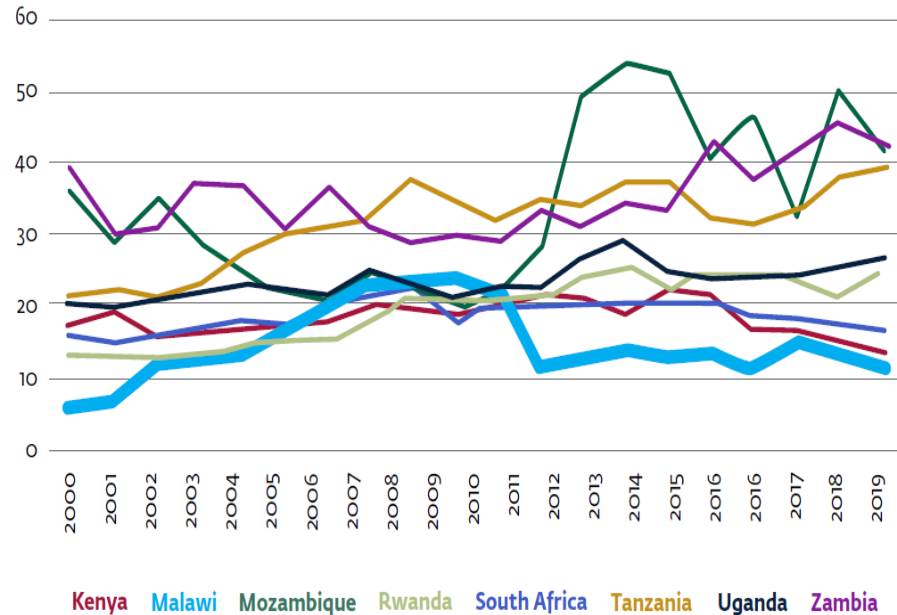
No	Name of Flagship Project and Programmes
1	Shire Valley Transformation program ((Implemented in Phases: Phase 1 2018-2023, Phase II: 2022-2027, Phase III 2026-2031). {{Involves irrigation of 43,370 Ha of land, Abstract water from Shire Valley to irrigable land, in Chikwawa and Nsanje, through Canals}} -2018-2031
2	Sustainable aquaculture and fisheries development.e.g Chipoka fisheries project (2021-2026)
	National Land Titling to Promote Tenure Security and Sustainable Development in Malawi (2021-2026)
3	Malawi Lakeshore Tourism Development Program - Hotels, Roads and Infrastructure (Mangochi, Liwonde, Karonga, Nkhatabay, Salima) (2021-2030)
4	Construction of Inkosi Mbelwa University in Mzimba to offer programmes such as veterinary services, among others (2021-2030)
5	Malawi Air travel development and modernization program (2021-2028)
6	Marka-Bangula-Sandama Railway line (2021-2028)
7	Digital Malawi Programme Phase 1: Malawi Digital Foundation Project (2019-2030)
8	Development of Special Economic Zones (2021-2030)

# Cont'd

No	Name of Flagship Project and Programmes
9	<p>Road projects: (2021- 2027)</p> <ul style="list-style-type: none"><li>I. Upgrading of Rumphu-Nyika-Chitipa, Dzaleka-Ntchisi-Mpalo-Malomo, Ntcheu-Tsangano-Neno-Mwanza, Jenda-Embangweni-Engalaweni-Manyamula-Mzimba, Chikwawa-Chapananga-Mwanza, Nsanje-Marka , Lirangwe-Chingale-Namatunu-Machinga.</li><li>II. Rehabilitation of the M5 Balaka Market-Kaphatenga-Dwangwa-Mukwiya/Nkhatabay Balaka</li></ul>
10	350MW Mpatamanga Energy Project (2019-2025)
11	Construction of multi-modal transport hubs: Luchenza, Chipoka, Nkhatabay, Karonga; and Ports and Jetties: Chilumba, Nkhatabal, Chipoka, Likoma, Nkhota kota, Monkey Bay (2021-2030)
12	Songwe River Basin Development Program- Irrigation, hydro electricity & water development (2016-2026)

# Malawi needs new and replacement of capital goods to boost productivity across sectors....(World Bank, CPSD 2021)

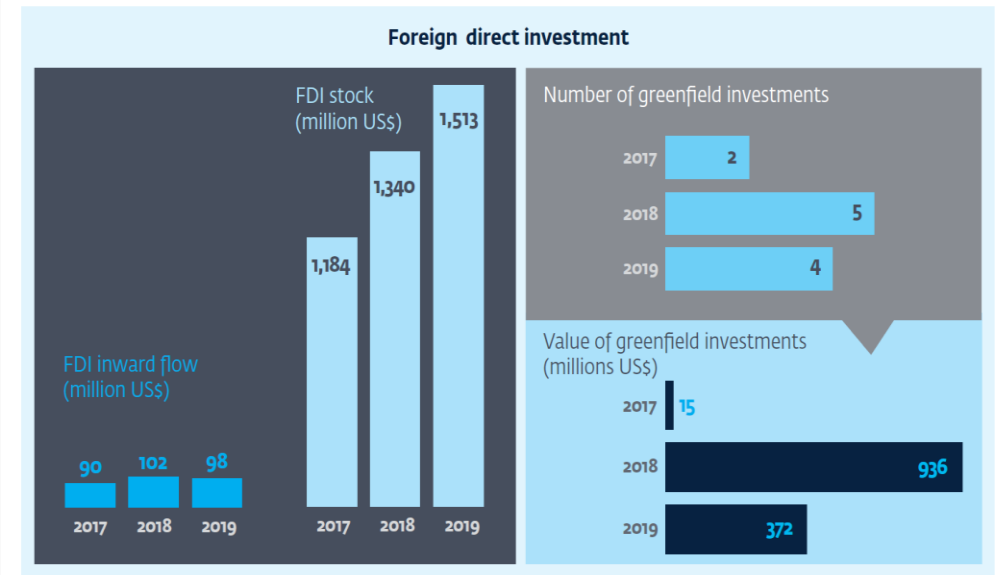
Total Investment Rates



Source: IMF World Economic Outlook.

Note: GDP = gross domestic product.

## Low attraction of FDI in green field projects



Source: UNCTAD, latest available data.

Note: FDI = foreign direct investment, US\$ = US dollars.

- Malawians highly entrepreneurial but innovation is at very low scale
- Malawian firms tend to focus on domestic market and are not well integrated into regional and global value chains
- There is higher Govt-business activities than Business to Business activities (State owned companies and a few large firms dominate the market)



# Selected Investment and Private Sector Development products for Increased Trade

1. Establishing of Anchor Firms in 8 selected Secondary Cities of MW 2063 (***Karonga; Nkhata Bay; Kasungu; Salima; Mangochi; Luchenza; Liwonde; Bangula*** ) for niche products & selected high value chains from existing NES and Agriculture Commercialisation Projects largely through PPP arrangements
2. Investing in steel manufacturing for various equipment and tools
3. Investing in fertilizer plants
4. Investing in Mega farms/Anchor Farms
5. Establishing value addition companies e.g textile company
6. Profiling high value minerals for the development of industry value chains promoted under PPPs.
7. Establishing secondary cooperatives (Cooperative Unions) for specific value chains identified for each district to undertake processing and value addition services for primary cooperatives. e.g 1 factory each district-Ghana example
8. Establishing centres of excellence for critical industrial sector areas, including Mining



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