



## **Roundtable with MITC**

8<sup>th</sup> November 2018

### Attendance List

Bobby Anderson	African Lakes Company Ltd
Dannii Baillie	Grow Baby
Eve Broadis	Fair Trade Scotland
Stuart Brown	SMP
Thomson Chirwa	
Nicola Cogan	Scottish Government
Nick Hepworth	Water Witness International
David Hope Jones	SMP
Ross Isdale	Scottish Fair Trade Forum
Kondwani Bell Munthali	Malawi High Commission
Ian Nicol	Scottish Government
Joshua Nthakomwa	MITC
Grace O'Donovan	SMP
Mary Pople	Just Trading Scotland
Jon Rathjen	Scottish Government
Peter West	Hon. Consul to Malawi High Commission
Caroline Wylie	Challenge Worldwide
<b>Remote Attendance</b>	
Kena Mphonda	Malawi High Commission
Alex Sukali	UKMBG
Wouter Verelst	Satemwa Tea Estates
Dominic Webb	Orbis Expeditions

David thanked guests for attending, and welcomed everyone to introduce themselves, including those who joined the meeting remotely. He also introduced MITC's Joshua Nthakomwa and Kondwani Bell Munthali of the UK Malawi Business Group (UKMBG) and the Malawi High Commission.

Kondwani thanked guests, and explained that Alex Sukali would relay more information on behalf of the UKMBG as the group is not a government initiative. He explained that in 2005, he was the Commonwealth Youth Representative for Malawi, and 13 years later, there are comprehensive programmes for young people to be involved. Since Independence, the emphasis has been on the relationship between the UK Government and Scottish Government and Malawi. Since 2013, the emphasis is now focused on trade and promoting Malawi as a tourism destination. Trade, tourism and investment are priorities for the High Commission. Small companies have helped Malawi in rural areas, especially in terms of rice and Mzuzu coffee, but their belief is that the partnership with Scotland can help in other areas as well. They are trying to promote BITT

(Business, Investment, Trade and Tourism) as much as possible in Malawi. The CDC (Commonwealth Development Corporation) is also heavily involved. By investing and producing in Malawi, it will help reduce poverty. The hope is that the friendship will evolve into a business relationship, and that young Scots will know that Malawi is open for business. The hope is that the CDC and Scottish Government will help put up capital.

Alex Sukali of the UKMBG introduced himself and explained that group was formed in November 2017 as an initiative from the High Commission, though there is no individual in charge of the group. The main objective for the group is to facilitate, encourage and be a conduit for trade and investment between the two countries. Being based in London as a capital of the world helps. One of the founding members was the Scotland Malawi Partnership, and they have been with the group throughout. One of their jobs is to lobby on behalf of the group so that their voice can be heard in the business world. The Malawi High Commission also provides a voice to the Malawian Government. Some things gained from this arrangement is that the Scottish Government offered their venue where the first event was held, and on the back of that, the CDC has offered to fund certain projects. It is hopeful that this active involvement by CDC will encourage other achievements in Malawi and will provide a guarantee of stability in the business world. The hope is for more investment from Scotland across the board, but specifically looking at social enterprise, tourism and the business sectors.

Joshua thanked everyone for the invitation to attend the meeting, and delivered his presentation. The foci of his presentation were on 1) private projects, which have seen a great deal of advancement in efficiency and effectiveness following public sector reforms; 2) Tourism, looking for expressions of interest; and 3) Energy, where there is a need for more energy and the Malawi Government has set goals for the power they would like to achieve in the next five years, though they are seeking expertise from Scotland on how to structure implementation.

David opened up the meeting to a Q&A.

Nick Hepworth, Water Witness International: One of the priorities for WWI is the Alliance for Water Stewardship and the International Water Stewardship Standard. It promotes sustainable equitable water use around the world. It is a private sector standard which WWI has supported for the past 10 years in its development, which guides and recognises economic activity in water, which is sustainable and economically efficient. It safeguards the investments that aren't impacting on water users through pollution, and de-risks investments which can be hit by drought and extreme effects of climate change on water. With support from the Scottish Government, WWI has established the standard in Malawi to test and demonstrate, and see what it can do for other economies in Africa. WWI are working with JTS and other food associations as well, by implementing the standard at hospitals and schools. They are trying to establish Malawi as a centre for excellence and learning for water stewardship in Africa. They have an office in Blantyre, which is the headquarters. Major businesses such as Pepsi, and Proctor & Gamble have all signed up to the standard. All of the projects

mentioned in Joshua's presentation could be affected by water, so it's worth looking at the standard as it would derisk them. There are plenty of opportunities to get involved, and Malawian expertise could lead the charge on this.

Jon Rathjen, Scottish Government: Malawi has good structures to manage and govern water in the country. The Scottish Government has been mapping all water points in the country and undertaking surveys to understand the state of infrastructure in Malawi. Coupled with Scottish Government knowledge, the goal is to have a complete picture of the management of water in the country so you can target investment more closely. This is an area that is under pressure, so investment can relieve that pressure. Water is a critical resource for the economy and underpins all aspects, so if it is managed and valued appropriately, it will be a major asset. Scotland is a hydro-nation, and would like to support Malawi as an investable proposition as we understand that water is a key resource in the country. Water forensics are trying to track different sources of pollution and the quality of drilling where there has been oversight. The International Water Resource Authority now has a Board and Directors, so they are building infrastructure.

Joshua Nthakomwa: The investments and water administration should have been managed better, and this is something we discussed a few months ago with the delegation about what their investment policy was and it doesn't seem to be there. It's important.

Bobby Anderson, Africa Lakes: Bobby observed that Joshua had not mentioned the tea industry in list of commodities.

Joshua Nthakomwa: Joshua noted that tea has its own markets. They do engage but most seem to accept smallholder support so the government mandate is to promote non-traditional investment, and tea is traditional. They have their own markets, so they are the only ones MITC has not approached for investment opportunity.

Bobby Anderson: African mangoes are owned 100% by a Scottish investor. It is similar in that it is one large commitment by one individual. African Lakes has been trying to show that it's possible to invest in Malawi on a commercial basis and to do that with a small syndicate of investors in Scotland and the Scottish Government, our long-term vision is that it will lead to more bilateral relationships. They are looking at existing companies where they can invest to help them grow to the next stage, or develop expertise, so that they can rise to the next generation of success. The opportunities looked at compliment Joshua's list.

Mary Pople, Just Trading Scotland: JTS imports rice at a raw stage, and there should be an opportunity to invest in getting the finished product finished in Malawi so that the real value is for employment in Malawi rather than doing it in the UK. Somehow the investment ought to be easy if they can find the right

investors to work with, but it seems straight forward where there's a market for it here but there could be a value-add in Malawi before the rice leaves Malawi.

Joshua Nthakomwa: There is one local investor, and he is a social investor, but he has started rice production where it wasn't being produced before and has employed 7,000 farmers and invested \$30 million in a big plant which is increasing employment. Good rice is being produced but there are constraints, such as selling in bulk or 50kgs packages. The major constraint is packaging. There are packaging companies but they can't compete on an international level.

Nick Hepworth: Has anyone done a risk assessment of barriers to understand the structural barriers of what is holding investment back?

Joshua Nthakomwa: There has not been a set study, but there are constraints of education and fast decision-making. They are working towards how public policy can mainstream private sector considerations, as trade not aid. Implementation is also a constraint. They see Malawi as small, but it is prepared for big markets like Mozambique and Tanzania and Zimbabwe.

David thanked everyone for their Q&A's, and turned the meeting towards the SMP's annual Buy Malawian campaign, due to occur again next March 2019. All attendees were provided with a copy of the 2018 Buy Malawian campaign report, and were asked for input on how the campaign should be directed again this year. Suggestions were as follows:

- ✓ Suppliers could put gifts in their packages, and they could win a prize (like in the Kilombero Rice)
- ✓ There could be an online picture of the week shared over a four week campaign, where someone could win something every week
- ✓ The emphasis should be on lobbying
- ✓ If everyone throughout the SMP membership bought a packet of coffee, there would be more uptake of products
- ✓ Communications consultancy could help leverage what the SMP has already been doing, such as by creating marketplaces on social media, highlighting the stories behind some of the makers, emphasising trade not aid through procurement and the voice of the producer
- ✓ The campaign could grow on the back of school partnerships, building social enterprise groups within schools, thus changing the behaviour of parents as well
- ✓ Supporting the Fair Trade label
- ✓ Everyone should take a 'selfie' with a Malawian product and share on social media. The challenge is driving sales, as we can influence 'brand Malawi' and change the narrative but it's connecting those actions.

David thanked everyone for attending and encouraged guests to stay and network longer.