



MALAWI

A gem to be exploited

LAND AND ITS PEOPLE

Malawi is situated in south-eastern Africa and shares its boundary with Mozambique, Zambia and Tanzania.

The country occupies an area of 118,484 square kilometres and has a population of nearly 15 million. About 15% of the population lives in urban areas.

The main official languages are English and Chichewa. The warmth and hospitality of the Malawi people earned the country a name "The warm heart of Africa".

His Excellency the State President, Dr Lazarus Chakwera, acknowledges the need to diversify the economy of this country through the development of the mineral sector. In Malawi Vision 2063, mining is expected to industrialise Malawi and create wealth for economic prosperity. The investor is encouraged to venture into this sector which already consists of a disciplined mining labour force that has wide experience from South Africa, Zimbabwe, Zambia and Tanzania.

ECONOMY

Malawi Government has an open economy and its role is to facilitate and regulate private investment to increase current mining contribution to GDP from 1% to 20%.

Its pursuance of stable macro-economic policies by exercising fiscal and monetary discipline the Kwacha is fluctuated within tolerable levels. Inflation is at 11.5% and interest rate is at 12.2%.

Malawi's prudent economic management supported by the cash budget system has also led to reduction in interests rates from 60% to 24% by December 1996.

EXPLORATION AND MINING OPPORTUNITIES

Exploration work continues to intensify since the 2013 geophysical survey results were interpreted and released. The airborne geophysical survey identified potential exploration targets for precious and base metals, rare earths, kimberlites, energy mineral, oil and gas.

Geological maps, magnetic contour maps, radiometric maps, electromagnetic maps, airborne geophysical interpretation maps are available at Geological Survey in Zomba. These offer excellent support to exploration activities.

Minerals which require feasibility studies include Mchinji and Lake Chiuta glass sands, Tengani and Lake Shore heavy mineral sands, Kangankunde rare earths (monazite) and Tundulu rock phosphate.

Bankable feasibility studies are being undertaken for Songwe rare earths deposit, Malingunde graphite and Kasiya rutile which are classified as world class deposits.



Mining opportunities exist for Mulanje bauxite, Kayelekera uranium deposit, Kanyika niobium deposit, Katengeza graphite, Ngana coal, Bwanje Valley (high) calcitic marbles, precious and semi-precious stones (e.g. aquamarine, amethyst and amazonite).

INSTITUTIONAL SET UP

THE MINISTRY OF ENERGY AND MINING:-

This is responsible for broad policy direction on mining and legislation. It coordinates with other ministries on mineral, energy and mining issues.

DEPARTMENT OF MINES:-

It issues licences and administers exploration and mining licences. It compiles production statistics and inspects exploration, mining and environmental work compliances.

GEOLOGICAL SURVEY DEPARTMENT:-

This undertakes reconnaissance geological mapping and mineral exploration. It publishes geological bulletins, maps, and technical reports. It is also responsible for compilation and maintenance of geological data base.

Other support institutions include Malawi Investment and Trade Centre (MITC) which negotiates investment incentives for the new companies and streamlines the investment process. This is a one stop shopping centre for registered investors on issues of land acquisition, immigration and fiscal issues.

WHY INVEST IN MALAWI?

In Malawi 2063 blue print government has put industrialising mining as it's one of development pillars. Special investment incentives will be attached through mining agreements.

The Mines and Minerals Policy of 2013 and the Mines and Minerals Act of 2019 have improved the attractiveness of investing in the minerals sector equally for the benefit of the investors and government.

The legal framework guides mining companies on community benefit sharing and acquisition of no more than 10% free equity on strategic investments.

Security of tenure is guaranteed to give maximum security to the investor e.g. protection against loss of mining rights. This is even strengthened through Malawi's membership in Multilateral Investment Guarantee Agency (MIGA).

A favourable fiscal package for new investors is guided through the Taxation Act of 2016.

Specific Taxation Regime for the mining sector includes;

- (a). Ring fencing of mining projects. Each mining project will be required to file a separate income tax return.
- (b). Mineral royalty will be an allowable deduction for tax purposes



- (d). The law provides for preferential Non Resident Tax (NRT) rate of 10 percent on payments by a mining project by way of interest, royalty and management fees. The normal NRT rate is 15 percent.
- (e). A minimum resource rent tax of 15 percent.
- (f). Separate rules and regulations pertaining to determination of income, deductions and capital allowances are provided under the Sixteenth Schedule of the Taxation Act 2016.
- (g). Access to foreign exchange and repatriation of capital and profits are guaranteed after satisfying tax obligations.

Government continues to provide basic geological data.

Ministerial discretion has been removed and an independent Mineral Resources Licencing Committee has been established guided by an equally comprehensive mining code.

Malawi continues to improve its road and telecommunication networks. The government has introduced a Road Maintenance Fund and toll gate fees to fund road maintenance.

USEFUL ADDRESSES

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