

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

MALAWI

Africa South

Dialogue | Trust | Partnership

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WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
Lilongwe	Capital, administrative and financial hub	Banking, government contracts, services
Blantyre / Limbe	Commercial and industrial capital	Manufacturing, trade, agro-processing
Songwe Hill, Phalombe district	Malawi's most advanced rare-earth-element project (Lancaster Exploration/Mkango Resources)	Rare-earth mining and processing
Kangankunde, Balaka district	Rare-earth deposit under active development by Lynas Corporation	Rare-earth mining
Kanyika, Mzimba district	Niobium deposit under exploration by Globe Metals and Mining	Niobium mining
Central Region tobacco belt (Kasungu, Mchinji, Lilongwe rural)	Core of Malawi's traditional export-agriculture base, still roughly 13% of GDP	Tobacco cultivation, agro-processing, export logistics
Lake Malawi shoreline (Mangochi, Salima, Nkhata Bay)	Tourism and freshwater-fisheries zone	Hospitality, eco-tourism, fisheries

INVESTOR ENTRY ROUTES

- Malawi Investment and Trade Centre (MITC) registration and facilitation
- Mining licence under the mining code currently under government review, with new investor incentives being developed for the rare-earth and niobium sectors
- Tobacco and agro-export joint ventures through established auction-floor and contract-farming structures
- RESERVE BANK OF MALAWI-LINKED GOLD PURCHASE AND MONETISATION INITIATIVES: An emerging channel as the government seeks to build foreign-currency reserves
- IMF- and donor-co-financed structural-reform-linked investment, once a new Extended Credit Facility arrangement is concluded
- Power-sector investment via ESCOM and independent power producer (IPP) routes, addressing the generation shortfall constraining mining-sector growth

MARKET-ENTRY OBSERVATION

Malawi is nine-plus months into the administration of President Peter Mutharika, who won the 16 September 2025 election with 56.8% of the vote against incumbent Lazarus Chakwera's 33%, in a contest dominated by economic grievance: inflation near 33%, fuel shortages, and nearly three-quarters of Malawians living below the USD 3-a-day poverty line. That underlying crisis has not resolved. The country's foreign-exchange reserves remain below the government's three-month import-cover target, the central bank sold roughly 590 kilograms of gold in April 2026 to help fund urgent fuel imports, and the IMF's Extended Credit Facility lapsed in May 2025 - a June 2026 IMF staff visit ended without a new lending arrangement, with the Fund saying progress depends on Malawi's willingness to implement structural reforms the government has so far accepted only selectively. Fuel prices rose more than 40% in a second hike within four months in early 2026 as the government moved to a market-linked pricing system, and donor support has simultaneously contracted sharply, with the UK cutting aid 60% for 2026/27 and the US terminating contracts worth USD 230.4 million.

Against this backdrop, Malawi's longer-term growth story increasingly centres on rare-earth and critical-mineral mining rather than its traditional tobacco export base (still about 13% of GDP). Industry figures suggest mining could eventually represent around 30% of GDP, led by the Songwe Hill, Kangankunde and Kanyika projects, though the sector's single biggest constraint is inadequate power generation - national hydro output of roughly 351MW barely exceeds suppressed demand of about 350MW.

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
Acute, prolonged foreign-exchange crisis: reserves below the three-month import-cover target, gold reserves being sold to fund fuel imports, and a stalled IMF program since May 2025	Severely constrains the availability of hard currency for imports, profit repatriation and routine business operations	Structure contracts and financing with explicit forex-availability contingencies; do not assume routine convertibility or repatriation timelines
Chronic fuel shortages and sharply rising fuel prices (over 40% in a single hike, the second in four months in early 2026) as subsidies are phased out	Directly raises transport, logistics and input costs across every sector, with knock-on effects on food and fertiliser prices	Factor fuel-price volatility and potential supply interruptions into logistics planning and cost models
Sharp contraction in donor and development aid (UK aid cut 60% for 2026/27, US contract terminations worth USD 230.4 million)	Reduces a historically significant source of budget support and development financing, intensifying the forex and fiscal squeeze	Treat government co-financing or subsidy commitments as contingent on an uncertain donor and IMF-financing environment
High inflation, still around 21-29% depending on the measure and period, despite a declining trend	Erodes purchasing power and complicates local-currency revenue planning	Structure revenue with pricing flexibility or hard-currency linkage where feasible
Severe and binding power-generation shortfall (roughly 351MW national hydro capacity against suppressed demand near 350MW)	The single largest constraint on scaling the rare-earth and broader mining sector, and on industrial investment generally	Factor power-supply development, including potential captive generation or IPP participation, into any industrial or mining project plan
Mining code currently under review, with investor incentives still being developed	Specific fiscal and regulatory terms for new mining investment are not yet finalised	Engage MITC and the Ministry of Mining directly to confirm current code status before committing capital
Heavy historical dependence on tobacco exports, now facing long-term global demand headwinds	A structurally declining anchor crop even as it remains economically significant in the near term	Treat tobacco-sector investment as a near-term cash-flow opportunity rather than a long-term growth thesis

INVESTOR RISK NOTE

Malawi's central investment risk today is macroeconomic rather than political: a genuinely severe foreign-exchange and fuel crisis that has persisted across two administrations and shows only tentative signs of easing. President Mutharika's September 2025 election victory reflected public frustration with exactly these conditions, but nine months into his term the core problems - low reserves, gold sales to fund fuel imports, a stalled IMF program, and sharp donor-aid cuts - remain largely unresolved, even as inflation has eased somewhat and the government points to early positive signals. Investors should treat official growth projections (3.8% for 2026, 4.9% for 2027) as contingent on fuel and forex constraints easing and on a credible IMF agreement being reached, neither of which can yet be assumed.

The rare-earth and critical-minerals opportunity is real and increasingly well-documented, with multiple active projects and genuine international mining-company interest, but it sits inside this same macroeconomic environment and is additionally constrained by inadequate national power generation. Investors in this sector should size their power-supply solution and forex-repatriation structure as carefully as the mineral resource itself.

MARKET ACCESS

MITC's facilitation role and growing international mining-sector interest, backed by multilateral donor engagement on mining-code reform, are opening a more structured channel for critical-minerals investment than existed even a few years ago.

Malawi's SADC membership provides regional market access, and its long-established tobacco auction and export infrastructure, while facing structural headwinds, continues to offer a functioning near-term agro-export channel for investors able to navigate the current forex environment.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
Malawi Investment and Trade Centre (MITC)	Primary FDI facilitation and investment-promotion agency	Central registration and incentive-coordination contact for new entrants
Reserve Bank of Malawi	Monetary policy, foreign-exchange management and gold-reserve monetisation	Confirm current foreign-exchange availability and repatriation conditions before committing capital
Ministry of Finance and Economic Affairs	Fiscal policy and IMF program negotiation	Monitor IMF Extended Credit Facility negotiations as a leading indicator of the broader macroeconomic trajectory
Ministry of Mining	Mining-code reform and licensing for the rare-earth and critical-minerals sector	Confirm current mining-code status and investor-incentive terms
ESCOM (Electricity Supply Corporation of Malawi)	National power-generation and distribution utility	Route for IPP and power-sector co-investment addressing the generation shortfall
International Monetary Fund (IMF)	Program negotiation and macroeconomic-reform conditionality	Monitor IMF staff visits and program-agreement developments directly
Tobacco Commission / Auction Holdings Limited	Tobacco-sector regulation and auction-floor administration	Route for tobacco-sector export and contract-farming engagement

CURRENT INTERNATIONAL BUSINESS CHANNELS

The United Kingdom and United States remain historically significant donor and trade partners, though both have sharply reduced support in 2026 (a 60% UK aid cut and USD 230.4 million in cancelled US contracts), materially changing Malawi's external-financing landscape. The IMF and World Bank anchor the broader macroeconomic reform conversation. China and other Asian partners have a growing infrastructure and mining-financing presence, and Western mining companies (Lynas, Mkango Resources/Lancaster Exploration, Globe Metals and Mining, Gold Canyon Resources) are the most active international investors in the critical-minerals sector specifically.

INVESTOR PROFILE BEST SUITED

Malawi is best suited to rare-earth and critical-minerals investors with a long investment horizon, genuine power-sector solutions, and tolerance for near-term forex and regulatory uncertainty, alongside tobacco and agro-export investors with established local operating experience.

It is a weaker fit for investors requiring reliable near-term currency convertibility, stable fuel and logistics costs, or assured donor-financed public co-investment, given the depth and persistence of the current macroeconomic crisis.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Confirm the Sector and Entry Vehicle

Determine whether MITC registration, a mining licence, or a tobacco/agro-export route fits the project.

STEP 2: Engage MITC and the Relevant Sector Body Early

Open parallel conversations with MITC and, where relevant, the Ministry of Mining or ESCOM.

STEP 3: Assess Forex and Power-Supply Risk Directly

Structure financing and repatriation plans around current Reserve Bank of Malawi conditions, and factor a power-supply solution into any industrial or mining project.

STEP 4: Secure the Licence, Concession or Incentive Agreement

Finalise the specific legal and commercial structure for the chosen entry route.

STEP 5: Launch and Monitor

Begin operations while tracking IMF program negotiations, forex-reserve levels, and fuel-supply conditions.

WAVERLEY'S ROLE

- Independent due-diligence and structuring advisory across MITC, mining-licensing and agro-export entry routes
- Introductions to MITC, the Ministry of Mining, ESCOM and Reserve Bank of Malawi counterparts
- Ongoing monitoring of the IMF program negotiation, forex-reserve trends, and fuel-supply conditions
- Coordination with experienced local legal, tax and foreign-exchange advisory specialists

INVESTOR CALL TO ACTION

Investors seeking exposure to Malawi's rare-earth and critical-minerals sector, or its established tobacco and agro-export base, are invited to engage Waverley for a confidential, risk-calibrated structuring consultation.

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

Current pipeline items Waverley is tracking include progress at the Songwe Hill, Kangankunde and Kanyika rare-earth and niobium projects; mining-code reform and the development of new investor incentives; power-sector IPP opportunities addressing Malawi's binding generation constraint; and the IMF Extended Credit Facility negotiation, whose outcome will materially shape the broader investment environment.

POSITIONING

Waverley approaches Malawi as a country with genuine, well-documented critical-minerals potential sitting inside one of Southern Africa's more acute near-term macroeconomic crises.

Our role is to help investors engage the rare-earth and agro-export opportunity directly, while structuring around Malawi's forex, fuel and power-supply constraints rather than assuming they will resolve on the government's current timeline.

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