



# Status Report COVID-19

## Exchange Malawi

### [Abstract](#)

Report on the effects of COVID-19 in Malawi  
Version 6.0  
28<sup>th</sup> August 2020

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The information in this volume is destined to provide a description of the COVID-19 status and its impact on social and economic life in the 5 Sub-Saharan African countries with cooperation programmes of Exchange vzw. The ambition is to give insights, based on information gathered by Exchange's business development managers based in these countries. Exchange vzw. can not be held responsible for errors, omissions or lack of accuracy and disclaims any liability in connection with the use of this information. Feedback is welcome at [info@exchangevzw.be](mailto:info@exchangevzw.be)

## 1. Summary

Coronavirus Disease-19 (COVID-19) was declared a global pandemic on 11 March 2020, and Malawi declared its first case on 2 April. **On July 9, there were 1942 confirmed positive cases of COVID-19 and 25 deaths.** A State of Disaster was declared by President Arthur Peter Mutharika on 20 March.

The COVID-crisis has serious consequences on Malawi's health and economic situation.

The country fears now **fears a faster spread of the disease**, especially after over 400 Malawian returnees from South Africa reportedly escaped from Kamuzu Stadium in Blantyre on 27 May. They were quarantined awaiting tests for coronavirus, according to media reports. Some of the returnees complained that the stadium had no water, no toilets and lack of enough food. Test results released later in the week were reportedly positive for 46 of the escapees while nearly 300 had yet to be tested, according to the media.

**Malawi's health system has very limited capacity** to deal with the additional burden of COVID-19. There are just 20 ventilators nationwide, for a population of over 18 million, and approximately 25 intensive care unit (ICU) beds. Malawi also has one of the highest health worker shortages in Africa, with only 28 nurses and 2 physicians per 100,000 people. The **negative economic effects** (GDP is forecasted to shrink by 3.2% in 2020) not only affect companies and their employees but also the large amount of informal workers (89% of the workforce) in the country. With around 70% of the population living below the international poverty line Malawi struggles to cope with huge challenges and a heavy burden on the most vulnerable, facing severe food insecurity.

The fight against the coronavirus coincided with a very tense political situation following the results of the 2019 presidential elections. The Malawi high court nullified the elections results based on allegations of fraud and ordered a rerun. The rerun, held on 23 June, resulted in a victory for the opposition party and a smooth democratic **transformation to new leadership**. With Lazarus Chakwera as **new president** Malawi will continue to face heavy burdens on the economy and health situation.

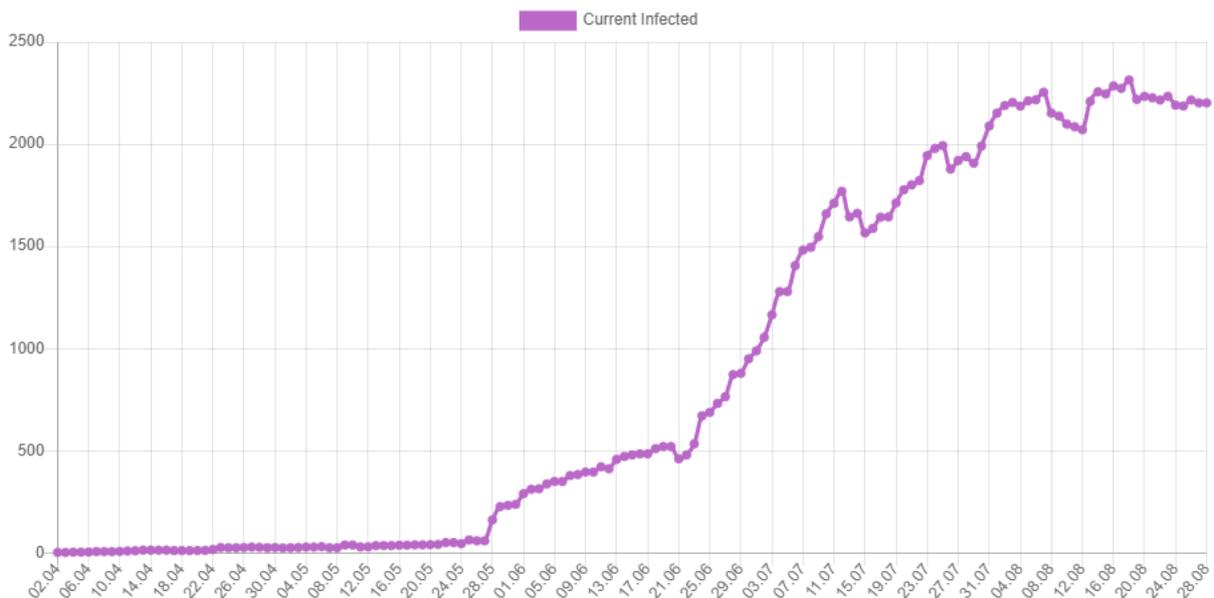
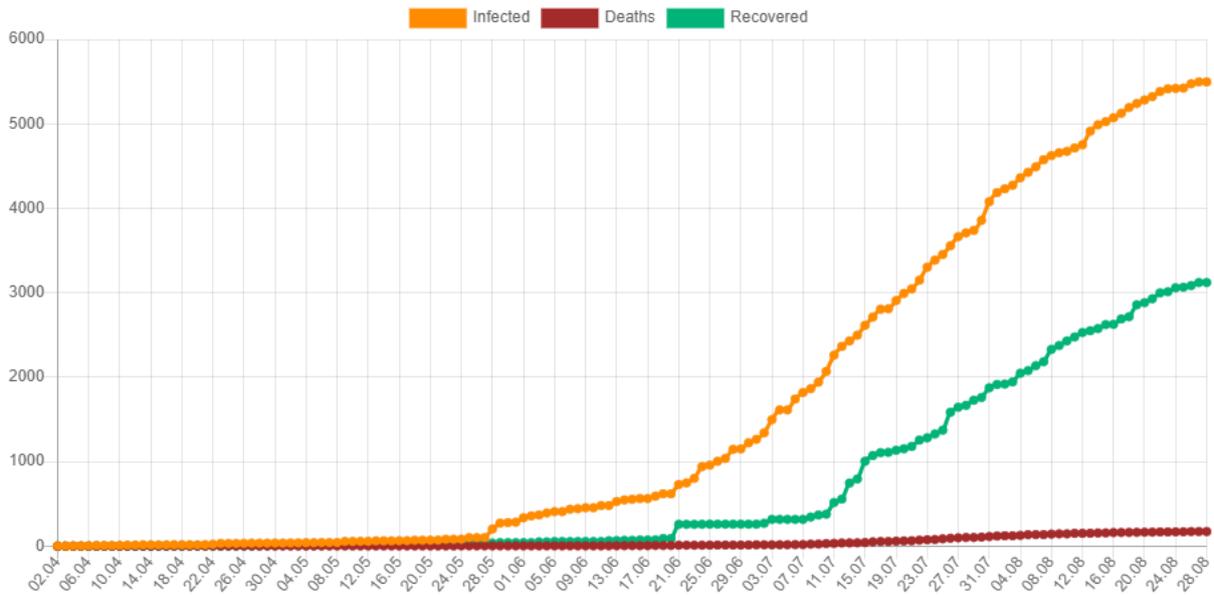
In this report we will describe the current COVID-situation in Malawi including health statistics, current policy and measures, the EXIT strategy, the economic impact and the specific economic support programmes that have been launched.

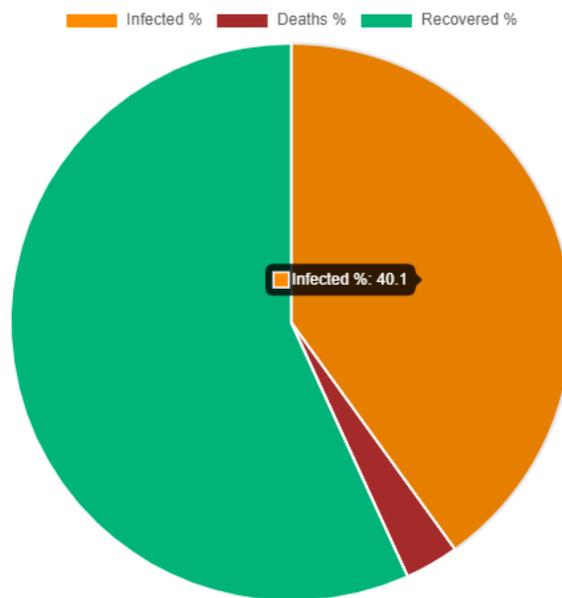
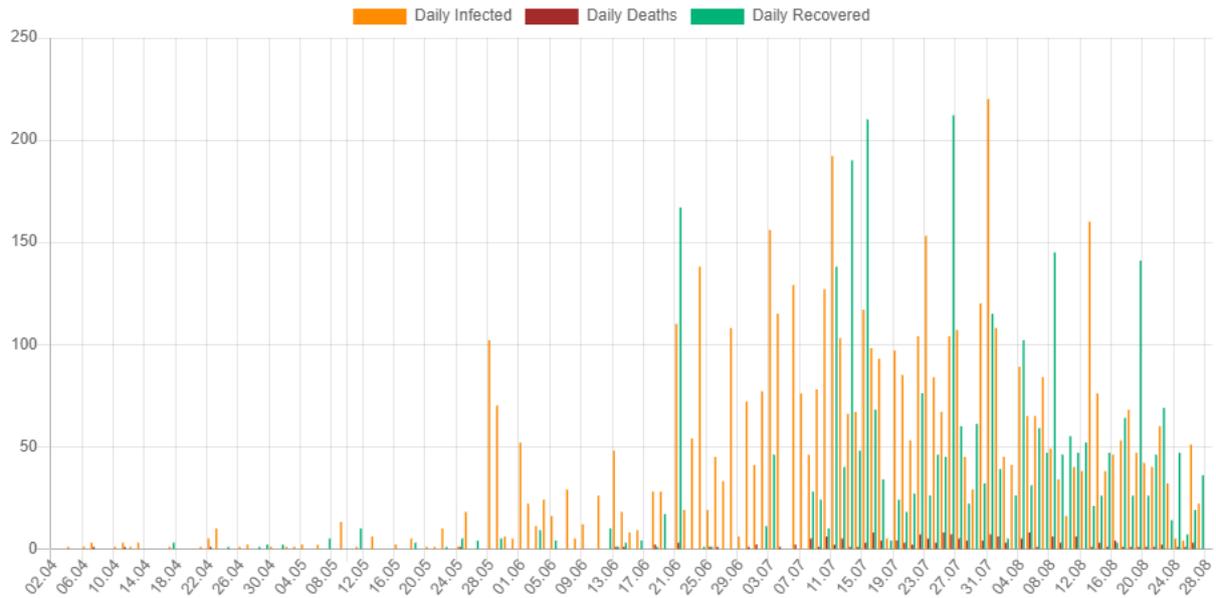


## 2. General overview and statistics

Total nr. of confirmed cases: **5496**  
 Total nr. of confirmed active cases: **2202**  
 Total nr. of confirmed recovered cases: **3121**  
 Total nr. of confirmed deaths: **173**  
 Total nr. of samples tested: **17693**

**Date:**  
**28/8/2020**





**Source :** <https://epidemic-stats.com/coronavirus/malawi> and <https://covid19.health.gov.mw/>

### 3. Current Measures

#### 3.1 State of Disaster

In early March a Special Cabinet Committee on Corona virus was appointed which started to be operative on 7th March 2020 with an aim of providing a policy guidance and looking at all top-level matters concerning the COVID 19 crisis.



The former president (Peter Mutharika was still president at that time) declared a State of Disaster on 20<sup>th</sup> March. Schools were closed on 23<sup>rd</sup> March and gatherings of more than 100 people at places such as churches, rallies, weddings and funerals. He further urged the government to suspend the hosting of international meetings and banned public servants from attending regional and international meetings. Malawians returning from affected countries and incoming travellers from these countries were asked to subject themselves to self or institutional quarantine. Since the announcement of the state of emergency just like other African countries the Malawi government has also closed its land borders and have restricted air flights and suspended all international flights starting whereby allowing only transportations of goods and services that are essential to the country

Early April Malawi became the 50<sup>th</sup> African nation to be affected by the virus. After the identification of the first COVID cases new measures were introduced including suspension of all formal meetings, gatherings and conferences. The Malawi Prison Services and Juvenile Centres were asked to identify prisoners who committed ‘petty offences’ and have served a significant portion of their sentences to be released in order to decongest the overpopulation in the country’s prisons. Other measures have included the reduction of fuel prices, a reduction of non-tourist taxes (to support the tourism industry) including a waiver of resident taxes for all foreign doctors and medical personnel. The President, Cabinet and deputy ministers have pledged to reduce their salaries by 10 percent for three months. The Malawi Revenue Authority opened up a voluntary tax compliance window for a period of 6 months to allow taxpayers with arrears to settle their tax obligations. Offices were asked to work in shifts except those working in essential services in order to mitigate the congestion in the workplaces. The government has started to educate the population on prevention and control measures like the use of masks, hand washing with soap, use of sanitizers, reporting to the nearest hospital in case of symptoms and self-quarantine measures have been put in place.

On 14 April, President Mutharika announced a 21 day lockdown starting on Saturday 18 April at midnight. The announcement caused panic, resentment, widespread street demonstrations and legal challenge. In a country where most of the population live on a day-to-day basis, without any reserves to fall back on and a government not able to provide subsidies to families the damage of a lockdown would far outweigh the danger of getting infected with the COVID-19 virus.

The Human Rights Defenders coalition started a petition which was followed by the Malawi Court. The Court took the unprecedented step of blocking the government’s plans for a 21 day lockdown based on the argumentation that the government couldn’t guarantee minimal protection schemes for the vulnerable and poor populations who would be directly affected and lose their daily income under the lock down.

The national state of disaster is still valid in Malawi today.

### [3.2 Malawi high court blocks Corona virus lockdown](#)

The Human Rights Defenders Coalition (HRDC) went to court and was granted court injunction against the lockdown arguing that government did not take measures to cushion poor during lockdown. The court set aside the lockdown and directed on April 17 that more consultation was needed to prevent harm to the poorest and most vulnerable of society. The prescribed seven days during which the consultations were to take place passed without the two sides meeting. The court has since extended the period of the injunction.



In its preliminary determination on the case, the High Court of Malawi determined that this case is constitutional in nature. It has since assigned the three judges who are going to sit as constitutional court to give direction. Unlike the presidential election case, the court announced that there were not be any hearings requiring both petitioners and respondents to appear and make representations in court. Instead, the judges will sit to consider the arguments presented from both sides and make a determination.

Source: BBC News 'Malawi's cash handouts and the row about a coronavirus lockdown' 29 April 2020.

### 3.3 Cancellation of festivities for the inauguration of the new president and independence day and prolonged school closure



Malawi's newly elected president has cancelled the country's 56th Independence Day celebrations slated for Monday due to a surge in coronavirus cases.

Lazarus Chakwera also scaled down his inauguration ceremony scheduled for the same day, which was supposed to take place at a giant stadium in the capital, Lilongwe, but will instead be held at the Kamuzu Barracks in the city, where only 100 people will be invited.

"We will direct all the resources meant for the Independence Day celebrations to the fight against COVID-19," Chakwera said in a televised speech.

"We're in a worse situation today than we were three months ago. The coronavirus is spreading everywhere in Malawi, and it is spreading with the power to kill," he said.

Source: <https://www.aa.com.tr/en/africa/malawi-cancels-independence-festivities-due-to-covid-19/1900808>

On the 10 th of July the president announced the schools, being closed since end of March, will not reopen on July 13 as was planned initially. The sharp rise in the number of daily COVID cases requires continues preventive measures. On July 8 the ministry of health announced Malawi is running out of COVID test kits. Only people with COVID symptoms can be tested.

### 3.4 Sector specific measures

The government of Malawi produced sector specific response guidelines to the Covid -19 pandemic as follows:

#### Road Traffic

The following measures are recommended for Road Traffic and Immigration Service Points

- hand washing facilities or/and sanitisers should be placed/mounted at strategic places
- 0.05% chlorinated water should be used for handwashing, this is cheaper and effective as we anticipate huge demand for hand sanitizers



- Have a security personnel to ensure that people are washing their hands with soap or sanitizing their hands using alcohol-based hand sanitizers before proceeding to the reception
- Everyone should be provided with a mask upon arrival at the reception
- Limit the number of clients entering the rooms, security personnel can help to control entry to avoid crowding
- Observe COUGH ETIQUETTES (cough or sneeze onto a tissue, sleeve or flexed elbow, throw the tissue in the trash bin and then wash hands).
- Limit the number in the waiting area; let others wait outside, use numbering system/ call system
- Quick screening for those with obvious flu signs, provide them with surgical mask to put on
- Ensure a social distance of at least 1 meter spacing is being observed on the queue
- Notify medical authorities immediately if you come across a person with recent travel to COVID-19 affected countries
- Use hand sanitizers or frequent hand washing with water and soap if involved in touching bank notes
- Staff to stay at home if they have fever and flu like symptoms.
- Call medical people if you suspect a corona Virus patient
- Use “Chipatala cha pa Foni” by calling 54747 for health messages including COVID-19

### Hospitals

The MINISTRY OF HEALTH wishes to inform the general public and members of staff that hospitals are highly infectious environments.

Therefore, in an effort to combat disease transmission to both the patients, visitors and reduce overcrowding in the hospitals, management should implement the following measures:

- Strengthen TRIAGE of patients in the Out Patient Departments and introduce innovative systems to reduce crowding in the waiting areas.
- 0.05% chlorinated water should be used for hand washing this is cheaper and effective as we anticipate huge demand for hand sanitizers
- Only one guardian per patient will be allowed and will be issued an identification card by the hospital security personnel for this purpose.
- NO VISITORS are allowed in the wards during this period
- Guardians are strongly prohibited from eating food during lunch hour and evening inside the wards. Eat outside the wards.
- Family members, relatives and other visitors should meet the guardian outside the wards to limit overcrowding.
- In an effort to avoid overcrowding, Ward rounds shall be conducted daily to ensure that patients that have recovered are discharged home promptly
- hospital management should ensure availability of PPE's at all times for use

## Hotels

The following measures are recommended for Hotels and Lodging Places

- hand washing facilities or/and sanitisers should be placed/mounted at strategic places
- 0.05% chlorinated water should be used for handwashing, this is cheaper and effective as we anticipate huge demand for hand sanitizers
- Assign staff to ensure that guests are washing their hands or using alcohol-based hand sanitizers
- Staff should maintain social distance ( 1 meter ) with guests when assisting guests Keep a profile of where the guests are coming from, if from outside the country, ask ho long have they been in the country. If less than 14 days, inform health authorities immediately
- Staff should stay at home if they have fever and flu like symptoms
- Notify medical authorities immediately if you come across a person with recent travel to COVID-19 affected countries
- District Council and City Council will enforce adherence
- Use 'Chipatala cha pa Foni' by calling 54747 for health messages including COVID-19

## Prayer Houses (Churches and Mosques)

The following measures are recommended for Prayer Houses (Churches and Mosques)

- Stagger church services to carry few per session and if possible, gather in open air
- Maintain social distance of 1 meter apart when sitting in church
- Suspend large church, weddings and baptism gatherings
- Place handwashing facilities (Water and Soap) or Alcohol Based Hand Sanitizer at strategic places
- Alternatively, 0.05 chlorinated water should be used for handwashing as this is cheaper and effective as we anticipate huge demand for hand sanitizers
- Encourage and teach children to do proper handwashing
- Notify medical authorities immediately if you come across a person with recent travel to COVID-19 affected countries
- Encourage members to use 'Chipatala cha pa foni' by calling 54747 for accurate health messages including on COVID 19

## Prisons

The following measures are recommended for Prisons and Police Cells

- Strictly adhere to personal and environmental hygiene
- Provide handwashing facilities (water and Soap)
- Limit the number of prisoners in cells
- Ensure adequate ventilation
- Those with flu and cough should be provided with face masks
- 0.05% chlorinated water should be used for handwashing, this is cheaper and effective



- Observe COUGH ETIQUETTES (cough or sneeze onto a tissue, sleeve or flexed elbow, throw the tissue in the trash bin then wash hands).
- Limit the number of visitors and time of visit
- Provide handwashing facilities for visitors
- Call medical people if you suspect a coronavirus patient
- Use 'Chipatala cha pa Foni' by calling 54747 for health messages including COVID-19

### Public Transport

The following measures are recommended for Public Buses and Minibuses

- Strictly adhere to the sitting capacity and other guidance from Ministry of Transport
- Provide Alcohol-based hand sanitizers in the bus for passengers to sanitize their hands regularly
- Ensure adequate ventilation
- Those with flu and cough should be provided with face masks
- 0.05% chlorinated water should be used for handwashing, this is cheaper and effective as we anticipate huge demand for hand sanitizers if applicable in buses when boarding the bus
- Disinfect the bus when it reaches the final destination and before the next trip
- Observe COUGH ETIQUETTES (cough or sneeze onto a tissue, sleeve or flexed elbow, throw the tissue in the trash bin then wash hands).
- Notify medical authorities immediately if you come across a passenger recently returning from COVID-19 affected countries
- Driver/conductor and other bus staff should stay at home when sick
- Call medical people if you suspect a corona Virus patient
- Use 'Chipatala cha pa Foni' by calling 54747 for health messages including COVID-19

### Shopping Centres

The following measures are recommended and Shopping Centres/Markets

- hand washing facilities or/and sanitisers should be placed/mounted at strategic places
- Alternatively, 0.05 chlorinated water should be used for handwashing, this is cheaper and effective as we anticipate huge demand for hand sanitizers
- Traders should stay at home if they have fever and flu like symptoms
- Workers in shops and supermarkets should maintain a social distance (of at least 1 meter) when serving customers and use ALCOHOL BASED HAND SANITIZERS. DO NOT
- USE GLOVES (Gloves will help spread the infections)
- Notify medical authorities immediately if you come across a person with recent travel to COVID-19 affected countries
- District Council and City Council will enforce adherence
- Use “Chipatala cha pa Foni” by calling 54747 for health messages including COVID-19

### Banks

The following measures are recommended for Banks



- as much as possible encourage electronic banking
- Increase the number of tellers to serve the customers with speed
- Hand washing facilities (water bucket and Soap) or Alcohol Based Hand Sanitizers should be placed/mounted at the entrance
- Alternatively, 0.05 chlorinated water should be used for hand washing and this is cheaper and effective as we anticipate huge demand for hand sanitizers
- Security guards should make sure that everyone MUST sanitize their hands upon entering and exiting the bank
- Limit the number of customers entering the banking hall at a time, security personnel can help to control entry to avoid crowding
- Members of staff should use surgical masks and use alcohol-based hand sanitizers NOT DISPOSABLE GLOVES when handling money
- Observe some cough etiquettes (cover your cough or sneeze with a tissue, sleeve or flexed elbow), throw the tissue in the trash bin and sanitize your hands
- Limit the number of people in the waiting area; let others wait outside, use numbering system/call system
- Quick screening for those with obvious flu signs, provide them with surgical mask to put on
- Maintain a social distance of at least 1 meter between people on the queue
- Hand sanitizers should be mounted next to auto teller machines and these ATMs should be cleaned regularly with alcohol-based disinfectants
- Notify medical authorities immediately if you come across a person who has recently returned from COVID-19 affected countries
- Encourage staff to stay at home when They have fever and flu like symptoms
- Call medical people if you suspect a coronavirus patient

## Schools

Schools have been closed at the end of March. The planned reopening of the schools on July 13 is postponed due to the rise in daily COVID cases.

The following are specific guidelines for school administrators, teachers, staff, parents, guardians, learners and students

- Schools are not allowed to receive visitors coming from outside the country unless approved by the Ministry.
- Promote and demonstrate regular hand washing and positive hygiene behaviours.
- Ensure soap and safe water is available at age appropriate hand washing stations.
- Encourage frequent and thorough hand washing (at least for 20 seconds).
- If soap and water are not available, use an alcohol-based hand rub.
- Ensure adequate, clean and separate toilets or latrines for girls and boys.
- Clean and disinfect school buildings, classrooms and especially water and sanitation facilities at least once a day, particularly surfaces that are touched by many people



(railings, lunch tables, sports equipment, door and window handles, toys, teaching and learning aids etc.)

- Increase air flow and ventilation (open windows, use air conditioning where available, etc.)
- Post signs encouraging good hand and respiratory hygiene practices.
- Ensure trash is removed daily and disposed of safely.
- Encourage students and staff to stay home if sick.
- Monitor absenteeism.
- Plan for digital and distance learning where possible.
- Be prepared to temporarily dismiss or close schools and cancel events on advisory.
- Teachers should check on every learner first thing in the morning before lessons begin so that if one is found with strange signs (difficulty in breathing, cold/ cough, fever or flu) his/her parents can immediately be informed to come and pick their child.)
- Parents and guardians are encouraged to keep checking their children/wards and make sure that if they observe such signs on him/her, you do not send that child to school.
- Make sure children including grownups drink water frequently so that the throat is not left dry and avoid fluids with ice.
- Prevent stigma by using facts and reminding students to be considerate of one another.
- Coordinate with the school to receive information and ask how you can support school safety efforts (through parent-teacher committees, etc.)
- Inform learners not to stigmatize their peers or tease anyone about being sick; they should always remember that the virus doesn't follow geographical boundaries, ethnicities, age or ability or gender.
- Tell learners to inform their parents, other family members, or a caregiver if they feel sick, and they should ask to stay home.
- Enlighten learners to focus on good health behaviours, such as covering coughs and sneezes with the elbow and washing hands frequently.
- Have children sit further apart from one another, they should keep enough space to not touch their friends.
- Contact sports and other activities should be greatly discouraged.
- Introduce the concept of social distancing (standing further away from friends, avoiding large crowds, not touching people if you don't need to, etc.)
- Help children understand the basic concepts of disease prevention and control. Use exercises that demonstrate how germs can spread. For example, by putting coloured water in a spray bottle and spraying over a piece of white paper. Observe how far the droplets travel.
- Incorporate relevant health education into other subjects.
- Get information only from official and trusted sources.  
masks both in public places and in the workplace).

## 4. Impact

### 4.1 Domestic and international travel

In an effort to prevent the spread of Coronavirus, the Government of Malawi has already taken a number of preventative actions as per the following timeline:

**EARLY MARCH:** Travellers without any symptoms of COVID-19 were put on self-isolation and followed up by a health worker for 14 days if they fit any of the following criteria:

- Travellers coming from a country (excluding Countries in the European Union) that have reported 700 or more confirmed cases of COVID-19.
- Travellers coming from a country in the European Union
- Travellers coming from a country that reports 100 or more new cases in 24 hours
- A group of travellers (10 or more people) travelling from an affected country with local transmission (regardless of the number of reported cases)

**20 MARCH:** the declaration of a “State of Disaster”, introduced the following measures:

- Ministry of Health and Population is redeploying health personnel in all border posts and continue screening and surveillance of people in all entry points
- Suspended hosting of international meetings and banned public servants from attending both regional and international meetings being hosted by affected countries. The ban has been extended to all people travelling on other government related activities such as sports
- Advising the general public to avoid non-essential travel to the affected countries
- All schools, colleges (including technical colleges), both public and private universities should be closed by Monday , 23rd March, 2020
- Restricting public gatherings to less than 100 people forthwith. This restriction applies to all gatherings including weddings, funerals, church, congregations, rallies, government meetings etc; The national security apparatus has being ordered into action to enforce these restrictions.
- Banned travel of foreign nationals from countries highly affected by coronavirus disease. However, SADC countries are exempted. Returning residents and nationals from coronavirus affected countries will be subjected to self or institutional quarantine.
- Temporarily suspended issuance of visa to citizens of countries highly affected by coronavirus

**1 April:** Visa on arrival has been suspended and all international flights stopped.

**14 April:** Declaration of a 21 day lockdown starting at midnight on Saturday 18 April until Saturday 9 May at midnight. For the President’s Statement on the lockdown. However, a High Court ruling on 17 April suspended the lockdown.

Many of Malawi’s tourism operators have adjusted their booking terms and conditions to allow for more flexibility and fewer penalties, particularly on postponements.

The Malawi Department of Tourism published Guidelines on COVID-19 Prevention and Management in the Tourist Industry in early July 2020 – to allow tourists to return to the country and visit it as safely as possible.

**Early July:** Up to today all non essential travels are prohibited to and from Malawi. For labor related travelers there are strict controls at borders and airports.

Source: Malawi Tourism <https://www.malawitourism.com/travel-advice/>

## 4.2 Economic Impact

COVID-19 which has been declared a global pandemic is affecting many economies throughout the world. The following are some of the potential economic effects that may be transmitted to Malawi:

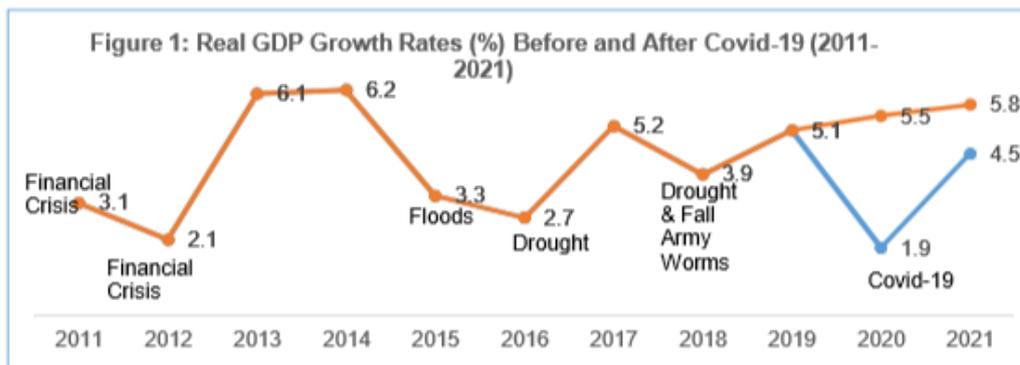
- Disturbance of trade links with rest of the world as Malawi depends on a number of imports for its small industry. This is likely to happen as countries close and/or restrict movements of goods, services and people. Factories where Malawi's imports originate may also be inactive as countries restrict activities.
- Disruption of global value chains will affect Malawi's main export products which are mainly raw materials. Besides border closures, the dip in demand in foreign markets especially in Europe and America as a result of possible recession will lead to a loss of Malawi products' market. Malawian industry however does not have the necessary capacity to absorb these raw products for local processing.
- Fiscal expenditure pressure is imminent due to higher expected spending in the health sector whilst revenues are declining partly to slowdown in industrial and commercial activities.
- Malawi depends on imported petroleum products which have price transmission effects in goods and services and any sudden supply shock will have consequences on our economy. On the hand, the impending global recession will lead to a reduction in global oil demand and the consequent decline in oil prices may benefit the economy.
- Tourism, one of the priority growth sectors in Malawi, will be greatly affected since it depends largely on the movement of people. Local hotels are already witnessing massive cancellations of bookings due to travel restrictions as well as health safety considerations.

It is expected that the growth prospects of 5.9 percent for 2020 will be hampered due to slow down of economic activities.

### 4.2.1 Real GDP Growth

The Ministry of Finance has revised its 2020 and 2021 GDP growth projections for the country from 5.5 percent and 5.8 respectively to 1.9 percent and 4.5 percent respectively. Meaning that the pandemic is expected to erase the equivalent of 3.6 percent of 2020 output that would have been attained without its impact and in accounting figures, the economic loss is approximately MK56 billion in real GDP (i.e. GDP in constant 2010 prices) which translates to approximately MK244 billion in nominal GDP (i.e. 3.5 percent loss in nominal GDP) if the COVID-19 pandemic is contained by the second quarter of the 2020/2021 financial year.

Figure 1 below gives an overview of the growth trend for Malawi and the effect that COVID-19 pandemic will have on GDP growth. The orange line depicts growth before the impact of the pandemic and the blue line depicts growth after its impact.



Source of Figure 1: Data released by the Ministry of Finance, Economic Planning & Development.

### 4.3 Consequences for private entrepreneurs

The good performance of the economy in 2019, emanated from a number of factors including favourable rains, reduced effect of the fall army worms, the stability in the exchange rate, reduction in interest rates and inflation, improvement in the utilities sector and continued good performance of the wholesale and retail trade sector. This momentum was expected to continue in 2020 but with the economic impact of the pandemic now a reality; it is expected that growth in the various sectors of the economy will be affected. With this thought in mind we have therefore categorized the analysis of the sectors into three main groups based on severity of the impact as follows: Highly affected, moderately affected and least affected. Furthermore, it should be noted that the ministry of finance made the projections on the assumption that the situation normalizes by October, 2020 and here we have also adopted the same assumption.

#### 4.3.1 Highly Affected Sectors

The accommodation and food services; transportation and storage services; agriculture, forestry and fishing; wholesale and retail trade and manufacturing sectors respectively are the sectors that are expected to take major hits due to the impact of COVID-19 pandemic.

- The Agriculture sector

Growth in this sector has been revised from 5.2 percent to 1.0 percent to take into account for post-harvest losses and reduced winter cropping. The growth for 2021 has also been revised downwards to 3.1 percent from an initial estimate of 5.3 percent.

- Transport and Storage services sector

This has also suffered a huge blow with the sector now estimated to grow by 0.9 percent in 2020 down from the earlier projection of 4.4 percent and as for 2021 the sector is expected to grow by 3.8 percent from the initial projection of 4.9 percent. The sector has been heavily affected by restrictions in movement of people and goods both domestically and internationally.

- The Wholesale and Retail trade sector

Growth in this sector is also expected to slow down to 0.7 percent in 2020 from the earlier estimated growth of 4.9 percent. The sector relies heavily on imports, as such, lock-downs in major trading partner countries such as South Africa and China have heavily weighed down on growth of the sector. Furthermore, with disposable income set to decline due slowdown of economic activity and the consequent job losses that will follow; it is expected that demand in the sector will reduce.

- The Manufacturing sectors

At the start of the year growth in this sector was projected at 5.6 percent for 2020 however this has now been revised to 1.9 percent and the sector is then expected to grow by 3.3 percent in 2021. The manufacturing sector has been affected through different channels including logistical challenges (lock-downs) which are affecting importation of the raw materials as well as export of goods. The slow-down will also emanate from subdued aggregate demand due to the general economic slowdown as a result of the pandemic. Despite the subdued growth overall for the sector, some subsectors within manufacturing have registered increased growth. For example, demand for plastics and hand sanitizers has increased necessitating increased production for the concerned products.

- The Accommodation and Food services sector

The sector is projected to be the worst hit sector in Malawi due to global travel restrictions, cancellations of conferences and meetings, restrictions in number of people per gathering as well as reduced number of people patronising restaurants. Initially the sector was tipped to grow by 4.1 percent in 2020 but this has since been revised downwards to -9.9 percent and for 2021, growth for the sector is projected to be at 9.2 percent when business normalises.

#### 4.3.2 Moderately Affected Sectors

This category comprises of sectors like Financial & Insurance services, Human Health & Social Work services, Education services, Utility services, Mining & Quarrying as well as Real estate activities.

- Financial & Insurance services

The growth prospects for this sector have been revised downwards to 2.3 percent from 5.8 percent. Initially the sector was expected to benefit from stable macroeconomic gains like low inflation and interest rates as well as stable exchange rates but the current situation has dampened expectations. For the banking sector, low customer traffic has reduced deposits, foreign exchange trading income as well as other non-interest revenues while the general deterioration in business is expected to reduce underwriting profit in insurance and profitability levels in the banking sector. Projected growth for the sector in 2021 is pegged at 5.5 percent.

- Human Health & Social Work services

Growth in this sector is projected at 3.5 percent for 2020 a downward revision from the estimate of 6.9 percent. The sector is expected to be adversely affected by the disruption of importation of medical supplies and potential the virus scare making people to avoid hospitals. In 2021, the sector is expected to recover and grow at 4.6 percent.

- Education services

The 2020 growth of the education sector has been revised downwards from 6.9 to 3.3 percent. The closing down of schools has meant that education institutions have lost revenue which they could have

gotten for the remaining period of the first half of 2020. Growth for 2021 is projected at 5.0 percent when schools re-open.

- Utility services

2020 growth in this sector has been revised downwards from 5.6 percent to 3.0 percent and this reduction is mainly on account of impeded import of spare parts for machinery of EGENCO that is stuck in countries such as China. In 2021 it is expected to grow by 4.7 percent. • Mining & quarrying Services- For the mining and quarrying sector, the 2020 and growth have been revised downwards to 3.0 percent and 3.1 percent, respectively. This sector mostly benefits from the activities in the construction industry as such its movements reflects those of the construction sector. • Real Estate services-At the start of the year the sector was expected to grow by 4.5 percent on account of anticipated occupancy of houses, office blocks and shopping malls which are currently under construction across the country. Furthermore, occupation of previously vacant buildings belonging to MPICO as well as occupation of the Amaryllis complex was expected to increase revenue for the sector. However, with the impact of COVID 19 the sector is now projected to grow by 2.4 percent in 2020 and by 4.0 percent in 2021.

#### 4.3.3 Least Affected Sectors

This category comprises of sectors like Construction services, Information & Communication services, Professional & Administrative services, other services, Public Administration & Defense services.

- Construction services

Growth in this sector for 2020 is projected at 3.7 percent, a downward revision from an earlier projection of 5.6 percent. Many projects such the USAID school projects, construction of the healthy facility in Phalombe, road projects across the country as well as rehabilitation and construction of infrastructure under the Malawi Food Recovery Project after the Cyclone Idai which should ideally have shored up growth of the sector are expected to slow down due to disrupted supply of imported materials following lock-down in trading partner countries as well as government measures instituted against the outbreak of the Coronavirus in Malawi. In 2021, the sector is still projected to grow by 4.2 percent owing to recovery in multiple construction projects.

- Information & Communication services

The 2020 growth for the sector before the Coronavirus effect was estimated at 6.3 percent but has been revised downwards to 4.5 percent. The reduced growth is attributed to slowdown in activities in all the other sectors as this sector has derived demand from all the other sectors. While working from home is seen as an opportunity to sale more data especially to corporate customers, it is expected to reduce need for communication for individual customers. The sector's projection for 2021 has slightly been revised downwards to 5.8 percent.

- Other Services

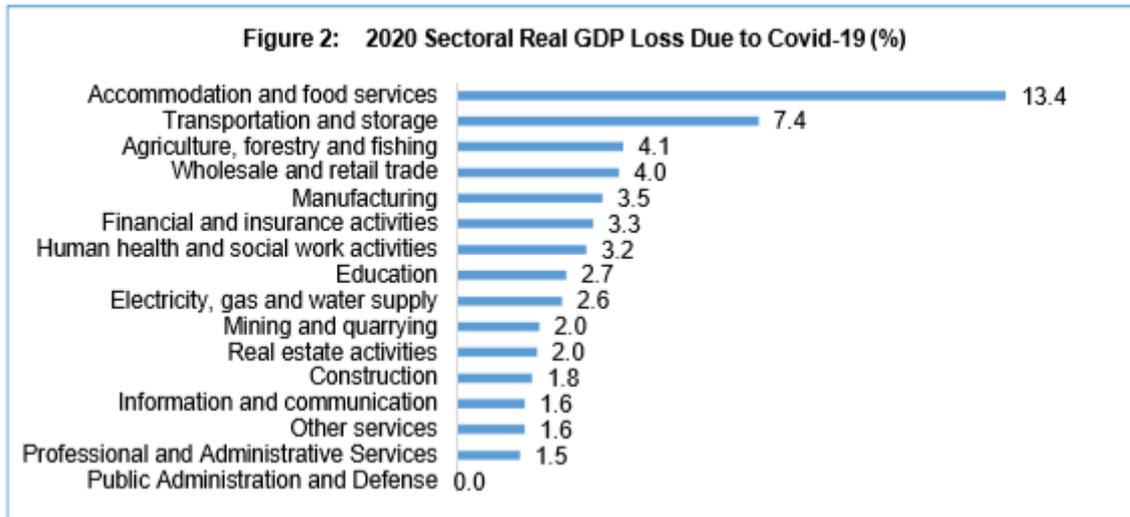
Other Services Sector was estimated to grow by 5.6 percent but this has been revised to 3.8 percent for 2020. This is mainly attributed to restriction of gatherings to not more than 100 people especially in the Arts, Entertainment and Recreation subsectors. In 2021, the sector is expected to register growth of 3.4 percent.

- Public Administration & Defense services



In the year 2020, the growth rate for the sector has also been maintained at 5.9 percent and that for 2021 is projected to be 5.3 percent.

Figure 2 below gives an overview of the percentage loss in GDP across all sectors due to COVID 19.



Source of Figure 2: Data released by the Ministry of Finance, Economic Planning & Development.

## 5. Government support to local economy

### 5.1 General economic measures

In his speech of 5 April president Mutharika announced an economic stimulus package to help cushion the economic impact of the disease.

The announced general economic measures include:

- The Malawi Energy Regulatory to reduce the fuel prices with immediate affect with the intention to reduce the transport prices
- To reduce salaries of the President, Cabinet Ministers by 10 percent for three months and redirect the resources to the fight against the virus
- To provide a special fund to ADMARC (Agricultural Development and Marketing Corporation) to buy agricultural produce at competitive prices
- All tobacco markets to remain open because of the importance of tobacco as an export product (in order to maintain foreign currency earnings and keep farmers in business).

More detailed monetary and fiscal measures are described in the subtitles below.

Source: Speech of president Peter Mutharika on 5 April 2020.

### 5.2 Monetary measures

On 9 April the Bankers Association of Malawi and the Governor of Financial Institutions agreed on measures to mitigate the impact of COVID 19:



- A three month moratorium on interests & principal repayments for loans by borrowers on a case by case basis
- To restructure, refinance or renegotiate loans for small and medium scale enterprises, corporate and other borrowers affected by COVID 19 on a case by case basis
- To reduce by 40% the fees and charges related to internet banking/mobile payments to encourage the use of electronic payment transactions
- To defer all payments of bonuses and dividends until the risk of COVID 19 is under control

Actions by the Registrar of Financial Institutions:

- Reduce the liquidity reserve requirement (LRR) on domestic currency deposit, thereby releasing K12 billion as additional liquidity availed to banks to directly support borrowers that are distressed as a result of COVID 19
- Reduced Lombard rate margin by 50% to reduce the cost of accessing funds from the Central Bank and enable banks to pass on the the benefits to borrowers
- Activate the Emergency Liquidity Assistance Facility and make it available to banks
- Approve the recapitalisation plan in the unlikely event of a bank breaching the capital requirement direction as a result of COVID 19
- Grant relief to banks on the provision of restructured loans and loans on moratorium impacted by COVID 19

Source: Reserve Bank of Malawi, Press Release ‘Measures to mitigate impact of COVID 19 from the banking industry in Malawi’ 9 April 2020.

Similar measures have been announced by the mobile network operators:

- Completely remove user fees and charges on person to person transfers on the same network
- Reduce user fees and charges on a person to person transfer across different networks
- Revise upwards the daily transactions and account balance limits on mobile money services

And by the Microfinance Sector:

- Immediately provide 3 month moratorium on interests and principal repayments for loans from borrowers, including pay-roll borrowers (case by case basis)
- Defer all payment of dividends until the risk of the COVID 19 crisis is under control
- Suspend all capital expenditure
- Restructure, refinance or renegotiate loans for all borrowers affected
- Innovate and encourage their customers to utilize digital platforms

The Malawi government will encourage the donor community for stimulus grants to microfinance institutions.

Source: Reserve Bank of Malawi, Press Release ‘Measures to mitigate impact of COVID 19 from the mobile operators and MFI sector in Malawi’ 23 April 2020.

### 5.3 Fiscal measures

- Malawi Revenue Authority to open up a voluntary tax compliance window for a period of six months to allow tax payers with arrears to settle their tax obligations in instalments without penalty



- Apply tax waivers on importation of essential goods for Coronavirus management. These include personal protective equipment, hand sanitizers, soaps, water treatment chemicals and many more
- Waive non tourism levy to support the tourism industry
- Waive Resident tax on all foreign doctors and medical personnel
- Increase the MEDF loans allocation from K13 billion to K15 billion in order to help Micro, Small and Medium Scale businesses that have been seriously affected by the pandemic;

Source: Speech of president Peter Mutharika on 5 April 2020.

#### 5.4 Cash handouts to mitigate the effects of the COVID crisis

The Malawi government officially launched an emergency cash transfer on 30 April. This programme targets 1 million people and small businesses affected by the coronavirus pandemic. The World Bank has approved a \$37 million funding package to support Malawi to respond to the crisis. The funding package would cover payments of about \$50 to 172 000 households for roughly four months. President Peter Mutharika announced this emergency cash transfer programme will strengthen livelihoods during the coronavirus crisis.

As of the 12th of June 2020 the actual disbursements had not yet started flowing to the potential beneficiaries but the government has given assurances that these pay-outs will start soon.

Source: AllAfrica.com 'Malawi rolls out K38bn Cash Handouts to combat Coronavirus Impact'

## 6. Donor community response

On 4 May, the Humanitarian Country Team launched an Emergency Appeal to seek US\$ 139 million for 25 UN agencies and NGOs to support the government's urgent preparedness and response effort from May to October 2020, targeting over 6 million people. In addition to strengthening the public health response to COVID-19, the appeal also focuses on continuing life-saving primary health care, including sexual and reproductive health services, access to medical services for gender-based violence survivors; education; food security and livelihoods support; nutrition services; water, sanitation and hygiene; and, support to social protection, safety net programmes.

The United Nations launched an Emergency appeal for Malawi to develop further the framework of the National COVID-19 Preparedness and Response Plan launched by the Government on 8 April 2020. The humanitarian community in Malawi appeals for US\$139.2 million to ensure that no one is left behind in the response, while a socio-economic framework for the response to COVID-19 commences its implementation.

The proposals in the plan build on existing capacities of the UN agencies and NGOs that are participating in the Emergency Appeal and are closely coordinated with the national authorities and relevant line Ministries, under the overall leadership of the Ministry of Disaster Management Affairs and Public Events. Strengthening local planning, local responses and engagement with communities is core to the strategy of this six-month plan. It is an urgent appeal to all development partners to strongly support the response plan of the humanitarian community in Malawi to help stem the impact of



COVID-19 in an already fragile humanitarian context. The UN in Malawi has operationalised an SDG Acceleration Fund to enable resource mobilisation and enhance coordination to ensure that no one is left behind in the COVID-19 response in Malawi.

Source: Malawi, COVID-19 situation Report Unicef 4 May 2020 and Emergency appeal Malawi May-October 2020, UN.

## 7. Conclusion

Malawi experiences a sharp rise in the number of daily COVID cases. The fact that the country recently announced it is running out of test kits is worrisome. It is clear preventive measures to curb the spread of the epidemic need to be maintained and strengthened.

The peaceful and democratic transition to new leadership (the election of Lazarus Chakwera as new president) marks the end of a tensed political climate in the country. Even during the pandemic election rallies and political gatherings continued without enforcing the proper safety measures. The fact that the inauguration happening of the new president was scaled down in terms of attendees and the independence day festivities have been cancelled by the new elected president are hopeful. The new Malawi cabinet and government faces the huge challenge to lead the post-pandemic recovery of Malawi.