

**Cross Party Group on Malawi**  
Wednesday, March 7<sup>th</sup> 2018  
Scottish Parliament, Committee Room 4

The meeting was live video-linked to the UK Parliament's Malawi All-Party Parliamentary Group

**MINUTES**

**Co-Convenor (CPG):** Alexander Stewart – MSP

*[Chair (APPG): Patrick Grady MP]*

**Scottish Government Malawi Development Programme**

**Attendees**

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|---|--|
| 1. Alexander Stewart MSP  | 15. Webster Siame Kameme – The University of St. Andrews |
| 2. Liam McArthur MSP  | 16. Grace O'Donovan – SMP                                |
| 3. Stuart Brown SMP   | 17. Colin Reilly – SMP                                   |
| 4. Bernard Kaunda – Mzuzu Coffee CEO                                  | 18. Martin Rhodes – The Scottish Fair Trade Forum        |
| 5. Christopher Gondwe – Mzuzu Coffee Quality and Processing Executive | 19. Mary Robertson – EMMS International                  |
| 6. Peter West – Hon. Consul of Malawi                                 | 20. Russell Salton – Edinburgh Fairtrade City Group      |
| 7. Fidelma Beagan – First Aid Africa                                  | 21. Beata Skobodzinska – SMP                             |
| 8. Andrew Cubie – SMP   | 22. David Stevenson – The University of Edinburgh        |
| 9. Heather Cubie – University of Edinburgh                            | 23. Bonnie Thomson                                       |
| 10. Fraser Dunphy – Finesse Control Systems                           | 24. James Wells – EMMS International                     |
| 11. Moira Dunworth – Mamie Martin Fund                                | 25. Emma Wood – Queen Margaret University                |
| 12. Jackie Farr – SMP   | 26. Adah Younger   |
| 13. Stuart Galloway – The University of Strathclyde                   |  |
| 14. Robert Kalin – The University of Strathclyde                      |  |

**Apologies**

1. Linda Fabiani MSP
2. Christina McKelvie MSP
3. Daniel Cosgrove – Unicef Scotland
4. Linda Russell

**1. Welcome, apologies and minutes of the last meeting**

Alexander Stewart MSP welcomed everyone to the meeting in the Scottish Parliament. The video link with the Malawi APPG in Westminster via Skype commenced.

David Hope-Jones and Patrick Grady MP welcomed everyone to the meeting from Westminster. Apologies were presented and the minutes were approved from the previous CPG meeting in November: proposed by Alexander Stewart MSP and seconded by James Wells.

## 2. David Hope-Jones (Chief Executive), Scotland Malawi Partnership

*[Speaking from Westminster]*

David Hope-Jones welcomed attendees and began the presentation with an introduction to the Scotland Malawi Partnership's 'Buy Malawian 2018' campaign.

David stated that the campaign priorities include:

- Raising awareness of, and building Scottish markets for, Malawian exports available in the UK;
- Promoting Malawi as a world-class tourism and cultural destination;
- Encouraging and supporting sustainable and ethical investment into Malawi;
- Developing a public and media narrative which associates 'brand Malawi' with quality;
- Identifying blockers to increased, sustainable and equitable UK-Malawi trade and mobilising structures across government, parliament, business and civil society to mitigate these challenges;
- Encouraging and supporting the c94,000 Scots with existing Malawi civic links to increase the impact of their individual partnerships by supporting the Malawian economy through their own spending power;
- Helping build a constructive synergy between the 'aid' and 'trade' agendas;
- Raising public awareness of, and support for, Scotland's longstanding friendship with Malawi.

David highlighted the key events and activities taking place as part of the campaign:

Monday 5<sup>th</sup> March 2018:                      Campaign Launch at Kirklandneuk Primary School

Wednesday 7<sup>th</sup> March 2018:            Joint Malawi CPG and APPG

Sunday 11<sup>th</sup> March 2018:                Lake of Stars One Day Festival in Glasgow

The SMP is supporting a special one-day Lake of Stars Festival taking place at the Glasgow Art School on the 11<sup>th</sup> March. This is part of the world-famous Lake of Stars festival which takes place on the shores of Lake Malawi each September – one of Africa's biggest and best cultural festivals. The Glasgow festival will include a 10am-5pm BuyMalawian market of stalls promoting Malawian products, and a special Scotland Malawi Partnership stage with musicians, speakers and other performers through the day.

Monday 12<sup>th</sup> March 2018:                Malawi 'Big Commonwealth Lunch' at the City Chambers, Edinburgh

The SMP are hosting a Malawi 'Big Commonwealth Lunch', both as part of our BuyMalawian campaign and as part of the 'Commonwealth Big Lunch' campaign which runs from the 12<sup>th</sup> March to the start of the Commonwealth Heads of Government Meeting (CHOGM) in April.

Sunday 18<sup>th</sup> March 2018:                Church services marking Livingstone's Birthday

The SMP are working with churches and faith groups across Scotland to have special services as part of the campaign.

Monday 19<sup>th</sup> March:                        Official close of campaign, David Livingstone's Birthday

Ross Jennings, an Edinburgh piper, is travelling the world aiming to be the first person to play the bagpipes in every country. Ross will perform in Blantyre, Malawi, with hundreds of local school children with Malawi links, to commemorate David Livingstone's 205<sup>th</sup> birthday and bring the campaign to its official close. The event will be live streamed online, for schools in Scotland to watch.

### **3. Nick O'Donohoe (Chief Executive) and Daudi Lelijveld (Director & Head of Impact Accelerator), (Commonwealth Development Corporation (CDC))**

*[Speaking from Westminster]*

Nick O'Donohoe briefly introduced the background to the Commonwealth Development Corporation (CDC), which is the UK's Development Finance Institution (DFI) and wholly owned by the UK Government. The mission of the CDC is to support the building of businesses throughout Africa and South Asia, to create jobs and make a lasting difference to people's lives in some of the world's poorest places. CDC was founded in 1948, making it the world's oldest DFI. The portfolio of investments is valued at £4.8bn and includes 1,245 investee businesses. Last year, these companies together helped create 1.29 million new jobs. The aim of CDC is to invest where the job creation focus can have greatest impact: in countries where the private sector is weak and jobs are scarce, and in sectors where growth leads to jobs – directly and indirectly – such as manufacturing, agribusiness, infrastructure, financial institutions, construction, health and education. CDC supports the building of businesses throughout Africa and South Asia to create jobs.

The first investment project managed in Malawi by CDC dates back to 1949. Following Nick's first visit to Malawi, nine new projects were initiated and are in place in Malawi.

Daudi explained that the Impact Accelerator (IA) was created in 2015 to develop the market for impact investing in some of the most remote and challenging business environments in the world.

The IA is funded by the Department for International Development (DFID) and managed by CDC Group, the UK's development finance institution.

In 2016, the Impact Accelerator committed \$8 million in Jacoma, an inclusive agribusiness which will expand its production of high value macadamia nuts, birds eye chili and paprika in northern Malawi. The investment will benefit local stakeholders through offtake from out-growers and the provision of irrigation infrastructure for neighbouring smallholder farmers.

### **4. Bernard Kaunda and Christopher Gondwe (Mzuzu Coffee)**

*[Speaking from the Scottish Parliament]*

Bernard introduced the history of Mzuzu Coffee. Established in 1979, Mzuzu Coffee is a democratic and empowered union of farmers. The union comprises of six cooperatives producing 350m tons of coffee every year. 93% of the crops are exported as green beans to international markets and 7% are sold to the domestic market. 50-60% of the international exports go to the USA, 30% to Europe (mostly the UK) and the remaining 10% to Far East, Japan and Taiwan. Mzuzu Coffee was awarded the Fair Trade Certification in 2009 and 4C verified in 2011 and is currently in the process of obtaining the Organic certification.

Bernard also recognised that the origins of the coffee plants in Malawi go back to Scotland. The first coffee plants that grew in the Royal Botanic Gardens in Edinburgh travelled with the Scottish missionaries from Scotland, to Zanzibar and finally to Malawi.

Mzuzu Coffee started as a government project that aimed at supporting smallholder farmers. It received a crucial loan from CDC almost precisely 40 years ago.

Now Mzuzu Coffee is no longer managed by the government, but the union of farmers who decide on the development goals of the company.

Bernard explained that in Malawi, and in the Mzuzu Coffee context in particular, the principles of Fair Trade are at the heart of the company's activities. For Mzuzu Coffee, fair trade is about values and cultures. It places its main focus on the human value and sustainable growth that both respects the bio-diversity of the region and offers employment to local farmers. Mzuzu Coffee also ensure that their farming practices do not have a negative impact on the planet at large and maintain the land for the use of future generations.

## 5. Questions and Discussion:

*Q: How many women are involved in the Mzuzu Coffee's union of farmers?*

Bernard explained that 25% of the farmers involved are female farmers. He added that 20% from the gross sales of coffee produced by women goes directly to female farmers; which is a higher premium than to male farmers.

*Q: What is the long-term planning strategy surrounding the water resources and food access in Malawi? (Question to APPG in Westminster)*

Daudi reassured that the ISC protocols are followed when projects are introduced and implemented in Malawi. He gave examples of a macadamia nuts farm and a sugar plantation in Malawi that had extensive plans on the impact of investment done before irrigating land.

*His Excellency Kena Mphonda, the High Commissioner for Malawi in the United Kingdom, joined the APPG meeting.* He expressed his appreciation of engagement from the UK Government in support of the Malawian economy. He also added that a follow-up surrounding investment issues and recent increase funding provided to CDC towards development work in Malawi is required to ensure the needs of the local industries are met.

Nick O'Donohoe confirmed that the recent increase in funding towards development projects in South Asia and sub-Saharan Africa stems from the recognition of the positive impact of those projects on the local economy. He also added that DIFID set its investment priorities to providing more mainstream funding to local companies and supporting agriculture through financial facilities. He stressed that the currently available funding is not sufficient to meet all the SDGs.

Nick further explained that most of the investment relies on partnership with large companies that create employment opportunities; hence the impact on the local smaller businesses has not been as significant. CDC are currently in discussion with the UK government surrounding investment in providing sustainable power-generating resources. Solar investment is not considered as viable in Malawi; hence other options are being explored. Daudi added that currently the main priorities for investment remain agriculture followed by energy.

The Malawi High Commissioner stressed that local businesses in Malawi require explicit guidelines surrounding access to funding and further expectations from project delivery. A better understanding process is needed so that the best outcomes are met from both the UK and Malawian perspectives.

Liam McArthur MSP added that the CPG-APPG links should be maintained to ensure further stronger cooperation between the two parliaments in international investment and development context.

*Q: How can local, small business access the CDC investment?* [It was noted that the current partnership model whereby the shift from the development aid to investment is prioritised is much appreciated by Malawians]

Nick explained that the current CDC's finance models focus on large-scale investments ranging from £20m to £30m; hence there is a limited number of companies that can directly benefit from the investment funds. CDC are now offering intermediate financing models in a form of loans distributed in partnership with the Standard Bank in Malawi.

*Q: Is the Malawian coffee industry looking into increasing the volume of finished coffee products as opposed to exporting green beans? What other markets is the coffee industry looking into expanding to?* [It was noted that the European coffee industry is profiting on a large scale from processing Malawian green beans. If processed in Malawi, the Malawian companies could profit more from the exported product]

Bernard commented by saying that Mzuzu Coffee are currently investing financial and intellectual resources to equip their company with technology and machinery for processing and packing that would allow for meeting consumption demands. He noted that the freshness of exported coffee is a key element in ensuring consumers' satisfaction; hence the changes to the existing timelines need to be looked at with caution when introducing a finished product to the international markets.

*Q: What are the prospects of having instant coffee produced and exported from Malawi?*

Bernard commented that instant coffee production requires a high volume of product available. Malawi coffee industry does not produce enough to allow for having instant coffee made.

**6. The joint question and answer sessions was brought to a close by Patrick Grady MP and Alexander Stewart MSP and the live connection between the two Parliaments was closed.**

Discussions continued at the CPG with members noting:

- i. The CPG could be strengthened by seeking more active diaspora involvement;
- ii. There could be a useful opportunity for Scottish educational institutions to support their Malawian counterparts as Malawian universities transition from central government management to independent entities
- iii. There could be opportunities arising from new trade deals with Malawi following the UK's departure from the European Union and elections in Malawi in 2019;
- iv. There could be value in undertaking a SWOT analysis of post-Brexit opportunities

Dates for the next meeting are to be circulated when agreed

**After the meeting was formally closed, members took part in a Holyrood vs Westminster Malawi gin tasting competition, as part of the BuyMalawian campaign.**