

SUMMARY

MWEITI REPORT



**MWEITI Report for Year ended
30th June 2018**

Covering 2017/2018 Fiscal Year



EMJ Advisory
Public Accountants

MWEITI Malawi
Extractive
Industries
Transparency
Initiative

ANALYSIS OF COVID-19 PANDEMIC IMPACT ON THE EXTRACTIVE INDUSTRY IN MALAWI

2020 has been a challenging year as the economy continues to be affected by the Covid-19 pandemic, which is an unprecedented humanitarian and economic crisis. The pandemic has caused severe disruptions to the country's economy leading to underperformance for businesses in all sectors including manufacturing, transport, retail and wholesale among others. In particular, spill overs from the global recession and border closures in neighbouring countries have reduced exports and imports of raw materials; raised transit costs and reduced foreign direct investment.

Similar to other sector of the Malawi economy, the Covid-19 pandemic has also affected the extractive industry.

RECOMMENDATIONS

The following is the summary of recommendations and additional measures that can be implemented in order to improve the EITI process in Malawi:

- The National Secretariat should develop a Remedial Action Plan to facilitate follow up and implementation of all MWEITI reports recommendations;
- The National Secretariat should undertake a detailed study on project level reporting covering the whole spectrum. The report to be produced will produce guidelines on exactly what MRA and other players should do and recommendations on the way forward;
- The MoM (and MRA) should establish procedures and systems to accurately collect and report on production data from extractive companies;
- The MSG should establish mechanism to deter non-compliance to data completeness and quality assurance requirements including accuracy and comprehensiveness of data included in the reporting templates by reporting entities;
- MoM should enforce provisions on non-compliance to reporting deadlines in accordance with Section 37 of the MMA 2018 deadlines by the reporting entities;
- The MoM including Department of Forestry, Ministry of Natural Resources and Forestry, Ministry of Finance and any MDA that signs or keep such documents should facilitate public disclosure and access to contracts/agreements;

MWEITI Malawi
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INTRODUCTION

This document is a summary of the Fourth Malawi Extractive Industries Transparency Initiative (MWEITI) report for the financial year beginning from 1st July 2017 to 30th June 2018. It covers payments made by Extractive Companies and revenues received by Government Agencies and other material payments and benefits to Government Agencies as stated by Requirement 4.1 of the 2016 EITI Standard.

It also includes contextual information about the Extractive Industries in accordance with EITI Requirements 2 and 3.

The summary report mainly covers key areas of the report with focus on the objective, scope of work, reconciliation results, analysis of Covid-19 Impact on the Extractive Industry in Malawi, recent developments and recommendations. For detailed information, you may wish to refer to the main Fourth MWEITI Report



Open-pit Mining

REVENUE GENERATED FROM THE EXTRACTIVE INDUSTRIES

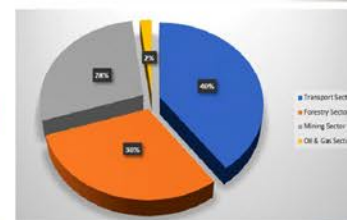
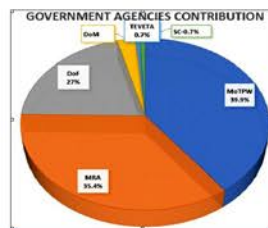
Total revenues received from the extractive sector amounted to MWK 18,711 million in 2017/18 FY. The Malawi Revenue Authority accounted for 35.4% of the total revenue streams generated by the sector, whilst the Ministry of Transport and Public Works and the Department of Forestry accounted for 39.9% and 20.7%, respectively, of total extractive industry revenues

Table 1: Revenues detailed by Government Agencies

Government Agency	2017/18 FY		2016/17 FY		Variation	
	(MK Million)	%	(MK Million)	%	(MK Million)	%
Malawi Revenue Authority	6,629	35.4%	8,838	77%	(2,209)	(0.19)
TEVETA	122	0.7%	0	0%	122	0.01
Department of Forestry (DoF)	3,876	20.7%	1,021	9%	2,855	0.25
Ministry of Transport and Public Works (MoTPW)	7,475	39.9%	630	6%	6,799	0.59
Department of Mines (DoM)	483	2.6%	739	6%	(256)	(0.02)
Social contributions (SC)	126	0.7%	165	1%	(39)	(0.00)
Total extractive revenues	18,711	100%	11,459	100%	7,252	0.63

Table 1: Revenues detailed by Government Agencies

Government Agency	2017/18 FY		2016/17 FY		Variation	
	(MK Million)	%	(MK Million)	%	(MK Million)	%
Mining Sector	5,281	28.2%	3,234	28%	2,047	0.18
Transport Sector	7,475	39.9%	1,797	16%	5,678	0.50
Forestry Sector	5,537	29.6%	5,411	47%	126	0.01
Oil & Gas Sector	418	2.2%	1,017	9%	-599	(0.05)
Total extractive revenues	18,711	100%	11,459	100%	7,252	0.63



RECONCILIATION OF CASH FLOWS

Table 7: Reconciliation by extractive entity

No.	Company	Templates Originally Logged			Adjustments		
		(a)	(b)	(c) = (a - b)	(d)	(e)	(f) = (d - e)
1.	Moat Engr Ltd	51,783,337	8,212,008,127	(8,158,224,790)	-	(8,129,888,046)	8,129,888,046
2.	Lodge Cement Company Ltd	-	2,682,590,918	(2,682,590,918)	-	-	-
3.	Terrace Ltd	780,311,720	1,492,118,184	(711,806,464)	-	(1,213,912,249)	1,213,912,249
4.	Shyamba Cement Corporation	1,086,190,451	1,057,575,492	28,614,959	-	21,637,892	(21,637,892)
5.	STRABAG International Limited	-	821,958,818	(821,958,818)	-	-	-
6.	Cement Products (MDU) Ltd	538,982,793	366,998,409	171,984,384	-	538,982,793	(538,982,793)
7.	Paklin (Africa) Ltd	191,120,469	205,551,093	(14,430,624)	20,466,624	-	20,466,624
8.	Chopankwa Coal Mines Ltd	164,806,371	165,730,942	(92,571)	714,854	-	714,854
TOTAL		6,326,319,880	19,303,446,796	(12,977,127,316)	(9,404,335,640)	54,627,739	9,041,761,913

Table 7: Reconciliation by extractive entity