**MALAWI**

**THE IMPACT OF CORONAVIRUS (CORID-19) ON THE MALAWI**

**LOGISTICS AND SUPPLY CHAIN OPERATIONS**

**PART A : GENERAL SITUATION PERTAINING TO MALAWI[[1]](#footnote-1)**

In December 2019, the world had a rude awakening, with the discovery of a new viral infection – the Corona virus. Also known as COVID- 19, the disease was first detected in Wuhan province in mainland China. This highly contagious disease soon spread throughout the world, affecting some 200 countries globally. It is estimated that 18 million people globally have tested positive to the Corona virus, and the figure is growing rapidly. The disease is fatal and mortality and morbidity rates are very high. Malawi has not been spared from the pandemic and latest statistics indicate that over 4,000 people have tested positive to the Corona virus in the country. The number of fatalities in Malawi is 123, but the figure is still rising.

According to scientists the cause of this outbreak is a new virus, known as the severe acute respiratory syndrome (SARS- CoV – 2). Corona viruses are said to be a family of viruses that can cause mild to moderate respiratory tract illnesses such as severe common cold, high fever, shortness of breath and flu among others.

Hitherto, there is no known cure for the disease. Governments throughout the world are encouraging preventive measures such as hand washing, sanitizing, social distancing and wearing of face masks among others, to avoid contracting and spreading the disease. People who have tested positive are advised to self- isolate and stay in quarantine for 14 days. There have also been strict restrictions preventing people from converging in large groups. Church services are being restricted to small gatherings and schools and colleges have been closed. Weddings and parties have also been banned. Even funerals are being restricted to small gatherings. Many people have stopped going to their places of work and they are increasingly working from their homes.

The restrictions which have been imposed to contain the spread of the pandemic, have resulted into several adverse effects to the Malawi economy. Due to low revenue generation, many companies have downsized and laid off staff. This has increased unemployment in a country where there are no social benefits for the unemployed. Some companies have also had to reduce salaries and benefits for their employees in a bid to survive and remain afloat during the period of the pandemic. Examples of such companies in Malawi are MANICA and Barlow World. The transport passenger logistics sector has not been spared. Passenger flights into and out of Malawi have been suspended to reduce contact between local citizens and the outside world. The entire fleet of the national airline, Malawian Airlines, has been grounded. Whilst passenger flights, into/out of Malawi, have generally been cancelled, there has been conversion of passenger aircraft to freighters in some cases. This is being practiced by Ethiopian Airways (ET) and Emirates who now fly cargo into Kamuzu International Airport in Lilongwe, the Capital City of Malawi on a regular basis. It is noted however that globally there has been a 31% reduction in cargo carrying capacity in the aftermath of the Covid- 19 pandemic. Since flights are quite scarce, the market factors of supply and demand have come into play and this has resulted into an escalation of charges for the airlines that are still flying. It must also be mentioned that while scheduled passenger flights are not available in Malawi currently, it is possible to charter a plane into and out of the country. However, the cost of a chartered plane is quite prohibitive.

Kenya Airways (KQ) has indicated that they will in the month of August 2020, resume international flights (which were suspended since March) to 31 international destinations, including Lilongwe, Malawi.

The Road passenger transportation sector has equally been affected. Scheduled cross border bus operations between Malawi, South Africa, Zimbabwe, Tanzania and Zambia respectively have been suspended**.** Locally, restrictions have also been imposed on bus and minibus passenger capacity and this has negatively affected revenue generating capacity, thereby reducing profits for the affected companies. Just as is the case with the airline sector, it is possible to charter a bus to ferry passengers between Malawi and surrounding countries. Recently the Government of Malawi hired buses to bring back its citizens who had been affected by the economic downturn, and were stranded in South Africa.

There have also been temporary closures of some manufacturing firms and service providers that deal in non-essential goods. Inevitably there have also been stock outs of some imported goods due to the restrictions imposed on cross border travel. This is noticeable in themajor supermarkets in the country.

Tobacco is Malawi’s major cash crop and it is the main foreign exchange earner for the country. Due to Covid-19 related restrictions, the tobacco market has been adversely affected with depressed earnings. This can be attributed in part to failure of many international buyers to travel to Malawi to attend the tobacco auction floors. This will have a knock-on effect on Malawi`s economy. It has been projected by the International Monetary Fund (IMF) that as a consequence of the Covid- 19 pandemic, the Malawi gross domestic product (GDP) will shrink by 1.2%.

Whilst there have been many adverse effects of the Covid- 19 pandemic in Malawi, some industries have benefitted from a surge in the demand for their products (and services). Examples include mobile phone service providers who have benefitted from an increase in the demand of data bundles and mobile money services. In the same vein businesses that deal in personal protective equipment (PPEs), hand sanitizers, soaps, face masks etc. have also seen a surge in the demand of their products. Additionally, the belief that a strong immune systemwill help an individual to survive a Covid- 19 attack, has resulted in increased demand for some fruits, vegetables and herbal products which are perceived by some to improve the immune system. Examples of such products are lemons, oranges, and ginger.

Some measures have been put in place to mitigate against the effects of the Covid- 19 pandemic. The government introduced a moratorium on interest on bank loans. The price of fuel has also been reduced. Some institutions of middle and higher education have also introduced online learning with varying degrees of success. There has been increased usage of online platforms in business, academia, Clubs and conferences. To some degree virtual transmissions have become a way of life with applications such as video conferencing, zoom and skype among others becoming popular. Online payments have also become quite popular.

Companies have also made some adjustments to the way they operate their supply chains. Some organizations are shifting from a Just in Time (JIT) approach to buying critical goods such as fuel, personal protective equipment (PPEs) and other medical supplies ahead of demand. This is evident at the Malawi Central Medical Stores Trust (CMST) and the National Oil Company of Malawi (NOCMA).

The Ministry of Health (MoH) is using simulation and statistical modelling to project incidence of the pandemic in different scenarios.

Despite the many adverse effects of the Covid- 19 pandemic in Malawi, in the short term the Malawi economy is apparently reported showing some resilience, albeit being a small economy.

The reduction of 1.2% in the GDP is much smaller, relative to what is being experienced in bigger economies such as South Africa. Going forward, authorities in Malawi are continually seeking solutions that will reduce exposure of the citizenry to COVID-19, whilst making the local economy to be more resilient.

In the circumstances, CILT-Malawi Branch intends to introduce e-learning to provide and support our training partners with opportunities for those who are anxious to continue their transport and logistics education. This is essential as Malawi is a land locked country and it is essential that the country’s transit supply chains are safeguarded. This has already been communicated to CILT (INT) who have assisted with soft copies of learning materials. This step will have to be taken because most of the students are willing to use e-learning means of learning as a way forward and a mitigating factor. When the situation normalizes, the training providers, who are, for the most part, public institutions will resume their responsibilities of providing the education as per current practice.

It has been our tradition, and preference of our students, to offer graduation ceremonies to our students, presided over by the Minister of Transport in order to promote CILT Education, but under the current circumstances we shall have to put on hold, since it demands physical presence of students in the graduation halls. In the same vein Professional Development Programmes have been put on hold by Government Guidelines until situation improves.

We have no doubt, therefore, that the pandemic is certainly going to affect our way of doing things.

**PART B : MALAWI SITUATION SUMMARY**

1. PANDEMIC IMPACT
   1. COVID statistics**\*** according to the **United Nations Malawi**

* 3,981 Cases – Malawi (Africa - 890,897 Cases)
* 983 of which imported
* 1,807 Recovered
* 109 Deaths (Africa – 18,859 Deaths)
* All 28 Districts of Malawi affected (All 54 Africa Countries affected)

***\*****United Nations, Malawi: COVID -19 Update- Situation Update No.20 – 31 July, 2020*

* 1. Landlocked position of Malawi places the country at a huge disadvantage. The country’s

foreign trade has to transit through 5 neighbouring States, some of which are also landlocked and their priority is their own citizens and industries. This places Malawi at a disadvantage to access transit priority to use the trade routes, let alone synchronization of lockdown or other internal policies which place negative impact on transit traffic. Exports and Imports are thus heavily affected. Malawians are now preparing for their next rainy season farming. The current situation will affect labour availability and inputs supply for the growing season.

* 1. Majority Malawians live on a daily based economy to source food and other necessities. Many do not even have a Bank account. Logistics of attending to such daily needs is a challenge

1. MALAWI CROSS CUTTING POLICIES/PRACTICES TO ADDRESS THE SITUATION FACED
   1. Presidential Task Force established to address the pandemic
   2. Guidelines implemented soon after the pandemic surfaced
   3. The COVID Guidelines and policies in place such as distance and crowd controls including education graduation ceremonies
   4. Promotion of handwashing using water/chlorine implemented in Banks, Shopping malls/premises and other crowd entry areas
   5. Schools and Universities are closed but can transact using e-learning. Zoom learning being used by private sector, Church, Board Meetings etc.
   6. Face to face group meetings have been curtailed except through virtual platform, but limited due to service fee prepayment using Credit Card (ZOOM Service) which is not in common use by majority/traders in Malawi
   7. Banks have offered moratorium on loan interests on case by case basis but not wholesale reduction of the bank rates
   8. Reduction of prices on some products, especially for the poor
   9. Mandatory wearing of mask in crowd areas: banks, transport spots, airport, buildings corridors, gateways. Many Malawians are following, albeit quality of some masks could be better and limited affordability and thereby questionable repeated use of the mask.
   10. Body temperature measurements at hotels, banks, airport, golf clubs entry in place

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1. REFERENCES:

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   https//[www.pwc.com/library/supplychain](http://www.pwc.com/library/supplychain)

   Travel://[travel.state.gov/content/travel/en/internationaltravel/international-Travel-Country-information-pages/Malawi.html](http://travel.state.gov/content/travel/en/internationaltravel/international-Travel-Country-information-pages/Malawi.html) [↑](#footnote-ref-1)