



Empowered lives.
Resilient nations.

Annual Work Plan 2016

PRIVATE SECTOR DEVELOPMENT PROJECT

Country: MALAWI

Theme 1: Sustainable and Equitable Economic Growth and Food Security

UNDAF Outcome 1.3:

Productive poor benefit from decent work, income generation and pro-poor private sector growth by 2016

UNDAF Output 1.3.3:

National Export Strategy clusters are supported through enterprise and skills development, financial services, cooperative development, promotion of structured markets and national quality infrastructure

Expected CPD Output(s):

Inclusive finance products expanded, new business-to-business opportunities for Malawi products

Expected Project Outputs:

1. The Industrial development policy and prioritized sectoral policies and strategies developed and implemented
2. The MICF is established and operational to increase inclusiveness and competitiveness of value chains in agriculture and manufacturing
3. Loan facility provided to smallholder farmers, low income women and youth

IRRF Indicators (Output 1.1):

IRRF Indicator 1.1.1.A Number of new jobs generated
(Milestone 2016: 1000 – 700 men, 300 women)

Corresponding Activity: 2.1

IRRF Indicator 1.1.1.B Number of additional people benefiting from strengthened livelihoods

Narrative

Malawi lacks a private sector that can increase the low levels of investment and production and transform the economic structure of the country through the diversification of its economy and exports. The Private Sector Development Project (PSDP) is a private sector led and private sector driven project. It aims at incentivizing the private sector to deliver sustained, rapid and inclusive growth; ensuring that value chains with strong potential, identified by the National Export Strategy (NES), contribute to growth and poverty reduction and are inclusive of the poor; and better aligning business incentives with development objectives to promote innovations and inclusive business models to draw poor communities into markets more efficiently.

More specifically, the overall goal of the PSD project is to support productive partnerships within the private sector, particularly between lead firms and poor producers and entrepreneurs, especially smallholders. The project has the ambition of contributing to the transformation of the private sector into the engine of real growth and anchor for economic diversification, job creation and greater economic opportunity for the poor that Malawi requires.

The project will also facilitate access to finance to smallholder farmers and low-income people through the establishment of a Loan Facility and will ensure a more receptive policy and institutional environment for Agriculture and Manufacturing value chains.

The PSDP operational approach is characterized by the use of two instruments: UNDP's Inclusive Markets Development (IMD) and the Challenge Fund instrument.

In 2016, the Malawi Innovation Challenge Fund (MICF) grantees will continue implementation of projects following the first Round of Competition under the Agriculture and Manufacturing Windows that was completed end-2014. The projects provide direct support to businesses with grant finance, with a view to supporting agriculture and manufacturing value chains to work better for the poor following the IMD approach and within the framework of the National Export Strategy (NES). Also, a new Round of Competition for an Irrigation Window will be open in 2016 and with support from the International Fund for Agriculture Development (IFAD).

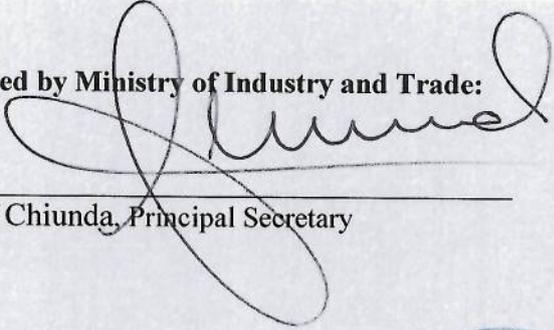
At Policy level, support is provided for the implementation of the Industrial Policy to hasten the industrial development of Malawi's economy and aligned to SADC's Industrialization framework. This will be also supported by the implementation of recommended guidelines for Industrial Incentives. Likewise, support towards implementation of the Trade Policy and the Buy Malawi Strategy is provided, the latter will furthermore be linked to the MICF to create synergies between the policy and implementation levels.

Assistance to advance the Manufacturing Agenda, under the NES prioritized product clusters, is also delivered through capacity building measures for MoIT staff and direct support to advocacy activities including the setting up of Industrial Forums for the Manufactures sub-clusters. Furthermore, to sustain vertical and horizontal integration and of smallholder farmers, low income women and youth in corporate supply chains, a Loan facility will be set-up. This shall be part of the broader agenda of the MAP (Making Access for the Poor possible). Discussions with UNCDF are ongoing in this regard, the outcome will be operationalized in the next CPD.

AWP Period:	01 January 2016 31 December 2016
Programme Component:	Poverty Reduction and SDGs
Intervention Title:	Private Sector Development Project
Project ID:	00072218
Output 1:	00085368
Output 2:	00086670
Output 3:	00086671
Output 4:	00086672
Duration:	1 year

Estimated annualized budget:	
\$ 6,917,000	
Allocated resources:	
Government	in kind
UNDP Regular	\$ 950,000
DFID	\$ 5,967,000

Agreed by Ministry of Industry and Trade:



Cliff Chiunda, Principal Secretary

Date 5/01/16

Agreed by UNDP:



Mia Seppo, Resident Representative



Date 18/1/16

Annual Work Plan

01 January 2016 – 31 December 2016

EXPECTED CP OUTPUTS and indicators including annual targets	PLANNED ACTIVITIES <i>List all activities including M&E to be undertaken during the year towards stated CP outputs</i>	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET			
		Q1	Q2	Q3	Q4		Source of Funds	Budget Description	Amount US\$	
OUTPUT 1:										
The Industrial development policy and prioritized sectoral policies and strategies developed and implemented										
1.1 Number of Industrial Policies developed and approved by Cabinet Baseline: 0; Target: 1	1.1.1 Sensitization on Industrial Policy Industrial Policy printing, dissemination & sensitization, implementation					Ministry of Industry and Trade	UNDP TRAC	74200 Audio Visual&Print Prod Costs	2,500	
1.2 Number of Sectoral Policies and strategies in oil seeds, legumes, sugar and manufacturing, aligned to the NES and MICF, fast-tracked and implemented Baseline: tbd; Target: 2	1.2.1 Sensitization on Trade Policy Trade Policy printing, dissemination & sensitization, implementation					Ministry of Industry and Trade	UNDP TRAC	74200 Audio Visual&Print Prod Costs	2,500	2,500

	1.2.2 Implementation of Guidelines for Industrial Rebates in Malawi - Industrial Incentives Study				Ministry of Industry and Trade	UNDP TRAC	72100 Contractual Services Companies	20,000
	1.2.3 Industrial Data Base - Data Collection by the MOIT - IT Consultancy to develop Data Base				Ministry of Industry and Trade	UNDP TRAC	72100 Contractual Services Companies 72300 Materials & Goods 71600 Travel	15,000 2,000 3,000
	1.2.4 Sensitization on Business Licensing Act Regulations - Business Licensing Awareness Workshops - Radio Singles				Ministry of Industry and Trade	UNDP TRAC	74200 Audio Visual&Print Prod Costs 75700 Training, Workshops and Confer	5,000 5,000
	1.2.5 Launch of Bay Malawi Strategy - Printing and Dissemination - Launch Event				Ministry of Industry and Trade	UNDP TRAC	74200 Audio Visual&Print Prod Costs 75700 Training, Workshops and Confer	5,000 10,000

	1.2.6	Review of EPZ Act - Incorporation of EPZ Regulations in the Act					Ministry of Industry and Trade	UNDP TRAC	71300 Local Consultant	10,000
	1.2.7	Capacity Building of MoIT staff - Trainings at local institutions, regional where necessary					Ministry of Industry and Trade	UNDP TRAC	75700 Training, Workshops and Confer	15,000
Sub-Total										
										95,000

OUTPUT 2:

The MICF is established and operational to increase inclusiveness and competitiveness of value chains in agriculture and manufacturing

2.1	Number of new business models that increase average net incomes of the poor are developed in each IMD intervention (Agriculture and Manufacturing) Baseline: 0; Target: 11	2.1.1 MICF Fund Management - MICF Fund Management also to deliver paper on the Enabling Environment, as per implementation challenges experienced by MICF companies.					UNDP	UNDP TRAC	72100 - Contractual Services Companies	680,000
2.2	Additional investment leveraged from the Private Sector through the MICF Baseline: 0, Target: \$3,700,000	2.1.2 MICF Investment Panel					UNDP	UNDP TRAC		0/
2.3	Aggregate number of									

<p>poor people experiencing net positive income or livelihood improvement Baseline: 0. Target: 35,000 (30% women)</p>	<p>2.1.3 Disburse Grants to successful MICF applicants</p>		UNDP	DFID	72600 -Grants	5,576,635.51
<p>2.4 Estimated % increase in aggregate income accruing to poor households from new earnings, increased earnings or cost savings, due to MICF projects. Baseline: tbd in January 2015. Target: 30%</p>						
<p>2.5 Number of households recording or on-track to achieving additional income as a result of MICF Projects Baseline: tbd in January 2015. Target: 1,000 (30% women)</p>						
	<p>2.1.4 Link MICF contracted companies to the Bay Malawi Strategy</p>		UNDP	UNDP TRAC	71600 Travel	3,000
	<p>2.1.5 Participation of MICF contracted companies in the relevant TWGs (NES)</p>		UNDP	UNDP TRAC	71600 Travel	2,000
	<p>2.1.6 Joint Visits UNDP/MoIT to selected MICF Companies</p>		UNDP	UNDP TRAC	71600 Travel	3,089

The Annual Work Plan (AWP) Monitoring Tool

Year 2016

CP Component _____
 Implementing Partner: Ministry of Industry and Trade

EXPECTED CP OUTPUTS AND INDICATORS INCLUDING ANNUAL TARGETS	PLANNED ACTIVITIES	EXPENDITURES	RESULTS OF ACTIVITIES	PROGRESS TOWARDS ACHIEVING CP OUTPUTS
OUTPUT 1: 1.1 Number of Industrial Policies developed and approved by Cabinet <i>Indicators:</i> Baseline: 0; Target: 1 1.2 Number of Sectoral Policies and strategies in oil seeds, legumes, sugar and manufacturing, aligned to the NES and MICF, fast-tracked and implemented Baseline: 0; Target: 2	1.1.1 Sensitization on Industrial Policy			Using data on annual indicator targets, state progress towards achieving the CP outputs. Where relevant, comment on factors that facilitated and/or constrained achievement of results including: Whether risks and assumptions as identified in the CP M&E Framework materialized or whether new risks emerged Internal factors such as timing of inputs and activities, quality of products and services, coordination and/or other management issues
	1.2.2 Sensitization on Trade Policy 1.2.3 Implementation of Guidelines for Industrial Rebates in Malawi 1.2.4 Industrial Data Base 1.2.5 Sensitization on Business Licensing Act Regulations 1.2.6 Launch of Buy Malawi Strategy 1.2.7 Review of EPZ Act 1.3.4 Capacity Building of MoIT staff			

<p>OUTPUT 2: The MICEF is established and operational to increase inclusiveness and competitiveness of value chains in agriculture and manufacturing</p>	<p>2.1.1 MICEF Fund Management 2.1.2 MICEF Investment Panel 2.1.3 Disburse Grants to successful MICEF applicants 2.1.4 Link MICEF contracted companies to the Big Malawi Strategy 2.1.5 Participation of MICEF contracted companies in the relevant TWGs (NES) 2.1.6 Joint Visits UNDP/MoIT to selected MICEF Companies</p>			
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<p>(Agriculture and Manufacturing) Baseline: 0; Target: 11</p> <p>2.2 Additional investment leveraged from the Private Sector through the MICF Baseline: 0, Target: \$3,700,000</p> <p>2.3 Aggregate number of poor people experiencing net positive income or livelihood improvement Baseline: 0. Target: 35,000 (30% women)</p> <p>2.4 Estimated % increase in aggregate income accruing to poor households from new earnings, increased earnings or cost savings, due to MICF projects. Baseline: tbd in January 2015. Target: 30%</p> <p>2.5 Number of households recording or on-track to achieving additional income as a result of MICF Projects Baseline: tbd in January 2015. Target: 1,000 (30% women)</p>				
<p>Output 3: Number of productive</p>	<p>3.1.1 Select a FSP to manage the Pro-Poor Loan Facility</p>			

<p>poor have access to loans for IMD Interventions (at least 30% women and youth)</p> <p>Baseline: 0; Target: 0</p>				
<p>Output 4 Programme Management</p>	<p><i>Monitoring and Evaluation</i></p> <ul style="list-style-type: none"> - Communication - On site visits <p><i>PSD Advisor (International)</i></p> <p><i>Program Analyst</i></p> <p><i>Office Supplies</i></p> <p><i>Audit</i></p> <p><i>Quarterly Steering Committee Meetings & Project Management Meetings</i></p> <p><i>IT Equipment</i></p> <p><i>(2 Printers, 1 Projector, 2 Laptops, 1 Desktop – Dept. of Trade, Dept. of Planning)</i></p>			

RISK LOG

<p>Project Title: Private Sector Development Project</p>	<p>Project ID: 00072218</p>	<p>Date: 1st January to 31st December, 2016</p>
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Type	Description	Impact (I) & Probability	Countermeasures/Mgt response	Responsible Party	Status Q1	Status Q2	Status Q3	Status Q4
Political	Political stalling to adopt Industrial Policy and Trade Policy	Continued postponements on approval of policies will affect the plans for the rest of the year.	Work closely with the Parliamentary Committee for Industry and Trade to assist with lobbying for the approval of the Policies.	MoIT / UNDP				

		I= 4 P= 2							
Organisational	Capacity gaps to support implementation of PSD projects for achievement of effective delivery.	Without adequate capacity, the IP might not be able to implement the planned activities. I=3 P=3	UNDP are already looking at options for capacity building	MoIT / UNDP					
Operational	Small holder farmers under MICE affected by adverse weather conditions	Malawi has witnessed floods in January 2015, as well as an expected El Nino in 2015/2016 which could bring floods and/or dry spells. I= 3 P=3	Include mitigating measures in new MICE Windows	UNDP					