

PROGRAMME DOCUMENT
Malawi



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Programme Title: Private Sector Development (PSD) II

Programme Number: 00125267

Implementing Partner(s): UNDP

Responsible Parties: Ministry of Industry, Trade and Tourism, and the Meeting Hub (mHub)

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Brief Description

With a weak private sector, Malawi’s potential to strengthen economic diversification, inclusive business, entrepreneurship and access to clean energy, as well as creation of more formal jobs, remains a challenge to progress on the SDGs. With a stagnant GDP per capita/year, Malawi’s total investments are still very low at 13.4% of GDP in 2017. Private sector contributions to robust economic growth is partly limited by their access to affordable finance which is structurally prohibitive. Moreover, corruption, unreliable electricity and water supply, inadequate implementation of trade and industrial related policies, amongst others, are the primary causes for low value addition in the country and high mortality rates of early stage enterprises. Infrastructure development, the manufacturing base, and adoption of new technology remain far below the sectors’ potential. Notwithstanding these challenges, Malawi’s business community continues to consistently score high when ranked on appetite for innovation and risk.

In its 2019-2023 CPD for Malawi, through this Private Sector Development Programme (PSDP), UNDP seeks to complement Government efforts with regards to private sector led growth and focuses support on accelerating the growth of start-up companies, crowding in impact investment for sustainable enterprise development, and scaling innovation and productive investments in Malawi’s agriculture, manufacturing, irrigation and renewable energy sectors. The expected results of the PSD programme intend to enable the private sector to enhance innovation, productivity and entrepreneurship; enable youth-led downstream micro and small enterprises to generate ideas for business start-ups, acceleration and growth; and address selected business environment constraints for private sector growth.

The Private Sector Development Programme contributes to Outcome 9 of the UNDAF/CPD: By 2023, Malawi has strengthened economic diversification, inclusive business, entrepreneurship, and access to clean energy.	Total resources required:	\$ 33,907,962	
	Total resources allocated:	UNDP TRAC:	\$7,829,202
		DFID	\$3,708,431
		KfW	\$10,459,502
		RNE	\$3,976,263
		IFA D	\$1,875,689
		EU	\$6,058,875

Agreed by (signatures):

Implementing Partner	Responsible Party	Responsible Party
United Nations Development Programme (UNDP) 	Ministry of Industry, Trade and Tourism (MoITT) 	mHub 
Date: 19/03/2020	Date: 20/3/2020	Date: 19/03/2020



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I. DEVELOPMENT CHALLENGE

With a weak private sector, Malawi's potential to strengthen economic diversification, inclusive business, entrepreneurship and access to clean energy, as well as creation of more formal jobs continues to be fraught. With a stagnant GDP per capita/year, Malawi has one of the lowest rates of total investment in Sub-Saharan Africa (SSA), with the average rate standing at 14.9¹ percent of GDP in the period from 2000 to 2017.

The private sector in Malawi presents a dualistic structure. On the one side, there are a few, large and often foreign owned companies engaged in the production of tea, the processing and marketing of tobacco, growing and exporting sugar and producing a limited range of fast-moving consumer goods. These are the main contributors to economic growth. These firms' contribution to a robust economic growth is partly limited by their lack of access to affordable finance which is structurally prohibitive, corruption, unreliable electricity and water supply², inadequate implementation and enforcement of trade and industrial related policies and regulations. Moreover, infrastructure development, the manufacturing base, and adoption of new technology remain far lower the sectors' potential.

On the other, there are many micro and small enterprises including youth start-ups that mainly operate in the informal sector³. Their business development and economic contribution is limited by poor technical and entrepreneurial practices, lack of access to affordable credit, licensing issues, quality standards and production certification issues, lack of access to information, networking, mentoring and limited product differentiation which results in low value addition and high levels of enterprise mortality. Business support services for these MSMEs are also limited in Malawi and only 17% of MSMEs have accessed to such services⁴. Entrepreneurs thus lack a viable ecosystem within which they can develop.

With uncompetitive MSMEs, large firms resort to vertically integrating support functions that would normally be outsourced to more specialist and efficient sub-contractors. The efficiency of value chains is further undermined by the absence of competent and capable MSMEs which also reduces the pressure of competition that drives up efficiency throughout the economy and reduces the number of businesses capable of discovering new market opportunities to diversify the economy and exports.

The Government of Malawi (GoM) recognizes the need to support private sector growth and has reflected this in the 2017-2022 Malawi Growth and Development Strategy (MGDS) III, the country's overarching medium-term strategy designed to attain Malawi's long term aspirations of poverty reduction. The MGDS III aims to accelerate the country's transition to a productive, competitive and resilient nation that also integrates the Sustainable Development Goals. This ambitious objective, if to be achieved, requires a dynamic and innovative private sector.

¹ Malawi Economic Monitor (June 2019) – World Bank Group.

² Enterprise Survey, World Bank 2010 and 2014.

³ The Finscope MSME Survey Malawi 2019 has accounted for 1,141,668 MSME owners in Malawi of which 89% operate in the informal sector.

⁴ Finscope MSME Survey Malawi 2019

In its 2019-2023 Country Programme for Malawi (CPD), UNDP seeks to complement Government efforts for private sector led growth by focusing on support to accelerating the growth of start-up companies, crowding in impact investment for sustainable enterprise development and social enterprises, and scaling innovation and productive investment in Malawi's agriculture, manufacturing, irrigation, services, and renewable energy sectors.

II. STRATEGY

The UNDP Private Sector Development Programme (PSDP) 2020-2023 aims to contribute to Government's efforts to accelerate the country's transition to a productive, competitive and resilient nation. The development of this programme is consistent with SDG 8 to: "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all" and SDG 9 to: "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation." Specifically, the PSDP will address SDG Targets 8.2⁵, 8.3⁶, 9.2⁷, and 9.3⁸. The PSDP will also contribute to Outcome 1 of the United Nations Development Assistance Framework (UNDAF) "By 2023, Malawi has strengthened economic diversification, inclusive business, entrepreneurship, and access to clean energy." The PSDP is also aligned to the UNDP Strategic Plan (2018-2021) Outcome 1, which places an emphasis on "advance poverty reduction in all its forms and dimensions," and taking measures to addressing structural barriers to women's economic empowerment.

The programme will cover the period 2020-2023 to meet milestones contributing to positioning Malawi as a productive, competitive and resilient nation. Largely, the programme will use a combination of different instruments over this period to support the private sector inclusive of Micro, Small and Medium-sized enterprises to access financial support, technical advisory services, business development services and business incubation services for increased productive capacities, innovation, business growth and acceleration, and job creation. The programme will also work with the Ministry of Industry, Trade and Tourism to address some of the challenges related to the business enabling environment and engage with other Ministries through other UNDP teams (e.g. governance, energy etc) where the challenges to specific industries require this. Further and where feasible, the PSD programme will work the UNDP Accelerator Lab to experiment with behavioural change interventions at the smaller scale.

The PSDP will deploy a suite of instruments that are a mix of existing instruments such as the Malawi Innovation Challenge Fund (MICF), the Growth Accelerator and newly created instruments (Impact Investment Fund and Business Incubation) as part of the continuum of the entrepreneurial journey, from early to growth stage enterprises.

Building on the successful implementation of an innovative financial instrument, the Malawi

⁵ Achieve higher levels of economic productivity through diversification, technological upgrading and innovation including through a focus on high value added and labour intensive sectors.

⁶ Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

⁷ Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.

⁸ Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.

Innovation Fund (MICF) that was integral part of the previous Country Programme Cycle, the PSDP will continue to use such instrument in the current cycle to complete projects that are under implementation and initiate new programmes relating to Innovative Finance. As per the findings of the end of term evaluation for the 2012 – 2016 (extended to 2019) UNDP Malawi Country Programme, the MICF was successful in engaging the private sector for their participation in development and that by partly providing financing for the risk associated with innovative programmes of the private sector operators, the firms increased their productive capacities and the poor and marginalised benefited through employment creation, livelihood diversification and improvement. Evaluations to date have positively appraised the contribution of the Malawi Innovation Challenge Fund towards economic diversification and increased opportunities for poor households in terms of higher incomes, improved livelihoods and better job creation. The evaluation also found that there are in-built sustainability elements in the MICF's inclusive business model.

The Malawi Innovation Challenge Fund (MICF) is a matching grant facility established by UNDP Malawi to provide co-financing to the private sector for innovative inclusive business initiatives in the agricultural, manufacturing, logistics and financial sectors. The MICF aims to support the process of transformation within the Malawian economy from one that is dependent on imports and consumption to one that is geared to exporting and production.

The MICF has been designed to bring real impact, both in terms of attempting to change market systems and increased employment and incomes of the poor. The MICF offers a "challenge" to the private sector to achieve pre-defined objectives, often enabling technological innovations, and pre-defined pro-poor impacts. The challenge fund is a competitive mechanism to bring ideas to life by allocating financial support (to de-risk investment) to innovative programmes to improve incomes of the poor/smallholder farmers and test the long-term commercial viability of the idea.

Moreover, UNDP will continue the implementation of the Growth Accelerator (GA) through its serial Entrepreneurship Challenges. The Growth Accelerator is no physical space but is rather a business acceleration instrument that provides technical assistance and seed capital to young and ambitious start-up companies that intend to provide sustainable business solutions to development challenges that align economic growth with sustainable development goals and the 2023 African Union Commission's agenda. The instrument clearly addresses a gap in the market by playing a catalysing role through the provision of technical assistance, grant finance and equity to selected start-up companies.

Through this instrument, young and ambitious entrepreneurs of both sexes are equipped with the right skills to grow their business and provide real impact to Malawi such as new products/services, job creation and increased incomes to the lower end of the economic spectrum that integrate in business supply chains. Through a preliminary market test that UNDP has undertaken by supporting the first cohort of entrepreneurs, the Growth Accelerator has demonstrated that it has the potential to impact on the growth of businesses, create jobs and increase incomes. The operational modality for the Growth Accelerator follows the blueprint of the MICF, but on a much smaller scale targeting post-revenue start-ups. The competition of ideas allows start-ups to put forward some innovative business models that traditional financial

institutions would not consider for financing.

In addition to the above, and in order to maximize on the gains of the MICF and the Growth Accelerator to deliver entrepreneurship growth and increase productive capacity in Malawi, UNDP, through the Zantchito Entrepreneurship and Access to Finance component will support downstream entrepreneurship and will maximize the effectiveness of existing business incubator structures, business development services and will support to bring to market new enterprises and provide formal job opportunities to young people. This component includes four sub-components:

1. Business Incubation Strengthening where existing capacity gaps within the community of existing incubation service providers will be identified and addressed to strength their performance.
2. Business Development Services (BDS) Strengthening to build the capacity of the BDS service providers to standardize and boost service offering; develop and align tailored BDS to the growth strategy of entrepreneurs; and to expand awareness of such services to meet current demand.
3. Pre-Incubation, Incubation and Post-Incubation technical support to TEVET graduates and (potential and existing) Micro and Small Enterprises (MSE). This will ensure the survival of a selected number of entrepreneurs and TEVET graduates through the provision of pre-incubation support, full business incubation medium-term support, and post-incubation support. An emphasis is placed on accompanying entrepreneurs through the entrepreneurial journey, from idea stage to incorporation and business maturity. BDS providers, Incubators etc. will be providing the requisite capacity building to the TEVET graduates and MSEs (potential and existing).
4. Pre-Incubation, Incubation and Post-Incubation financial support to TEVET graduates and (potential and existing) Micro and Small Enterprises (MSE). Access to finance is almost impossible for idea stage entrepreneurs and inaccessible to incubation stage entrepreneurs. In order to attain a successful business venture, entrepreneurs require access to funds that will allow them to ensure that their ideas can become a reality. Without an entry-level type of financing, at early stage and incubation stage, entrepreneurs will not be able to pursue their business ideas and mature their enterprises, rendering, incubation, mentorship and BDS a waste of resources. As such, this sub-component will ensure provision of co-financing to TEVET graduates and MSEs (potential and existing) receiving BDS and BI support, with an additional inherent objective of demonstrating to financial institutions that MSEs and graduates could be a viable clientele for business financing.

Lastly, to further address access to finance challenges by the private sector, UNDP will facilitate opening of a "Malawi Window" under a blended finance vehicle called the "BUILD Fund", managed by the investment fund manager Bamboo Capital Partners in partnership with the United Nations Capital Development Fund (UNCDF). Under the Malawi Window, a pipeline of investments proposed by the private sector will be invested in with respect to different types of

financing, e.g. equity, debt, mezzanine finance etc. The MICF has demonstrated there is appetite from the private sector for risk capital for the implementation of innovative business models that can yield transformative change, and both financial return and social impact. The private sector in Malawi is deeply challenged in accessing finance from commercial financial providers due to the high-risk profile of the investments as perceived by commercial banks, or due to the exorbitant cost of borrowing from the banks that is contrary to business growth.

The "Malawi Window" of the BUILD Fund will deploy responsible capital to support sustained business growth. The rationale for activating a blended finance vehicle is driven by UNCDF's desire to connect the larger capital mobilization requirements of the SDGs to last mile environments that consistently fail to receive various products and services needed to develop. These geographies are in dire need of responsive capital solutions to support financial intermediaries, small and medium enterprises, and programme developers who operate in these communities. As one example, LDCs only receive 7% of the total blended finance capital flows provided to developing markets worldwide. The Fund expects to invest in four sectors namely: Food security & Nutrition/ Agribusiness; Financial Inclusion and Innovation; Green Economy & Renewable Energy; and Local Infrastructure. Women and Youth Economic Empowerment shall be integrated across the four sectors through quantitative representation, and qualitatively through the narrative of problem articulation, interventions design and monitoring and evaluation.

The Malawi Window will be sustainably run on a commercial basis, with an emphasis on supporting SMEs that have business propositions and investments that can bring about both financial returns, and environmental and social impact by improving livelihoods and increased income levels.

UNDP will also work with the Ministry of Industry, Trade and Tourism on some aspects of the business enabling environment and engage with other Ministries through other UNDP teams (e.g. governance, energy etc) where the challenges to specific industries require this. This programme component represents an enabler for private sector growth as the component intends to smoothen key binding constraints emerging from the actual implementation of investments under the above cited programmatic instruments such as the MICF, Growth Accelerator etc. The programme component will address, amongst other things, business procedure challenges such as bureaucratic processes to obtain business permits and licenses for both exporting and importing for increased efficiency in trade facilitation; counterfeiting and smuggling to promote local industrialization; institutionalisation and mainstreaming of the Buy Malawi Strategy to enhance private sector's supply chains and overall increased employment opportunities and industrial growth.

Theory of Change

A theory of change for this strategy has been developed to demonstrate the pathway to achieving programme Outcome and Outputs (See Annex 1).

III. RESULTS AND PARTNERSHIPS

Expected Results

The PSD programme contributes to Government's efforts to transition to a productive, competitive and resilient nation. This programme is aligned to the SDG 8: "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all" and SDG 9: "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation. The PSD programme contributes to Outcome 9 of the UNDAF "By 2023, Malawi has strengthened economic diversification, inclusive business, entrepreneurship, and access to clean energy." The programme is also aligned to the UNDP Strategic Plan (2018–2021) Outcome 1, which places an emphasis on "advance poverty reduction in all its forms and dimensions.

The results expected from Output 1 (private sector enabled to enhance innovation, productivity and entrepreneurship) addresses the requirements for the private sector to diversify, innovate, invest and create jobs. Key interventions include a) provision of matching grant finance through the Malawi Innovation Challenge Fund (MICF) to private sector companies operating in Malawi (both domestic and international) and interested in investing in productive capacities in Malawi for export promotion and import substitution; innovating in the way they do business, i.e., introducing new technology and new business models; and ensuring that the business models are inclusive of the poor, e.g. male and female smallholder farmers being integrated in the supply chain of corporate players on purely business terms; b); facilitation of opportunities for private sector companies in Malawi to access other debt finance opportunities, on more affordable commercial terms, such as the "Malawi Window" earmarked under the Build Fund, a permanent blended finance vehicle for LDCs. It is expected that by 2023, a number of private sector companies would have been enabled to access risk capital to grow their businesses access regional and international markets; and create jobs.

The results expected from Output 2 (Youth led downstream Micro and Small Enterprises enabled to generate ideas for business start-up; and supported to accelerate and grow) addresses the necessary support to youth led MSEs to device innovative business ideas that are impactful in bringing solutions to development challenges and that can also create jobs. Key interventions include a) provision of technical advisory services and financial support to potential entrepreneurs to be incubated (incubatees) along the different stages of incubation (i.e. early business idea stage, incubation stage, post incubation stage); b) provision of a financing facility through which the financial support will be provided by a financial service provider; c) support to the growth of existing Business Incubators (BIs) and BDS providers that will strength their performance whilst standardizing and boosting service offering to potential and existing MSEs; d) supporting post-revenue start-ups to accelerate their businesses through risk capital and technical advisory services.

The results expected from Output 3 (Ministry of Industry, Trade and Tourism enabled to address selected business constraints for private sector growth) addresses the necessary support for the Ministry of Industry, Trade and Tourism to smoothen key binding business constraints emerging from the implementation of key interventions cited above. Key interventions include for example implementation of the BMS corporate outreach effort and

Marketing and Communication plan; implementation of policy recommendations on policy coherence with regards to the BMS; automation of Licenses (e-licensing) for both exports and imports; review of the policy framework to minimize product smuggling and counterfeiting; support to SMEs for quality compliance.

Resources Required

The total financial resources needed to support the programme are estimated at US\$33,907,962.00. UNDP has notionally committed US\$7,829,202 from its core resources whilst other agreed upon financial contributions will be received from development partners, such as DFID, KfW, RNE, IFAD and the EU. Financial contributions from the development partners will be channelled to UNDP through signed Agreements. Delivery of this programme will require services from UNDP, including technical support, operational support in terms of administrative services, procurement, and programme quality assurance. UNDP will utilize expertise (PSD Programme Specialist, PSD Programme Analyst, and the PSD Young Professional) from the Malawi country office and will also recruit the Zantchito Project Coordinator, PSD Programme Assistant and a Zantchito Programme Associate. UNDP will also utilise specialised expertise from regional hubs as well as global policy centres when required. Further, UNDP will utilise expertise from partners such as Business Incubators, Business Development Service Providers, the Ministry of Industry, Trade and Tourism, UNCDF, FAO, UNDP environment and energy as well as governance teams, and other technical partners where needed.

Partnerships

Strong partnerships are key to the success of the programme. UNDP intends to deploy a diversified set of partnerships that are instrumental in the effective execution of the programme as per the following:

Fund Managers

Fund Managers will be essential in the provision of fund management services to a portfolio of programme investments made within different sectors and under the Malawi Innovation Challenge Fund (MICF) or the Malawi Window part of the Build Fund. In general, functions of the Fund Managers include, amongst others, pre-screening of applications; effective due diligence, monitoring of portfolio of investments; marketing and communication; disbursement of funds to companies in case of the Build Fund; fiduciary management including monitoring utilisation of the financial assistance disbursed to selected companies.

Technical Service Providers for Incubation, Acceleration and Business Development Service (BDS)

Technical service providers will be critical in the provision of pre-incubation, incubation and post incubation services to entrepreneurs that will be supported through the programme. Gaps will be identified and addressed within the community of existing Business Incubators to strengthen their performance and standardise and boost service offering. The Technical Service Providers, in conjunction with the Incubators, will provide all-encompassing services from prospecting of innovative business ideas to technical support in all stages of business growth whether at pre-incubation, incubation, post incubation and acceleration. In general, the technical service providers will provide support to business incubators in re-assessing their current business set-up and sustainability of the same and most importantly will provide

support to Incubators in delivering more effectively their services to entrepreneurs. Environmental sustainability concept will also be introduced to the supported entrepreneurs.

Business Development Service providers will also be central in providing business development services to a pool of entrepreneurs that will be supported by this programme especially through the Zantchito Entrepreneurship and Access to Finance. Gaps will be identified and addressed within the community of existing BDS providers to strengthen their performance and standardise and boost service offering. The BDS providers will be supported by the technical service provider to develop and align tailored BDS to the growth strategy of entrepreneurs; and expand awareness of such services to meet existing demand. The BDS providers will be attached to the programme for individualized capacity development initiatives and standard capacity development support. A network of BDS providers will be matched with the Business Incubators receiving support from the programme.

Financial Service Provider(s) (FSP)

Through the Social Transformation and Innovation through Entrepreneurship and Access to Finance, a mix of grants and repayable loans to pre-incubated, incubated, and post-incubated ideas capable of evolving into commercially viable enterprises for the Malawian market will be provided. As such, a Pre-Incubation, Incubation and Post-Incubation Financing Facility embedded in one or more existing financial institution(s) will be set up. The financial institution(s) will be selected on a competitive basis by UNDP through a Request for Proposals (RFP) where Financial Service Providers (FSPs) will provide a proposed structure/mechanism and product packaging for the facility which is to be conducive for small businesses and start-up entrepreneurs.

The successful FSP(s) will therefore manage the Financing Facility and will operate under the direct supervision of UNDP. UNDP will provide technical, financial and management oversight for the facility. The returnable capital (grants) will be directly disbursed by UNDP, whilst the loans (concessional relative to prevailing market offerings without crowding out existing financial products, including negative nominal interest rates) will be disbursed and managed by the successful FSP(s). The FSP(s) will be expected to have an internal checking mechanism, to avoid any propensity to fraud, but will be required to disburse funds to already vetted ideas. The FSP system will be linked to a traceability system that will be developed ad hoc for the Zantchito Entrepreneurship and Access to Finance to track capital disbursements to the beneficiary enterprises.

Moreover, the programme especially through the Growth Accelerator component will work with both debt and equity providers that will provide commercial debt and private equity to investees of the Growth Accelerator where they deem being feasible and where there is interest from the investee in equity investments.

Development Partners (DPs)

The successful implementation of the programme depends on the availability of adequate financial resources. As such, apart from UNDP core resources, Development Partners such as the Department for International Development (UKAID), the German Development Bank (KfW), the International Fund for Agricultural Development (IFAD), the Royal Norwegian Embassy

(RNE) and the European Union (EU) have partnered with UNDP to contribute financial resources towards the implementation of a set of outputs under this programme. The partners will be updated on a regular basis on progress made towards the achievement of the objectives of the programme and will provide strategic guidance during implementation.

Other Partners

The programme will complement efforts of other development partners operating in this space. In particular, the World Bank and the African Development Bank. The African Development Bank is implementing the Jobs4Youth Programme that has components of incubation and access to finance whilst the World Bank will be implementing the Financial Inclusion and Entrepreneurship Scaling (FINES) which has components of access to finance and BDS support. As such, the UNDP supported Private Sector Development programme will complement what other Development Partners are and will be implementing.

Ministry of Industry, Trade and Tourism

The Ministry of Industry, Trade and Tourism will be central in unlocking support to smoothen key binding constraints emerging from the implementation of the programme components and outputs. These binding constraints may include, but are not limited to customs and excise duty, trade access, business licencing procedures etc.

Risks

The success of the programme is based on a set of some risks that have been identified. Full and detailed risk log with probability and impact in annex IV.

Assumptions

The success of the programme during implementation is also based on certain assumptions such as: smallholder farmers integrated in supply chains for supply of raw materials to grantees, grantees properly utilise the matching grant and expand business, SMEs prepared and accessing debt finance and equity, due diligence enabled selection of SMEs that fully implement innovative business models, Jobs being created by participating companies, MSEs prepared and properly utilising both financial and TA support, production of goods and services for both local and export markets increased, BIs and BDS providers providing sound services to MSMEs; BMS institutionalised and more local products and services being consumed, product smuggling and counterfeiting minimised, Licensing for imports and exports automated, SMEs meeting quality standards.

Stakeholder Engagement

The formulation of this programme engaged and will continue to engage various stakeholders for the different roles they will play, whether direct, indirect or complementary and the contributions they will make for the successful implementation of the programme and achievement of the expected results. Some of the stakeholders consulted include World Bank, African Development Bank, UNCDF, DFID, KfW, EU, mHub, Growth Africa, some private sector players that benefited from the MICF and some ventures benefiting from the GA, the academia and technical colleges commercial banks, pension Fund Managers such as NICO and Old Mutual, equity providers, the Ministry of Industry, Trade and Tourism etc.

In terms of target groups, UNDP will through some of the instruments in this programme focus on both men and women, and the youth (male and female). For instance, UNDP will ensure that through this programme, men and women are given equal opportunities to be integrated into the supply chain of participating grantees but also access jobs created by these grantees as they implement their innovative business models. However, youth-led enterprises are specifically targeted under the GA and the Zantchito Entrepreneurship and Access to Finance, and women-led enterprises will be prioritized where applicable and based on merits only.

South-South and Triangular Cooperation (SSC/TrC)

In the context of South-South cooperation Malawi, the programme will promote peer-to-peer learning through existing private sector development fora. Through the programme, Malawi will learn best practices from other countries and vice-versa. For instance, and unlike Malawi, countries such Kenya and South Africa are well advanced and organised in as far as business incubation and acceleration is concerned. Through peer-to-peer learning therefore, lessons will be drawn from these countries that may offer key insights for the programme. Other countries will also draw lessons from Malawi regarding running an Enterprise Challenge Fund as Malawi is among the only few countries that offer best practices in this area.

Knowledge products

The programme will strengthen knowledge generation, transfer, and collective learning to ensure long term sustainability of the programme interventions and impacts. The programme will also promote knowledge sharing and learning exchanges with other countries especially in the Southern African Region. The Programme results will among other things necessitate the development of materials for business incubation, business acceleration and business development service offering, Innovation Challenge operational manual, and lessons that will serve as knowledge products of potential use within Malawi and in other countries initiating or considering similar processes. The incubating of youth (male and female) owned businesses will be documented for Monitoring, Evaluation, Accountability and Learning (MEAL).

Sustainability and Scaling Up

Sustainability is somehow embedded in the business model that is being pursued under the various components of the programme. More specifically, the beneficiary private sector players are required to co-invest in any of the investments made by the programme and this reinforces ownership and sustainability. Also, the involvement of financial partners in the programme contributes to embedding financial discipline in the execution of programmes. The programme will also work with national counterparts such as BIs, BDS providers, commercial banks, the Ministry of Industry, Trade and Tourism etc. This will allow development of national capacities and ensure sustainability of the programme over the next years.

IV. PROGRAMME MANAGEMENT, COST EFFICIENCIES AND EFFECTIVENESS

The core services of the programme will be outsourced to specialised technical service providers made of international and national experts while UNDP will provide overall technical guidance, management and financial oversight and quality assurance. Through UNDP, the programme will continue engaging for the implementation of the MICF, Fund Managers; for the Growth Accelerator, a technical service provider; for the Zantchito Entrepreneurship and Access to Finance, a financial institution to run a Financing Facility, a Zantchito Project Coordinator, a

PSD Programme Officer and a Programme Associate. In addition, for the Impact Investment Fund, UNDP will work in close collaboration with UNCDF for the technical delivery of this instrument. Within UNDP Malawi, the programme will be engaging the energy and environment teams, the UNDP Accelerator Lab team as well as governance teams where needed and where opportunities for collaboration arise. The programme will also be constantly engaging the Planning, Monitoring, Evaluation and Programme Coordination Specialist for wider programme management related issues.

The programme will deploy a mix of both new (i.e. Zantchito Entrepreneurship and Access to Finance; and Impact Investment Fund) and successful existing instruments (i.e. MICF and GA). Hence, the programme will leverage on the existing UNDP knowledge and experience of and lessons from running the Enterprise Challenge Fund and the GA. As such, the operational aspects of running the MICF and GA will be broadly informed by in-house knowledge and perfected with the expertise of partners that have experience in working with matured and start-up companies.

The programme will be implemented using the Direct Implementation Modality (DIM). Under this modality, UNDP will be the Implementing Partner (IP) while the mHub⁹ and the Ministry of Industry, Trade and Tourism will be responsible parties. Under this arrangement, for the activities co-financed by DFID, KfW, RNE, IFAD and the EU, especially for the Malawi Innovation Challenge Fund, the Growth Accelerator and the Social Transformation and Innovation through Entrepreneurship and Access to Finance, UNDP will serve as the implementing partner with project personnel and service providers recruited to support implementation, as required.

As a responsible party, mHub will be primarily responsible for the Growth Accelerator Entrepreneurship Challenges, including efficient and effective management of the venture cohorts being selected under the various rounds of Entrepreneurship Challenges, so that results set are duly achieved.

As a responsible party, the Ministry of Industry, Trade and Tourism (MoITT) will be accountable to UNDP for delivering the business enabling environment component of the programme, including the efficient and effective implementation, monitoring and evaluation of interventions, and the effective use of UNDP resources in accordance with UNDP rules and regulations, policies and procedures.

The UNDP Private Sector Development Team, under the guidance of the Portfolio Manager for Resilience and Sustainable Growth (RSG), will be the focal point for all partners engaged in this programme.

Programme specific indicators, connected to baselines and targets, will be monitored through a Monitoring and Evaluation Framework. In addition, the programme will be monitored through the following:

- Quarterly quality assessment and progress report to record progress towards the completion of key outputs.
- As issue Log to facilitate tracking and resolution of potential problems or requests for change.

⁹ mHub is currently a responsible party for the ongoing Growth Accelerator Entrepreneurship Challenge under the Private Sector Development Programme. The contractual engagement ends in December 2020.

- A risk Log that will regularly be reviewed and updated by reviewing the external environment that may affect programme implementation.
- A programme lessons-learned log that will regularly be updated to ensure on-going learning and adaptation within the organisation, and to facilitate the preparation of the lessons-learned report at the end of the programme.

The programme will also undergo a mid-term evaluation to assess the achievement of its targets and provide an opportunity to review some of the approaches and instruments deployed to reach the set objectives. Moreover, after completion of the programme in 2023, an End of Programme Evaluation will be embarked on and undertaken by independent consultants.

V. RESULTS FRAMEWORK

Intended UNDAF Outcome: By 2023, Malawi has strengthened economic diversification, inclusive business, entrepreneurship, and access to clean energy
Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets: The employment rate by sex, age, mother tongue. Baseline: 80% (National Statistics Office 2013) (F: 74 %; M: 86 %); Target: TBD % (F: TBD %; M: TBD %)
Applicable Outcome from the UNDP Strategic Plan: Advance poverty reduction in all its forms and dimensions

Programme title: Private Sector Development Programme
Atlas Programme Number: 00125267

EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE		TARGETS					DATA COLLECTION METHODS & RISKS	
			Value	Year	2020	2021	2022	2023	FINAL		
Output 1 Private sector enabled to enhance innovation, productivity and entrepreneurship.	1.1 Number of private sector entrepreneurs enabled to access regional and international markets, including access to affordable ¹⁰ risk capital to de-risk investment for inclusive business growth models.	MICF Reports	23	2018	38	40	43	46	46	46	Programme/MICF reports Baseline Reports End line Impact Surveys
	1.2 Number of new jobs generated by firms participating in the Malawi Innovation Challenge Fund (MICF) disaggregated by gender.	MICF Reports	1,477 (35% women)	2019	1,594 (30% women)	1,711 (30% women)	1,828 (30% women)	1,945 (30% women)	1,945 (30% women)	1,945 (30% women)	Programme/MICF reports Spot checks Baseline Reports End line Impact Surveys

¹⁰ Either grant finance or loan at interest rates lower than that from commercial banks

	Output 2 Youth led downstream Micro and Small Enterprises enabled to generate ideas for business start-up; supported and accelerate and grow.	1.3 Aggregate number of poor people experiencing net positive income or livelihood improvement as a result of MICF programmes disaggregated by gender.	MICF Reports	302,057 women (36% women)	2019	320,387 (30 % women)	338,717 (30% women)	357,047 (30% women)	375,377 (30% women)	375,377 (30% women)	Programme/MICF reports Spot checks Baseline Reports End line Impact Surveys	progress
		1.4 Increased lending to SMEs as a result of the MICF.	MICF Reports	0	2019	\$1 Million	\$3 Million	\$5 Million	\$7 Million	\$7 Million	Programme/MICF reports Spot checks Baseline Reports End line Impact Surveys	progress
		1.5 Number of SMEs on-lent to as a result of the MICF	MICF Reports	0	2019	600	1,400	2,200	3,000	3,000	Programme/MICF reports Spot checks Baseline Reports End line Impact Surveys	progress
		2.1 Number of MSEs enabled to access affordable finance, BDS and incubation services for business start-up with support from the Zaitchito.	Program me records	0	2018	0	145	315	520	520	Programme reports, site visits	progress
		2.2 Number of MSEs enabled to access affordable finance and Technical Assistance for business acceleration with support from the Growth Accelerator.	Program me records	11	2019	24	36	48	60	60	Programme reports, site visits	progress
		2.3 Number of direct full-time jobs created by supported MSEs.	Program me records	17	2019	56	92	128	256	256	Programme reports, Spot checks	progress
		2.4 Number of behavioural change experiments/studies in the marketplace	Program me records	0	2019	0	1	1	1	1	Programme reports	progress

Output 3 Ministry of Industry, Trade and Tourism enabled address business constraints for private sector growth.	3.1 Automated licencing system for Exports and Imports in place.	Program me records	None		2019		None	Yes	Yes	Yes	Yes	Programme reports	progress
			Program me records	None	2019	2019							
	3.2 Number of SMEs supported to comply with quality standards under the BMS.	Program me records	0	10	20	30	40	40	40	40	40	Programme progress report	
	3.3 Number of companies enrolled and financially subscribing to the BMS.	Program me records	60	100	150	200	250	250	250	250	250	Programme reports	progress

VI. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the programme will be monitored through the following monitoring and evaluation plans:
Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the programme in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by programme management.	Implementing Partner, Responsible Parties and Fund Managers.
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by programme management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.	Implementing Partner and Responsible Parties.
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other programmes and partners and integrated back into the programme.	At least annually	Relevant lessons are captured by the programme team and used to inform management decisions.	Implementing Partner and Responsible parties.
Annual Programme Quality Assurance	The quality of the programme will be assessed against UNDP's quality standards to identify programme strengths and weaknesses and to inform management decision making to improve the programme.	Annually	Areas of strength and weakness will be reviewed by programme management and used to inform decisions to improve programme performance.	
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the programme board and used to make course corrections.	Implementing Partner, Responsible Parties and Fund Managers.
Programme Report	A progress report will be presented to the Programme Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output	Annually, and at the end of the programme (final report)		Implementing Partner and Responsible Parties.

	level, the annual programme quality rating summary, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period.				
Programme Review (Programme Board)	The programme's governance mechanism (i.e., programme board) will hold regular programme reviews to assess the performance of the programme and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the programme. In the programme's final year, the Programme Board shall hold an end-of programme review to capture lessons learned and discuss opportunities for scaling up and to socialize programme results and lessons learned with relevant audiences.	Bi-annual Steering Committee meetings.	Any quality concerns or slower than expected progress should be discussed by the programme board and management actions agreed to address the issues identified.		

Evaluation Plan

Evaluation Title	Partners (if joint)	Related Strategic Plan Outcome	UNDAF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
Mid-Term Evaluation	n/a	Outcome 1	Outcome 9	December 2021	MolTT, MASME, participating companies/SMEs, BIs and BDS providers.	\$35,000 from the programme
End of Programme Evaluation	n/a	Outcome 1	Outcome 9	December 2023	MolTT, MASME, participating companies/SMEs, BIs and BDS providers.	\$50,000 from the programme

VII. MULTI-YEAR WORK PLAN¹¹

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year				RESPONSIBLE PARTY	PLANNED BUDGET		
		2020 (\$)	2021 (\$)	2022 (\$)	2023 (\$)		Funding Source	Budget Description	Amount (\$)
<p>Output 1: Private sector enabled to enhance innovation, productivity and entrepreneurship.</p> <p>Gender marker: Gen 2</p> <p>1.1 Malawi Innovation Challenge Fund (MICF) Management</p> <p>1.2 Grants disbursement to successful MICF grantees</p>	275,717	45,000	45,000	45,000	UNDP	DFID	Fund management fees	410,717	
	103,183	71,012	32,171	32,171	UNDP	KfW	Fund management fees	238,537	
	76,100	0	0	0	UNDP	IFAD	Fund management fees	76,100	
	112,000	56,000	56,000	0	UNDP	RNE	Fund management fees	224,000	
	128,000	523,000	562,100	618,000	UNDP	UNDP	Fund management fees	1,831,100	
	2,108,139	590,000	250,000	0	UNDP	DFID	Grants to MICF grantees	2,948,139	
	400,000	400,000	200,000	0	UNDP	UNDP TRAC 2	Grants to MICF grantees	1,000,000	
	2,855,049	1,891,719	1,754,003	650,000	UNDP	KfW	Grants to MICF grantees	7,150,771	
	1,641,077	0	0	0	UNDP	IFAD	Grants to MICF grantees	1,641,077	

¹¹ Changes to a programme budget affecting the scope (outputs), completion date, or total estimated programme costs require a formal budget revision that must be signed by the programme board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

		480,000	960,000	960,000	960,000	0	UNDP	RNE	Grants to MIF grantees	2,400,000
	1.3 Due Diligence Assessment (DDA) on potential investees	0	30,000	30,000	30,000	30,000	UNDP	UNDP	Due diligence	90,000
	1.4 Pre-investment and Post-Investment Technical Assistance to Impact Investment Fund investees	0	40,000	40,000	40,000	40,000	UNDP	DFID	Due diligence	90,000
	1.5 Communication and dissemination	20,000	20,000	20,000	20,000	20,000	UNDP	UNDP	Technical Assistance	120,000
	1.6 Monitoring	10,000	10,000	10,000	10,000	10,000	UNDP	UNDP	Communication	80,000
	Sub-total for Output 1								Monitoring	40,000
										18,340,441
Output 2: Youth led downstream Micro and Small Enterprises enabled to generate ideas for business start-up; and supported to accelerate and grow. Gender marker: Gen 2	2.1 Growth Accelerator management and Technical Advisory	407,000	0	0	0	0	UNDP	RNE	Management fees	407,000
		0	275,000	275,000	275,000	275,000	UNDP	KfW	Management fees	825,000
		0	275,000	275,000	275,000	275,000	UNDP	UNDP	Management fees	825,000
	2.2 Grants disbursement to successful Growth Accelerator ventures	520,000	0	0	0	0	UNDP	RNE	Grants	520,000
		0	400,000	400,000	400,000	400,000	UNDP	KfW	Grants	1,200,000
	2.3 Fund Management of the financing facility and traceability system for the Zantchito	350,000 ²	250,000	250,000	250,000	250,000	UNDP	EU	Financing facility management fees & traceability costs	1,100,000

² \$100,000 Financing facility management fees and \$250,000 for traceability system.

	2.4 Grants disbursement to SMEs under the Zantchito.	0	657,500 ¹³	767,500 ¹⁴	927,500 ¹⁵	UNDP	EU	Grants	2,352,500
	2.5 Technical Advisory for incubation and business development services (BDS) support under the Zantchito.	260,000	650,000	650,000	650,000	UNDP	EU	Technical Advisory	2,210,000
	2.6 Communication and dissemination	20,000	20,000	20,000	20,000	UNDP	UNDP	Communication	80,000
	2.7 Monitoring	10,000	10,000	10,000	10,000	UNDP	UNDP	Monitoring	40,000
	Sub-Total for Output 2								10,159,500
Output 3: Ministry of Industry, Trade and Tourism enabled to address selected business constraints for private sector growth. Gender marker: Gen 0	3.1 Support implementation of the BMS Marketing and Communication plan.	200,000	200,000	200,000	200,000	UNDP	UNDP	Procurement/ Services	800,000
	3.2 Support automation of the licencing process for both exports and imports.	100,000	50,000	50,000	50,000	UNDP	UNDP	Procurement/ Service/ Existing capacity	250,000
	3.3 Support to SMEs to comply with quality standards under the BMS.	100,000	100,000	100,000	100,000	UNDP	UNDP	Existing capacity/ Technical advisory	400,000
	3.4 Support to Policy Framework review to minimize product smuggling and counterfeiting.	40,000	30,000	20,000	20,000	UNDP	UNDP	Procurement/ Existing capacity	110,000
	Sub-Total for Output 3								1,560,000
Operational Management	Salaries (International) PSD Specialist (P4)	14,362	134,068	163,229	192,390	UNDP	UNDP	Staffing	504,049
		30,062	0	0	0	UNDP	DFID	Staffing	30,062
		86,415	57,610	57,610	57,610	UNDP	KW	Staffing	259,245
		90,000	0	0	0	UNDP	IFAD	Staffing	90,000

¹³ \$57,500 pre-incubation, \$300,000 for incubation and \$300,000 for post-incubation.

¹⁴ \$67,500 for pre-incubation, \$300,000 for incubation and \$400,000 for post-incubation.

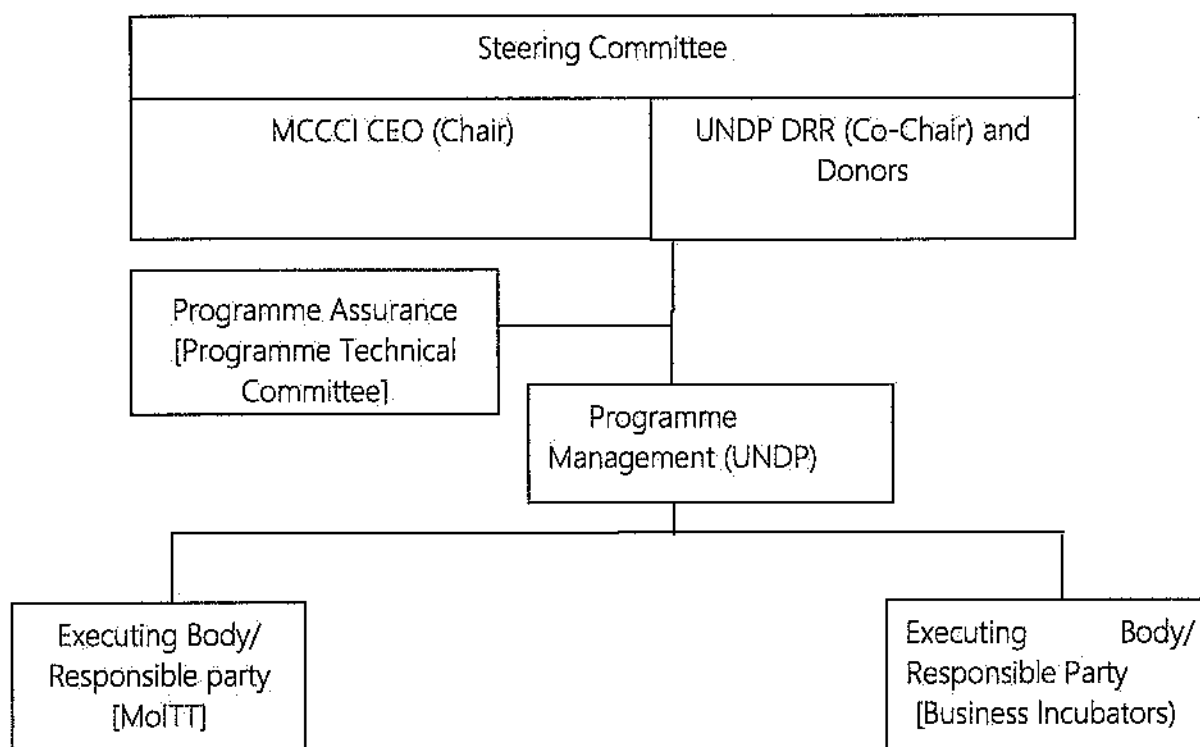
¹⁵ \$77,500 for pre-incubation, \$400,000 for incubation and \$450,000 for post-incubation.

		29,161	58,322	29,161	0	UNDP	RNE	Staffing	116,644
	Zantchito Project Coordinator (P4)	100,000	200,000	200,000	200,000	UNDP	EU	Staffing	700,000
		50,000	50,000	50,000	50,000	UNDP	UNDP	Staffing	200,000
	Salaries (Local) – PSD Programme Analyst	12,673	46,190	47,248	51,942	UNDP	UNDP	Staffing	158,053
		14,814	0	0	0	UNDP	DFID	Staffing	14,814
		6,939	2,116	1,058	1,058	UNDP	KfW	Staffing	11,171
		13,880	0	0	0	UNDP	IFAD	Staffing	13,880
		4,694	4,694	4,694	0	UNDP	RNE	Staffing	14,082
	Salary (Local) – PSD Programme Officer	30,000	30,000	30,000	30,000	UNDP	UNDP	Staffing	120,000
	Salary (Local) – Programme Associate (Zantchito)	25,000	25,000	25,000	25,000	UNDP	UNDP	Staffing	100,000
	Stipend for 2 UNV's supporting BMS activities	30,000	30,000	30,000	30,000	UNDP	UNDP	staffing	120,000
	Regular Steering Committee and Technical Committee meetings	3,000	3,000	3,000	3,000	UNDP	UNDP	Meetings	12,000
	Programme external audits	6,000	6,000	6,000	6,000	UNDP	UNDP	Audit	24,000
	Mid-Term evaluation	0	35,000	0	0	UNDP	UNDP	Evaluation	35,000
	Final programme evaluation	0	0	0	50,000	UNDP	UNDP	Evaluation	50,000
	Stationery and Office supplies	20,000	20,000	20,000	20,000	UNDP	UNDP	Supplies	80,000
	Sub-Total for Operational Mgt								2,653,000
General Management Support		190,699	52,800	25,600	5,600	UNDP	DFID	GMS	274,699
		244,127	215,797	201,587	113,267	UNDP	KfW	GMS	774,778
		54,632	0	0	0	UNDP	IFAD	GMS	54,632
		124,228	86,321	83,988	0	UNDP	RNE	GMS	294,537
		42,700	109,025	116,725	127,925	UNDP	EU	GMS	396,375

Grand Total		33,907,962
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VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

Figure 1. Programme Structure



VIII-1 United Nations Development Program

UNDP will be the lead implementer for the Programme, and the coordinating partner of the Responsible Parties/Executing Bodies. UNDP will also be the lead partner for resource mobilization efforts for the programme. The United Nations Deputy Resident Representative will provide senior representation at the Steering Committee and fulfill the role of the Co-Chair.

VIII-2 Steering Committee

The Steering Committee (SC) is responsible for the oversight and strategic leadership of the Programme. The Steering Committee will enable the Programme to have a high-level of strategic consensus on overall direction and provide strategic guidance to the Programme and Technical Committee (TC) on priorities and risks. The Steering Committee shall convene twice a year, or more often, for extraordinary meetings as requirements dictate. The Steering Committee will be chaired by the Chief Executive Officer for the Malawi Confederation of Chambers of Commerce and Industry (MCCC) and Co-Chaired by the UNDP Deputy Resident Representative. Development Partners at senior level, providing financial support to the programme, will represent the international community in the Steering Committee. Any major deviations to the Programme Document will be approved through the Steering Committee. Terms of reference and membership for the Steering Committee are attached.

VIII-3 Technical Committees

The Technical Committees (TCs) shall oversee technical progress and provide overall Quality Assurance for the Programme based on the strategic direction of the SC. Programme progress, constraints in terms of time and budget will be ongoing areas of assessment for the TCs throughout the life of the Programme to support the management and implementation of the programmatic outputs. The committees will concentrate on the management and technical aspects of the Programme such as planning and budgeting, financial and technical reports, and risk management. The TCs will also conduct preliminary analysis and lay out options for discussion and adoption during SC meetings, and may propose agenda items for the SC meetings. The TCs will be constituted of stakeholders' senior technical representatives and will be chaired by the UNDP Portfolio Manager for Resilience and Sustainable Growth (RSG). The TCs shall convene every two months for the duration of the Programme. Terms of reference and membership for the Technical Committee are attached.

VIII-4 Executing Bodies/Responsible Parties

The Executing Bodies/Responsible Parties will be responsible for the execution of respective activities of the programme under different Programme components and outputs. Executing Bodies will be reporting to UNDP as the lead implementer of the Programme.

IX. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of Malawi and UNDP, signed on 15 July 1977. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

X. RISK MANAGEMENT

1. UNDP as the Implementing Partner shall comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)
2. UNDP agrees to undertake all reasonable efforts to ensure that none of the project funds are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.
3. Consistent with UNDP's Programme and Operations Policies and Procedures, social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
4. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such

standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

5. In the implementation of the activities under this Programme Document, UNDP as the implementing Partner will handle any sexual exploitation and abuse ("SEA") and sexual harassment ("SH") allegations in accordance with its regulations, rules, policies and procedures.
6. All signatories to the Programme Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.
7. UNDP as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor and sub-recipient:
 - a. Consistent with the Article III of the SBAA *[or the Supplemental Provisions to the Programme Document]*, the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of UNDP's property in such responsible party's, subcontractor's and sub-recipient's custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:
 - i. put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
 - ii. assume all risks and liabilities related to such responsible party's, subcontractor's and sub-recipient's security, and the full implementation of the security plan.
 - b. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible party's, subcontractor's and sub-recipient's obligations under this Programme Document.
 - c. In the performance of the activities under this Programme, UNDP as the implementing Partner shall ensure, with respect to the activities of any of its responsible parties, sub-recipients and other entities engaged under the Programme, either as contractors or subcontractors, their personnel and any individuals performing services for them, that those entities have in place adequate and proper procedures, processes and policies to prevent and/or address SEA and SH.

- d. Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, subcontractors and sub-recipients in implementing the programme or using the UNDP funds. It will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.
- e. The requirements of the following documents, then in force at the time of signature of the Programme Document, apply to each responsible party, subcontractor and sub-recipient: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. Each responsible party, subcontractor and sub-recipient agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.
- f. In the event that an investigation is required, UNDP will conduct investigations relating to any aspect of the programme. Each responsible party, subcontractor and sub-recipient will provide its full cooperation, including making available personnel, relevant documentation, and granting access to its (and its consultants', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with it to find a solution.
- g. Each responsible party, subcontractor and sub-recipient will promptly inform UNDP as the Implementing Partner in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

Where it becomes aware that a UNDP programme or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, each responsible party, subcontractor and sub-recipient will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). It will provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

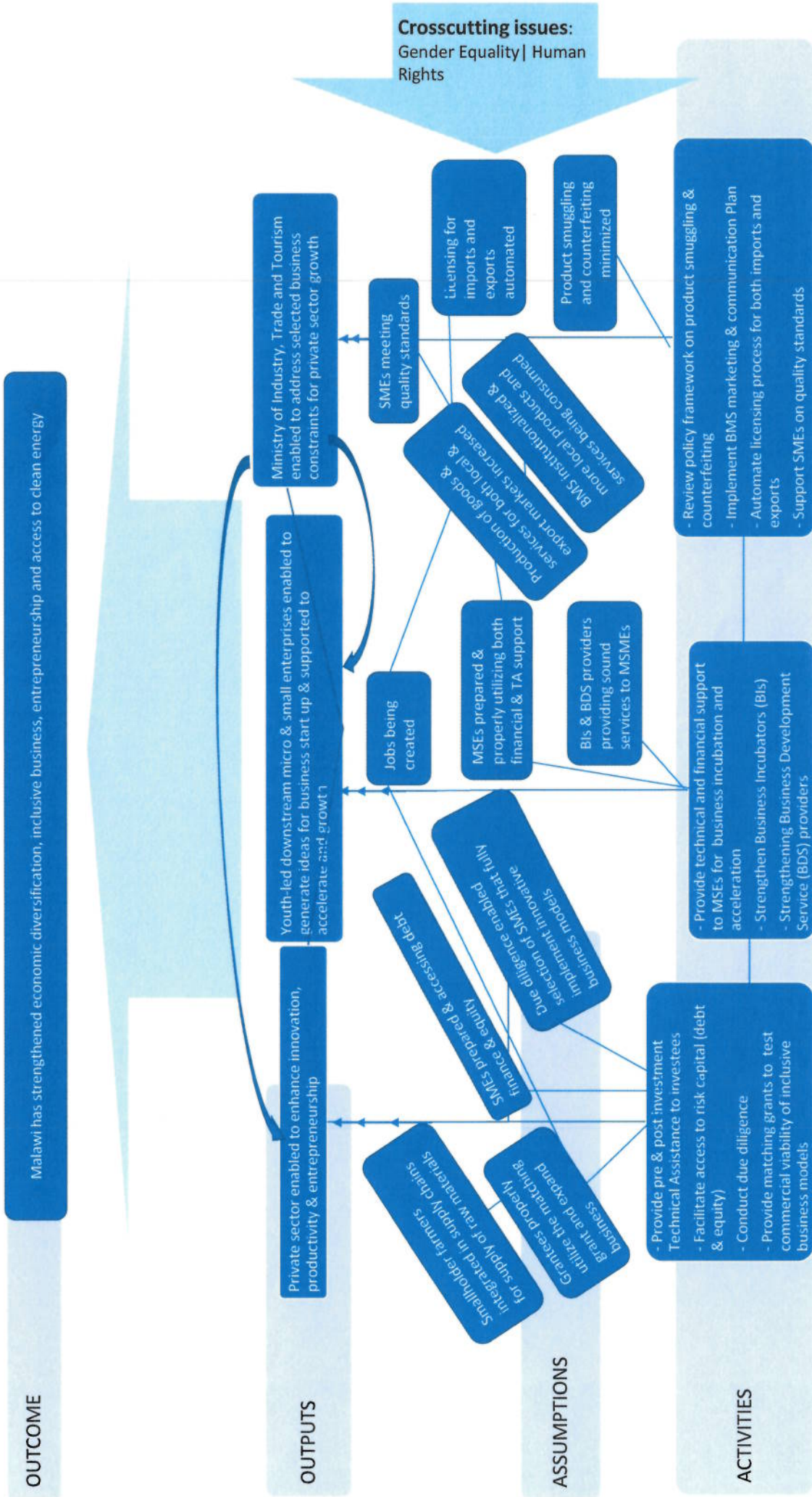
- h. UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of this Programme Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail any responsible party's, subcontractor's or sub-recipient's obligations under this Programme Document.

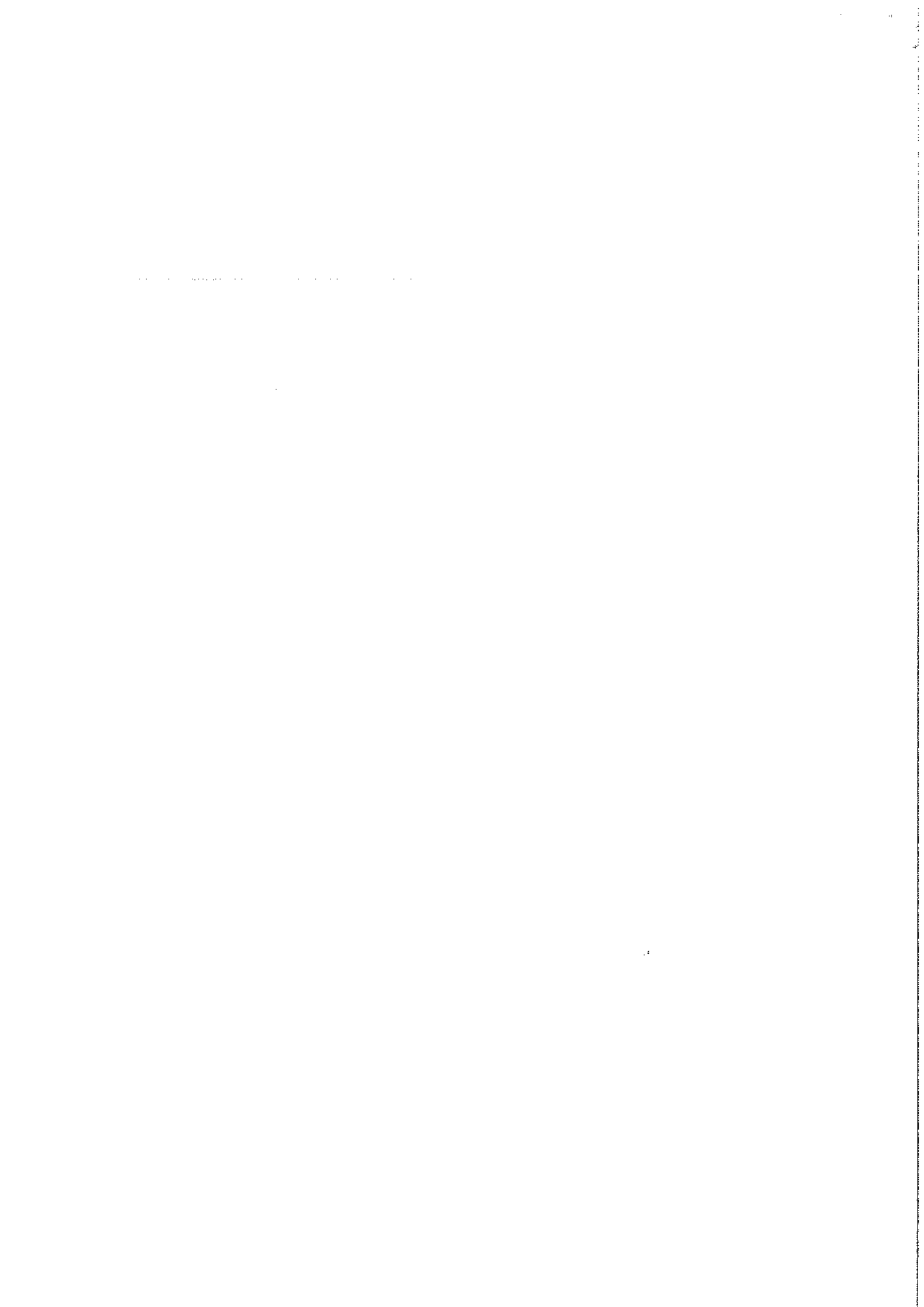
- i. Each contract issued by the responsible party, subcontractor or sub-recipient in connection with this Programme Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from it shall cooperate with any and all investigations and post-payment audits.
 - j. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project or programme, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.
 - k. Each responsible party, subcontractor and sub-recipient shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to its subcontractors and sub-recipients and that all the clauses under this section entitled "Risk Management Standard Clauses" are adequately reflected, *mutatis mutandis*, in all its sub-contracts or sub-agreements entered into further to this Programme Document.
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XI. ANNEXES

- 1. Programme Theory of Change
- 2. Programme Quality Assurance Report
- 3. Social and Environmental Screening
- 4. Risk Log
- 5. Steering Committee Terms of Reference
- 6. Technical Committee Terms of Reference
- 7. Job Description for the PSD Programme Specialist

ANNEX I





ANNEX II

Design & Appraisal Stage Quality Assurance Report

Form Status: Approved

Overall Rating:	Satisfactory
Decision:	Approve: The project is of sufficient quality to continue as planned. Any management actions must be addressed in a timely manner.
Portfolio/Project Number:	00125267
Portfolio/Project Title:	PRIVATE SECTOR DEVELOPMENT PROGRAMME II
Portfolio/Project Date:	2020-01-01 / 2023-12-31

Strategic

Quality Rating: Exemplary

1. Does the project specify how it will contribute to higher level change through linkage to the programme's Theory of Change?

- 3: *The project is clearly linked to the programme's theory of change. It has an explicit change pathway that explains how the project will contribute to outcome level change and why the project's strategy will likely lead to this change. This analysis is backed by credible evidence of what works effectively in this context and includes assumptions and risks.*
- 2: The project is clearly linked to the programme's theory of change. It has a change pathway that explains how the project will contribute to outcome-level change and why the project strategy will likely lead to this change.
- 1: The project document may describe in generic terms how the project will contribute to development results, without an explicit link to the programme's theory of change.

Evidence:

The project theory of change is based on the country programme theory of change. The project's outcome is the same as the country programme outcome 1: Malawi has strengthened economic diversification, inclusive business, entrepreneurship, and access to clean energy.

List of Uploaded Documents

#	File Name	Modified By	Modified On
1	TheoryofChange_PSD-II_3171_101 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/TheoryofChange_PSD-II_3171_101.pdf)	peter.kulemeka@undp.org	1/21/2020 7:39:00 AM

2. Is the project aligned with the UNDP Strategic Plan?

- 3: The project responds to at least one of the development settings as specified in the [Strategic Plan](#)¹ and adapts at least one [Signature Solution](#)². The project's RRF includes all the relevant SP output indicators. (all must be true)
- 2: *The project responds to at least one of the development settings as specified in the [Strategic Plan](#)⁴. The project's RRF includes at least one SP output indicator, if relevant. (both must be true)*
- 1: The project responds to a partner's identified need, but this need falls outside of the UNDP Strategic Plan. Also select this option if none of the relevant SP indicators are included in the RRF.

Evidence:

The project is aligned to SP Outcome 1: Advance poverty reduction in all its forms and dimensions; Signature Solution 1: Keeping People out of Poverty;

List of Uploaded Documents

#	File Name	Modified By	Modified On
No documents available.			

3. Is the project linked to the programme outputs? (i.e., UNDAF Results Group Workplan/CPD, RPD or Strategic Plan IRRF for global projects/strategic interventions not part of a programme)

- Yes
- No

Evidence:

The project is linked to CPD output 1.1: Women and youth in targeted areas have access to employment opportunities and output 1.2 Public and private sector institutions enabled to develop and implement policies and practices that enhance innovation, productivity and entrepreneurship. Ref. Annex: Results and Resources Framework. p.9

List of Uploaded Documents

#	File Name	Modified By	Modified On
1	2019-2023MalawiCPD-ExB_Aproved_3171_103 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/2019-2023MalawiCPD-ExB_Aproved_3171_103.pdf)	peter.kulemeka@undp.org	1/21/2020 7:46:00 AM

Relevant**Quality Rating: Highly Satisfactory**

4. Do the project target groups leave furthest behind?

- 3: The target groups are clearly specified, prioritising discriminated, and marginalized groups left furthest behind, identified through a rigorous process based on evidence.
- 2: *The target groups are clearly specified, prioritizing groups left furthest behind.*
- 1: The target groups are not clearly specified.

Evidence:

The project selects anchor firms to work with target beneficiaries based on commercial criteria. Capacity to incorporate small and micro producers into the firms value chains are considered but these are not the primary determinants for selection.

List of Uploaded Documents

#	File Name	Modified By	Modified On
No documents available.			

5. Have knowledge, good practices, and past lessons learned of UNDP and others informed the project design?

- 3: *Knowledge and lessons learned backed by credible evidence from sources such as evaluation, corporate policies/strategies, and/or monitoring have been explicitly used, with appropriate referencing, to justify the approach used by the project.*
- 2: The project design mentions knowledge and lessons learned backed by evidence/sources but have not been used to justify the approach selected.
- 1: There is little, or no mention of knowledge and lessons learned informing the project design. Any references made are anecdotal and not backed by evidence.

Evidence:

The project is based on experience and lessons from a similar UNDP project. In essence, the current project is an extension of a similar successful project: 00072218.

List of Uploaded Documents

#	File Name	Modified By	Modified On
No documents available.			

6. Does UNDP have a clear advantage to engage in the role envisioned by the project vis-à-vis national / regional / global partners and other actors?

- 3: *An analysis has been conducted on the role of other partners in the area where the project intends to work, and credible evidence supports the proposed engagement of UNDP and partners through the project, including identification of potential funding partners. It is clear how results achieved by partners will complement the project's intended results and a communication strategy is in place to communicate results and raise visibility vis-à-vis key partners. Options for south-south and triangular cooperation have been considered, as appropriate. (all must be true)*
- 2: Some analysis has been conducted on the role of other partners in the area where the project intends to work, and relatively limited evidence supports the proposed engagement of and division of labour between UNDP and partners through the project, with unclear funding and communications strategies or plans.
- 1: No clear analysis has been conducted on the role of other partners in the area that the project intends to work. There is risk that the project overlaps and/or does not coordinate with partners' interventions in this area. Options for south-south and triangular cooperation have not been considered, despite its potential relevance.

Evidence:

UNDP has a clear advantage combining unique track record, expertise and role in this project. UNDP is promoting social enterprise and facilitation of enterprise challenge funds which no other partners have undertaken in the country. UNDP has credible systems and procedures for managing partner funds. Additionally, UNDP has proven to key partners that it has the capability to implement the project. South - South Cooperation options have been considered for the implementation of the business incubation component of the project.

List of Uploaded Documents

#	File Name	Modified By	Modified On
No documents available.			

Principled**Quality Rating: Highly Satisfactory**

7. Does the project apply a human rights-based approach?

- 3: *The project is guided by human rights and incorporates the principles of accountability, meaningful participation, and non-discrimination in the project's strategy. The project upholds the relevant international and national laws and standards. Any potential adverse impacts on enjoyment of human rights were rigorously identified and assessed as relevant, with appropriate mitigation and management measures incorporated into project design and budget. (all must be true)*
- 2: The project is guided by human rights by prioritizing accountability, meaningful participation and non-discrimination. Potential adverse impacts on enjoyment of human rights were identified and assessed as relevant, and appropriate mitigation and management measures incorporated into the project design and budget. (both must be true)
- 1: No evidence that the project is guided by human rights. Limited or no evidence that potential adverse impacts on enjoyment of human rights were considered.

Evidence:

The project applies the human based approach in selection of target beneficiaries who will have right to participate in economic activities and right to food, among others. Firms involved in engaging beneficiaries have been given thresholds to engage at least 30% of relatively marginalized groups including women beneficiaries.

List of Uploaded Documents

#	File Name	Modified By	Modified On
No documents available.			

8. Does the project use gender analysis in the project design?

- 3: A participatory gender analysis has been conducted and results from this gender analysis inform the development challenge, strategy and expected results sections of the project document. Outputs and indicators of the results framework include explicit references to gender equality, and specific indicators measure and monitor results to ensure women are fully benefitting from the project. (all must be true)
- 2: *A basic gender analysis has been carried out and results from this analysis are scattered (i.e., fragmented and not consistent) across the development challenge and strategy sections of the project document. The results framework may include some gender sensitive outputs and/or activities but gender inequalities are not consistently integrated across each output. (all must be true)*
- 1: The project design may or may not mention information and/or data on the differential impact of the project's development situation on gender relations, women and men, but the gender inequalities have not been clearly identified and reflected in the project document.

Evidence:

A basic gender analysis has been conducted ensure that different sections of the project consider gender equality and women empowerment. The project's results matrix has indicators which are gender sensitive.

List of Uploaded Documents

#	File Name	Modified By	Modified On
No documents available.			

9. Did the project support the resilience and sustainability of societies and/or ecosystems?

- 3: Credible evidence that the project addresses sustainability and resilience dimensions of development challenges, which are integrated in the project strategy and design. The project reflects the interconnections between the social, economic and environmental dimensions of sustainable development. Relevant shocks, hazards and adverse social and environmental impacts have been identified and rigorously assessed with appropriate management and mitigation measures incorporated into project design and budget. (all must be true)
- 2: *The project design integrates sustainability and resilience dimensions of development challenges. Relevant shocks, hazards and adverse social and environmental impacts have been identified and assessed, and relevant management and mitigation measures incorporated into project design and budget. (both must be true)*
- 1: Sustainability and resilience dimensions and impacts were not adequately considered.

Evidence:

Some components of the project have integrated sustainability elements and impacts. These are reflected in the risk log for the project.

List of Uploaded Documents

#	File Name	Modified By	Modified On
1	PSDPROGRAMME-OfflineRiskLog_3171_109 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/PSDPROGRAMME-OfflineRiskLog_3171_109.doc)	peter.kulemeka@undp.org	1/21/2020 7:50:00 AM

10. Has the Social and Environmental Screening Procedure (SESP) been conducted to identify potential social and environmental impacts and risks? The SESP is not required for projects in which UNDP is Administrative Agent only and/or projects comprised solely of reports, coordination of events, trainings, workshops, meetings, conferences and/or communication materials and information dissemination. [if yes, upload the completed checklist. If SESP is not required, provide the reason for the exemption in the evidence section.]

- Yes
- No
- SESP not required because project consists solely of (Select all exemption criteria that apply)
 - 1: Preparation and dissemination of reports, documents and communication materials
 - 2: Organization of an event, workshop, training
 - 3: Strengthening capacities of partners to participate in international negotiations and conferences
 - 4: Partnership coordination (including UN coordination) and management of networks
 - 5: Global/regional projects with no country level activities (e.g. knowledge management, inter-governmental processes)
 - 6: UNDP acting as Administrative Agent

Evidence:

The Social and Environmental Screening Procedure form is attached.

List of Uploaded Documents

#	File Name	Risk Category	Risk Requirements	Document Status	Modified By	Modified On
1	PSDS ESP_3171_110 (http://intranet.undp.org/apps/ProjectQA/QA/FormDocuments/PSDSES/P_3171_110.doc)	Low	Human Rights; Gender Equality and Women's Empowerment	Draft	peter.kulemeka@undp.org	1/21/2020 8:32:00 AM

11. Does the project have a strong results framework?

- 3: *The project's selection of outputs and activities are at an appropriate level. Outputs are accompanied by SMART, results-oriented indicators that measure the key expected development changes, each with credible data sources and populated baselines and targets, including gender sensitive, target group focused, sex-disaggregated indicators where appropriate. (all must be true)*
- 2: The project's selection of outputs and activities are at an appropriate level. Outputs are accompanied by SMART, results-oriented indicators, but baselines, targets and data sources may not yet be fully specified. Some use of target group focused, sex-disaggregated indicators, as appropriate. (all must be true)
- 1: The project's selection of outputs and activities are not at an appropriate level; outputs are not accompanied by SMART, results-oriented indicators that measure the expected change and have not been populated with baselines and targets; data sources are not specified, and/or no gender sensitive, sex-disaggregation of indicators. (if any is true)

Evidence:

Section V of the Project Document presents the results framework which has SMART elements.

List of Uploaded Documents

#	File Name	Modified By	Modified On
1	PrivateSectorDevelopmentProgrammeDocument2020-2023FinalDraft_3171_111 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/PrivateSectorDevelopmentProgrammeDocument2020-2023FinalDraft_3171_111.doc)	peter.kulemek@undp.org	1/21/2020 8:23:00 AM

12. Is the project's governance mechanism clearly defined in the project document, including composition of the project board?

- 3: *The project's governance mechanism is fully defined. Individuals have been specified for each position in the governance mechanism (especially all members of the project board.) Project Board members have agreed on their roles and responsibilities as specified in the terms of reference. The ToR of the project board has been attached to the project document. (all must be true)*
- 2: The project's governance mechanism is defined; specific institutions are noted as holding key governance roles, but individuals may not have been specified yet. The project document lists the most important responsibilities of the project board, project director/manager and quality assurance roles. (all must be true)
- 1: The project's governance mechanism is loosely defined in the project document, only mentioning key roles that will need to be filled at a later date. No information on the responsibilities of key positions in the governance mechanism is provided.

Evidence:

The project has clear governance mechanisms including clear terms of reference for the project steering committee. See Section VIII of Project Document.

List of Uploaded Documents

#	File Name	Modified By	Modified On
No documents available.			

13. Have the project risks been identified with clear plans stated to manage and mitigate each risk?

- 3: Project risks related to the achievement of results are fully described in the project risk log, based on comprehensive analysis drawing on the programme's theory of change, Social and Environmental Standards and screening, situation analysis, capacity assessments and other analysis such as funding potential and reputational risk. Risks have been identified through a consultative process with key internal and external stakeholders, including consultation with the UNDP Security Office as required. Clear and complete plan in place to manage and mitigate each risk, including security risks, reflected in project budgeting and monitoring plans. (both must be true)
- 2: Project risks related to the achievement of results are identified in the initial project risk log based on a minimum level of analysis and consultation, with mitigation measures identified for each risk.
- 1: Some risks may be identified in the initial project risk log, but no evidence of consultation or analysis and no clear risk mitigation measures identified. This option is also selected if risks are not clearly identified, no initial risk log is included with the project document and/or no security risk management process has taken place for the project.

Evidence:

The project has a comprehensive list of risks which is presented in Annex 3.

List of Uploaded Documents

#	File Name	Modified By	Modified On
No documents available.			

Efficient

Quality Rating: **Satisfactory**

14. Have specific measures for ensuring cost-efficient use of resources been explicitly mentioned as part of the project design? This can include, for example:

- i) Using the theory of change analysis to explore different options of achieving the maximum results with the resources available.
- ii) Using a portfolio management approach to improve cost effectiveness through synergies with other interventions.
- iii) Through joint operations (e.g., monitoring or procurement) with other partners.
- iv) Sharing resources or coordinating delivery with other projects.
- v) Using innovative approaches and technologies to reduce the cost of service delivery or other types of interventions.

- Yes
 No

Evidence:

There is not explanation of how the project will ensure cost-efficient use of resources.

List of Uploaded Documents

#	File Name	Modified By	Modified On
No documents available.			

15. Is the budget justified and supported with valid estimates?

- 3: *The project's budget is at the activity level with funding sources, and is specified for the duration of the project period in a multi-year budget. Realistic resource mobilisation plans are in place to fill unfunded components. Costs are supported with valid estimates using benchmarks from similar projects or activities. Cost implications from inflation and foreign exchange exposure have been estimated and incorporated in the budget. Adequate costs for monitoring, evaluation, communications and security have been incorporated.*
- 2: The project's budget is at the activity level with funding sources, when possible, and is specified for the duration of the project in a multi-year budget, but no funding plan is in place. Costs are supported with valid estimates based on prevailing rates.
- 1: The project's budget is not specified at the activity level, and/or may not be captured in a multi-year budget.

Evidence:

The budget is at the activity level and is based on experience implementing a similar project.

List of Uploaded Documents

#	File Name	Modified By	Modified On
No documents available.			

16. Is the Country Office / Regional Hub / Global Project fully recovering the costs involved with project implementation?

- 3: The budget fully covers all project costs that are attributable to the project, including programme management and development effectiveness services related to strategic country programme planning, quality assurance, pipeline development, policy advocacy services, finance, procurement, human resources, administration, issuance of contracts, security, travel, assets, general services, information and communications based on full costing in accordance with prevailing UNDP policies (i.e., UPL, LPL.)
- 2: The budget covers significant project costs that are attributable to the project based on prevailing UNDP policies (i.e., UPL, LPL) as relevant.
- 1: The budget does not adequately cover project costs that are attributable to the project, and UNDP is cross-subsidizing the project.

Evidence:

DPC and cost recovery arrangements are made in the project.

List of Uploaded Documents

#	File Name	Modified By	Modified On
No documents available.			

Effective**Quality Rating: Needs Improvement**

17. Have targeted groups been engaged in the design of the project?

- 3: Credible evidence that all targeted groups, prioritising discriminated and marginalized populations that will be involved in or affected by the project, have been actively engaged in the design of the project. The project has an explicit strategy to identify, engage and ensure the meaningful participation of target groups as stakeholders throughout the project, including through monitoring and decision-making (e.g., representation on the project board, inclusion in samples for evaluations, etc.)
- 2: *Some evidence that key targeted groups have been consulted in the design of the project.*
- 1: No evidence of engagement with targeted groups during project design.
- Not Applicable

Evidence:

There is evidence that beneficiaries of the growth accelerator component of the project were involved in the development of the project.

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No documents available.

18. Does the project plan for adaptation and course correction if regular monitoring activities, evaluation, and lesson learned demonstrate there are better approaches to achieve the intended results and/or circumstances change during implementation?

- Yes
- No

Evidence:

The project has made adequate provision for monitoring activities, a mid-term evaluation and follow up review meetings which will facilitate implementation of recommendations from monitoring.

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No documents available.

19. The gender marker for all project outputs are scored at GEN2 or GEN3, indicating that gender has been fully mainstreamed into all project outputs at a minimum.

- Yes
- No

Evidence:

Two out of the three project outputs have gender markers scores of GEN2 while one has a gender marker of GEN0.

Management Response:

Gender integration will be prioritized by targeted women entrepreneurs, facilitating peer learning among businesswomen, and promoting safe and secure working environments for women in businesses supported by the project.

List of Uploaded Documents

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No documents available.

Sustainability & National Ownership

Quality Rating: Highly Satisfactory

20. Have national / regional / global partners led, or proactively engaged in, the design of the project?

- 3: National partners (or regional/global partners for regional and global projects) have full ownership of the project and led the process of the development of the project jointly with UNDP.
- 2: *The project has been developed by UNDP in close consultation with national / regional / global partners.*
- 1: The project has been developed by UNDP with limited or no engagement with national partners.

Evidence:

The project has been developed in close collaboration with national partners.

List of Uploaded Documents

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No documents available.

21. Are key institutions and systems identified, and is there a strategy for strengthening specific / comprehensive capacities based on capacity assessments conducted?

- 3: The project has a strategy for strengthening specific capacities of national institutions and/or actors based on a completed capacity assessment. This strategy includes an approach to regularly monitor national capacities using clear indicators and rigorous methods of data collection, and adjust the strategy to strengthen national capacities accordingly.
- 2: A capacity assessment has been completed. There are plans to develop a strategy to strengthen specific capacities of national institutions and/or actors based on the results of the capacity assessment.
- 1: Capacity assessments have not been carried out.
- Not Applicable*

Evidence:

This is a DIM project. UNDP has capacity to implement the project. Project beneficiaries will be strengthened to ensure that they are equipped to carry out activities assigned to them.

List of Uploaded Documents

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No documents available.

22. Is there is a clear strategy embedded in the project specifying how the project will use national systems (i.e., procurement, monitoring, evaluations, etc.,) to the extent possible?

- Yes
- No
- Not Applicable*

Evidence:

This is a DIM project and will use UNDP systems.

List of Uploaded Documents

#	File Name	Modified By	Modified On
No documents available.			

23. Is there a clear transition arrangement / phase-out plan developed with key stakeholders in order to sustain or scale up results (including resource mobilisation and communications strategy)?

- Yes
- No

Evidence:

Sustainability is embedded in the business models which will be pursued by the project which include promoting co-investment, involvement of local banks and national entities in supporting beneficiaries. pp13-14 of the Project Document.

List of Uploaded Documents

#	File Name	Modified By	Modified On
No documents available.			

QA Summary/LPAC Comments

Annex [#]. Social and Environmental Screening Template

The completed template, which constitutes the Social and Environmental Screening Report, must be included as an annex to the Project Document. Please refer to the Social and Environmental Screening Procedure and Toolkit for guidance on how to answer the 6 questions.

Project Information

Programme Information	
1. Project Title	Private Sector Development Programme
2. Project Number	00125267
3. Location (Global/Region/Country)	Malawi

Part A. Integrating Overarching Principles to Strengthen Social and Environmental Sustainability

QUESTION 1: How Does the Project Integrate the Overarching Principles in order to Strengthen Social and Environmental Sustainability?

Briefly describe in the space below how the Project mainstreams the human-rights based approach

The goal of the Private Sector Development Programme is to promote economic diversification, inclusive business and entrepreneurship in Malawi. The programme aims at achieving this goal by working directly with private sector enterprises at different levels of enterprise development and by using an array of instruments and techniques. In the course of implementation, the private sector enterprises are expected to create jobs (mainly formal) for Malawians while also integrating the poor, especially smallholder farmers, into supply chains consequently improving their livelihoods as more Malawians will have been given an opportunity to exercise their right to participate in economic activities regardless of gender, disability, ethnicity, etc.

Briefly describe in the space below how the Project is likely to improve gender equality and women's empowerment

The programme is designed to improve gender equality and women economic empowerment as deliberate measures have been put in place to address the same. For instance, gender targets have been included across the expected results from the different programme components. These targets will always be monitored as some of them will be a subset of the pay-for-performance milestones of the Malawi Innovation Challenge Fund (MICF). Moreover, at pre-selection stage a stringent due-diligence is undertaken on potential grantees and a Gender Assessment is integral part of the diligence including e.g. gender-sensitivity of the proposed business model; contribution to negative gender effects etc. Also, in the business incubation interventions gender-led business ideas will be prioritized.

Briefly describe in the space below how the Project mainstreams environmental sustainability

Throughout implementation, the programme will ensure that none of its activities are a danger to environmental sustainability. All pre-selected grantees undergo a stringent due-diligence that assesses environmental risks and sustainability. Also, where required, some of the private sector enterprises as beneficiaries of the MICF shall undertake Environmental Impact Assessments (EIA) as a pre-requisite under the Malawi law to implementing their inclusive business models.

Part B. Identifying and Managing Social and Environmental Risks

QUESTION 2: What are the Potential Social and Environmental Risks? <i>Note: Describe briefly potential social and environmental risks identified in Attachment 1 – Risk Screening Checklist (based on any “Yes” responses). If no risks have been identified in Attachment 1 then note “No Risks Identified” and skip to Questions 4 and Select “Low Risk”. Questions 5 and 6 not required for Low Risk Projects.</i>	QUESTION 3: What is the level of significance of the potential social and environmental risks? <i>Note: Respond to Questions 4 and 5 below before proceeding to Question 6</i>	QUESTION 6: What social and environmental assessment and management measures have been conducted and/or are required to address potential risks (for Risks with Moderate and High Significance)?					
Risk Description	Impact and Probability (1-5)	Significance (Low, Moderate, High)	Comments				
Risk 1: Private Sector companies not complying with Malawi local labour laws	I = 4 P = 1	Low	Description of assessment and management measures as reflected in the Project design. If ESI/ or SESA is required note that the assessment should consider all potential impacts and risks. Fund Managers/UNDP through regular monitoring, spot checks and milestone verification will ensure that companies comply with Malawi labour laws.				
Risk 2: Private Sector companies negatively impacting the environment for not complying with Environmental standards	I = 4 P = 2	Low	Where necessary, private sector companies will be required to undertake Environmental Impact Assessments for respective business models. Fund Managers will be undertaking due diligence and constantly monitor compliance with UNDP standards.				
Risk 3: Private Sector companies not adhering to UNDP safeguarding principles on sexual harassment and abuse of authority	I = 5 P = 2	Low	UNDP/Fund Managers will periodically engage the companies to ensure clear reporting lines and redressal mechanism of sexual harassment cases.				
Risk 4: Unlawful displacement of communities and land grabbing by the Private Sector Companies in the implementation of their business models [add additional rows as needed]	I = 5 P = 1	Low	Due diligence by Fund managers at the onset will ensure that any business models proposed by the companies will not lead to unlawful displacement and land grabbing.				
QUESTION 4: What is the overall Project risk categorization?							
Select one (see SESP for guidance)							
<table border="0" style="width: 100%;"> <tr> <td style="text-align: center;">Low Risk</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> <tr> <td style="text-align: center;">Moderate Risk</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>				Low Risk	<input checked="" type="checkbox"/>	Moderate Risk	<input type="checkbox"/>
Low Risk	<input checked="" type="checkbox"/>						
Moderate Risk	<input type="checkbox"/>						
Comments							

		High Risk	<input type="checkbox"/>
QUESTION 5: Based on the identified risks and risk categorization, what requirements of the SES are relevant?			
Check all that apply			
Principle 1: Human Rights		X	
Principle 2: Gender Equality and Women's Empowerment		X	
1. Biodiversity Conservation and Natural Resource Management		X	
2. Climate Change Mitigation and Adaptation		<input type="checkbox"/>	
3. Community Health, Safety and Working Conditions		X	
4. Cultural Heritage		<input type="checkbox"/>	
5. Displacement and Resettlement		X	
6. Indigenous Peoples		<input type="checkbox"/>	
7. Pollution Prevention and Resource Efficiency		<input type="checkbox"/>	
			Comments

Final Sign Off

Signature	Date	Description
QA Assessor <i>Tina Kavalishvili</i>	20/01/2020	The QA Assessor is the Program Analyst, Private Sector Development
QA Approver Andrew Spezowka	20/01/2020	The QA Approver is the UNDP RSG Portfolio Manager
PAC Chair <i>Andrew Spezowka</i>	20/01/2020	The PAC Chair is the UNDP RSG Portfolio Manager

SESP Attachment 1: Social and Environmental Risk Screening Checklist

Checklist Potential Social and Environmental Risks		Answer (Yes/No)
Principles 1: Human Rights		
1.	Could the Project lead to adverse impacts on enjoyment of the human rights (civil, political, economic, social or cultural) of the affected population and particularly of marginalized groups?	No
2.	Is there a likelihood that the Project would have inequitable or discriminatory adverse impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups? ¹	No
3.	Could the Project potentially restrict availability, quality of and access to resources or basic services, in particular to marginalized individuals or groups?	No
4.	Is there a likelihood that the Project would exclude any potentially affected stakeholders, in particular marginalized groups, from fully participating in decisions that may affect them?	No
5.	Is there a risk that duty-bearers do not have the capacity to meet their obligations in the Project?	No
6.	Is there a risk that rights-holders do not have the capacity to claim their rights?	No
7.	Have local communities or individuals, given the opportunity, raised human rights concerns regarding the Project during the stakeholder engagement process?	No
8.	Is there a risk that the Project would exacerbate conflicts among and/or the risk of violence to project-affected communities and individuals?	No
Principle 2: Gender Equality and Women's Empowerment		
1.	Is there a likelihood that the proposed Project would have adverse impacts on gender equality and/or the situation of women and girls?	No
2.	Would the Project potentially reproduce discriminations against women based on gender, especially regarding participation in design and implementation or access to opportunities and benefits?	No
3.	Have women's groups/leaders raised gender equality concerns regarding the Project during the stakeholder engagement process and has this been included in the overall Project proposal and in the risk assessment?	No
4.	Would the Project potentially limit women's ability to use, develop and protect natural resources, taking into account different roles and positions of women and men in accessing environmental goods and services? <i>For example, activities that could lead to natural resources degradation or depletion in communities who depend on these resources for their livelihoods and well being</i>	No
Principle 3: Environmental Sustainability: Screening questions regarding environmental risks are encompassed by the specific Standard-related questions below		
Standard 1: Biodiversity Conservation and Sustainable Natural Resource Management		
1.1	Would the Project potentially cause adverse impacts to habitats (e.g. modified, natural, and critical habitats) and/or ecosystems and ecosystem services?	No

¹ Prohibited grounds of discrimination include race, ethnicity, gender, age, language, disability, sexual orientation, religion, political or other opinion, national or social or geographical origin, property, birth or other status including as an indigenous person or as a member of a minority. References to "women and men" or similar is understood to include women and men, boys and girls, and other groups discriminated against based on their gender identities, such as transgender people and transsexuals.

	<i>For example, through habitat loss, conversion or degradation, fragmentation, hydrological changes</i>	
1.2	Are any Project activities proposed within or adjacent to critical habitats and/or environmentally sensitive areas, including legally protected areas (e.g. nature reserve, national park), areas proposed for protection, or recognized as such by authoritative sources and/or indigenous peoples or local communities?	No
1.3	Does the Project involve changes to the use of lands and resources that may have adverse impacts on habitats, ecosystems, and/or livelihoods? (Note: if restrictions and/or limitations of access to lands would apply, refer to Standard 5)	No
1.4	Would Project activities pose risks to endangered species?	No
1.5	Would the Project pose a risk of introducing invasive alien species?	No
1.6	Does the Project involve harvesting of natural forests, plantation development, or reforestation?	No
1.7	Does the Project involve the production and/or harvesting of fish populations or other aquatic species?	No
1.8	Does the Project involve significant extraction, diversion or containment of surface or ground water? <i>For example, construction of dams, reservoirs, river basin developments, groundwater extraction</i>	No
1.9	Does the Project involve utilization of genetic resources? (e.g. collection and/or harvesting, commercial development)	No
1.10	Would the Project generate potential adverse transboundary or global environmental concerns?	No
1.11	Would the Project result in secondary or consequential development activities which could lead to adverse social and environmental effects, or would it generate cumulative impacts with other known existing or planned activities in the area? <i>For example, a new road through forested lands will generate direct environmental and social impacts (e.g. felling of trees, earthworks, potential relocation of inhabitants). The new road may also facilitate encroachment on lands by illegal settlers or generate unplanned commercial development along the route, potentially in sensitive areas. These are indirect, secondary, or induced impacts that need to be considered. Also, if similar developments in the same forested area are planned, then cumulative impacts of multiple activities (even if not part of the same Project) need to be considered.</i>	No
Standard 2: Climate Change Mitigation and Adaptation		
2.1	Will the proposed Project result in significant ² greenhouse gas emissions or may exacerbate climate change?	No
2.2	Would the potential outcomes of the Project be sensitive or vulnerable to potential impacts of climate change?	No
2.3	Is the proposed Project likely to directly or indirectly increase social and environmental vulnerability to climate change now or in the future (also known as maladaptive practices)? <i>For example, changes to land use planning may encourage further development of floodplains, potentially increasing the population's vulnerability to climate change, specifically flooding</i>	No
Standard 3: Community Health, Safety and Working Conditions		
3.1	Would elements of Project construction, operation, or decommissioning pose potential safety risks to local communities?	No
3.2	Would the Project pose potential risks to community health and safety due to the transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?	No

² In regards to CO₂, 'significant emissions' corresponds generally to more than 25,000 tons per year (from both direct and indirect sources). [The Guidance Note on Climate Change Mitigation and Adaptation provides additional information on GHG emissions.]

3.3	Does the Project involve large-scale infrastructure development (e.g. dams, roads, buildings)?	No
3.4	Would failure of structural elements of the Project pose risks to communities? (e.g. collapse of buildings or infrastructure)	No
3.5	Would the proposed Project be susceptible to or lead to increased vulnerability to earthquakes, subsidence, landslides, erosion, flooding or extreme climatic conditions?	No
3.6	Would the Project result in potential increased health risks (e.g. from water-borne or other vector-borne diseases or communicable infections such as HIV/AIDS)?	No
3.7	Does the Project pose potential risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during Project construction, operation, or decommissioning?	No
3.8	Does the Project involve support for employment or livelihoods that may fail to comply with national and international labor standards (i.e. principles and standards of ILO fundamental conventions)?	No
3.9	Does the Project engage security personnel that may pose a potential risk to health and safety of communities and/or individuals (e.g. due to a lack of adequate training or accountability)?	No
Standard 4: Cultural Heritage		
4.1	Will the proposed Project result in interventions that would potentially adversely impact sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)? (Note: Projects intended to protect and conserve Cultural Heritage may also have inadvertent adverse impacts)	No
4.2	Does the Project propose utilizing tangible and/or intangible forms of cultural heritage for commercial or other purposes?	No
Standard 5: Displacement and Resettlement		
5.1	Would the Project potentially involve temporary or permanent and full or partial physical displacement?	No
5.2	Would the Project possibly result in economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions – even in the absence of physical relocation)?	No
5.3	Is there a risk that the Project would lead to forced evictions? ³	No
5.4	Would the proposed Project possibly affect land tenure arrangements and/or community based property rights/customary rights to land, territories and/or resources?	No
Standard 6: Indigenous Peoples		
6.1	Are indigenous peoples present in the Project area (including Project area of influence)?	No
6.2	Is it likely that the Project or portions of the Project will be located on lands and territories claimed by indigenous peoples?	No
6.3	Would the proposed Project potentially affect the human rights, lands, natural resources, territories, and traditional livelihoods of indigenous peoples (regardless of whether indigenous peoples possess the legal titles to such areas, whether the Project is located within or outside of the lands and territories inhabited by the affected peoples, or whether the indigenous peoples are recognized as indigenous peoples by the country in question)? <i>If the answer to the screening question 6.3 is "yes" the potential risk impacts are considered potentially severe and/or critical and the Project would be categorized as either Moderate or High Risk.</i>	No

³ Forced evictions include acts and/or omissions involving the coerced or involuntary displacement of individuals, groups, or communities from homes and/or lands and common property resources that were occupied or depended upon, thus eliminating the ability of an individual, group, or community to reside or work in a particular dwelling, residence, or location without the provision of, and access to, appropriate forms of legal or other protections.

6.4	Has there been an absence of culturally appropriate consultations carried out with the objective of achieving FPIC on matters that may affect the rights and interests, lands, resources, territories and traditional livelihoods of the indigenous peoples concerned?	No
6.5	Does the proposed Project involve the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?	No
6.6	Is there a potential for forced eviction or the whole or partial physical or economic displacement of indigenous peoples, including through access restrictions to lands, territories, and resources?	No
6.7	Would the Project adversely affect the development priorities of indigenous peoples as defined by them?	No
6.8	Would the Project potentially affect the physical and cultural survival of indigenous peoples?	No
6.9	Would the Project potentially affect the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices?	No
Standard 7: Pollution Prevention and Resource Efficiency		
7.1	Would the Project potentially result in the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	No
7.2	Would the proposed Project potentially result in the generation of waste (both hazardous and non-hazardous)?	No
7.3	Will the proposed Project potentially involve the manufacture, trade, release, and/or use of hazardous chemicals and/or materials? Does the Project propose use of chemicals or materials subject to international bans or phase-outs? <i>For example, DDT, PCBs and other chemicals listed in international conventions such as the Stockholm Conventions on Persistent Organic Pollutants or the Montreal Protocol</i>	No
7.4	Will the proposed Project involve the application of pesticides that may have a negative effect on the environment or human health?	No
7.5	Does the Project include activities that require significant consumption of raw materials, energy, and/or water?	No

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ANNEX IV: OFFLINE RISK LOG
Private Sector Development Programme

Programme Title: Private Sector Development Programme **Award ID: 00125267** **Date: 01 January 2020**

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Updated by	Last Update	Status
1	Grantees without inclusive business models chosen to participate in the MICF	01 Jan 2020	Operational Total: 10	Unviable business models may result in failure to achieve MICF objectives. P = 2 I = 5	<ul style="list-style-type: none"> Diligent scrutinisation of all applications by the MICF Investment Panel (MICF) made of high calibre experts to ensure impactful investments. Due diligence by MICF Fund Managers. 	UNDP	Program Analyst	01 Jan 2020	No Change. (01 Jan)
2	MICF grantees and GA ventures off-track in achieving agreed milestones	01 Jan 2020	Operational Total: 10	Being off track will result in failure for the MICF and GA to achieve programme objectives. P = 2 I = 5	<ul style="list-style-type: none"> Regular monitoring by the MICF and GA Fund Managers and the responsible party. Regular follow up on progress with the Fund Managers and the responsible party by UNDP to address potential bottlenecks. 	UNDP	Program Analyst	01 Jan 2020	No Change. (01 Jan)
3	MICF and GA grantees as downstream partners not adhering to safeguarding principles including social and environmental standards	01 Jan 2020	Operational Total: 8	Non-adherence to safeguarding principals including social and environmental standard may result in bad reputation of the programme in the public domain. P = 2 I = 4	<ul style="list-style-type: none"> Continuous engagement with grantees on adherence including monitoring of the same. 	UNDP	Program Analyst	01 Jan 2020	No Change. (01 Jan)
4	Malawian companies underutilising the Malawi Window under the Build Fund	01 Jan 2020	Financial Total: 6	Malawian companies not utilising the Malawi Window will undermine potential growth of the Window and its potential to support private sector growth. P = 2 I = 3	<ul style="list-style-type: none"> Raise more awareness about this opportunity to private sector in Malawi. 	UNDP	Program Analyst	01 Jan 2020	No Change. (01 Jan)

5	Unavailability of relevant, capable, and interested entrepreneurs/SMEs for the GA and STIEF	01 Jan 2020	Operational Total: 10	Without relevant, capable, interested and committed SMEs, the GA and STIEF will be bound to fail. P = 2 I = 5	<ul style="list-style-type: none"> Thorough recruitment effort; effective outreach paired with strong selection process. Diligent scrutinisation of all applications by Venture Appraisal Committee for the GA made of high calibre experts to ensure impactful investments. 	UNDP	Program Analyst	01 Jan 2020	No Change. (01 Jan)
6	SMEs/Entrepreneurs' unreadiness for receiving and responsibly managing the grants as per agreements	01 Jan 2020	Operational Total: 10	Failure to properly utilise and manage the grants by the SMEs/Entrepreneurs will result in loss of financial resources and not meeting desired programme objectives P = 2 I = 5	<ul style="list-style-type: none"> Pre-assessment through screening and due diligence subsequently in the selection process. 	UNDP	Program Analyst	01 Jan 2020	No Change. (01 Jan)
7	Unavailability of qualified mentors, sages and speakers willing to support the GA and avail their time pro bono	01 Jan 2020	Operational Total: 6	Unwillingness of qualified mentors and Sages to mentor and coach entrepreneurs pro bono has potential to negatively affect survival, growth & sustainability of some business ventures. P = 2 I = 3	<ul style="list-style-type: none"> Direct engagement with potential mentors, sages and speakers at an early point and development of partnerships with for example industry organisations and other bodies key corporates. 	UNDP	Program Analyst	01 Jan 2020	No Change. (01 Jan)
8	Private companies not complying with Malawi local labour laws	01 Jan 2020	Operational Total: 4	Cases of failure by companies to comply with Malawi local labour laws have potential to damage the reputation of not only the company but also both the programme and UNDP. I = 4 P = 1	<ul style="list-style-type: none"> Fund Managers/UNDP through regular monitoring, spot checks and milestone verification will ensure that companies comply with Malawi labour laws. 	UNDP	Program Analyst	01 Jan 2020	No Change. (01 Jan)
9	Private companies negatively impacting the environment for not complying with Environmental standards	01 Jan 2020	Operational Total: 8	Non compliance with environmental standards by companies will adverse effects on the environment (e.g. pollution etc.), the communities (e.g. health hazards etc.), and reputation of the programme, the company and UNDP. I = 4	<ul style="list-style-type: none"> Where necessary, private sector companies will be required to undertake Environmental Impact Assessments for respective business models. Fund Managers will be undertaking due 	UNDP	Program Analyst	01 Jan 2020	No Change. (01 Jan)

10	Private companies adhering to UNDP safeguarding principles on sexual harassment and abuse of authority	01 Jan 2020	Operational Total: 10	P =2 Cases of sexual harassment and abuse of authority has potential to traumatise, depress & psychologically affect those abused and may have long term health effects. Such cases will damage the reputation of the programme, the companies and UNDP. I =5 P =2	<ul style="list-style-type: none"> UNDP/Fund Managers will periodically engage the companies to ensure clear reporting lines and redressal mechanism of sexual harassment cases. 	UNDP	Program Analyst	01 Jan 2020	No Change. (01 Jan)
11	Unlawful displacement of communities and land grabbing by the Private Sector Companies in the implementation of their business models	01 Jan 2020	Operational Total: 5	Unlawful displacement of communities and land grabbing has serious negative welfare or livelihood effects of those affected. This act has potential to also damage the reputation of the programme, the company and UNDP. I =5 P =1	<ul style="list-style-type: none"> Due diligence by Fund managers at the onset will ensure that any business models proposed by the companies will not lead to unlawful displacement and land grabbing. 	UNDP	Program Analyst	01 Jan 2020	No Change. (01 Jan)

ANNEX V

TERMS OF REFERENCE

PSD Programme Steering Committee

Background

The Steering Committee will be a high-level oversight and strategic decision-making body that will be guided by the commitment to ensure private sector development in Malawi. The Steering Committee will be chaired by the CEO of the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) and co-chaired by the UNDP Deputy Resident Representative in Malawi. The principal role of the Steering Committee is to oversee the strategic priorities and progress of the PSD Programme, ensure the coordination of efforts across multiple stakeholders, and to provide a forum for high-level decision-making and oversight.

While the Programme Steering Committee has important quality assurance review and strategic guidance functions, it is not aimed at detailed technical oversight. These detailed functions will be undertaken by a Technical Committee that will report to the Steering Committee.

Responsibilities and Functions

The Steering Committee will:

- Champion support to the private sector in Malawi;
- Provide a forum for the efficient and effective high-level collaboration of efforts across multiple stakeholders on the implementation of the Programme;
- Provide high-level decision-making and strategic oversight to the Programme;
- Review and approve any major revisions to the Programme;
- Approve plans and reports submitted by UNDP as lead implementer, and the Responsible Parties;
- Monitor the progress on key milestones and objectives;
- Monitor progressive narrative and financial reports of the Programme;
- Provide high-level quality assurance review for Programme results;
- Monitor progress and provide guidance on long term sustainability of the Programme's achievements; and
- Monitor strategic risks and implement agreed risk mitigation measures.

Decision Making

The Steering Committee will make decisions on the basis of (non-voting) consensus.

Membership

The standing membership of the Steering Committee will include the following:

- MCCCCI; UNDP; Ministry of Industry, Trade and Tourism; Ministry of Finance; Ministry of Agriculture; Malawi Bureau of Standards (MBS); Indigenous Business Association of Malawi (IBAM); Reserve Bank of Malawi (RBM); Manufacturers Association of Malawi; other key Private Sector focus groups; Malawi Investment and Trade Center (MITC); DFID; KfW; IFAD; RNE; and the EU. The Development Partners in this committee are the donors providing financial support to the programme.

The Steering Committee may include other representatives based on a consensus decision among the membership and as required by the agenda.

Steering Committee Meetings

The Steering Committee will meet in Lilongwe twice a year but may also meet more often as required. A calendar of meetings will be developed and disseminated. The Technical Committee shall be a de facto sub-committee of the Steering Committee to which specific issues may be delegated and will provide periodic and issue-specific reporting to the Steering Committee, as requested.

Secretariat Function

UNDP will provide secretariat services for the Steering Committee by coordinating meetings, producing documentation and meeting minutes, managing correspondence, information management/ dissemination and related tasks. Documents will be made available to Steering Committee members at least four working days prior to a scheduled meeting. The decisions and proceedings of the Steering Committee will be distributed to the participants within ten working days after the meeting.

ANNEX VI

TERMS OF REFERENCE

PSD Programme Technical Committee(s)

Background

The Technical Committee(s) will provide on-going quality assurance and monitoring of implementation progress, risk identification and monitoring, and detailed technical oversight of the Programme. The Technical Committee(s) will also monitor the progress of the various programme outputs against its milestones and deliverables. The Technical Committee(s) will review plans and give substantive guidance on achieving Programme results and monitor their achievements, ensuring accountability.

The Chairperson(s) of the Technical Committee(s) will report to the Steering Committee and may identify and escalate any strategic or other high-level issues that may require guidance or deliberation.

Functions and Responsibilities

The Technical Committee(s) will for each programme output:

- Review and assess operational plans, budgets and other key documentation;
- Evaluate and report on the progressive achievement of milestones and objectives, against the Programme schedule;
- Provide quality assurance for Programme component results, as well as the overall progress of the Programme;
- Review documentation and reports prepared under the Technical Committee for submission to the Steering Committee;
- Monitor progress and provide guidance on long term sustainability of the Programme's achievements;
- Identify and formulate any major revisions to the Programme for the approval of the Steering Committee;
- Provide on-going risk identification and monitoring, and formulate risk mitigation measures as required; and
- Identify and escalate issues for strategic guidance and/or decision-making to the Steering Committee.

Decision Making

The Technical Committee(s) will make its decisions during meetings on the basis of (non-voting) consensus. These decisions will be communicated as Recommendations to the Steering Committee, as the highest decision-making body.

Membership

The standing membership of the Technical Committee(s) will include the following:

- UNDP; Ministry of Industry, Trade and Tourism; Business Incubator(s) such as mHub; Growth Africa; Business Development Service Provider(s); Financial institution(s); Service Providers; DFID, KfW, IFAD, RNE; and the EU.

The Technical Committee may include other key stakeholders based on a consensus decision among the membership and as the agenda requires.

Technical Committee Meetings

The Technical Committee(s) will meet in Lilongwe every two months but may also meet more often as required. A calendar of meetings will be developed and disseminated. The Technical Committee(s) may also delegate sub-committees to deal with specific issues to meet and report back.

Secretariat Function

UNDP will provide secretariat services for the Technical Committees by coordinating meetings, managing correspondence, information management/ dissemination and related tasks. All relevant meeting documents will be made available to Technical Committee members at least four working days prior to a scheduled meeting.