



# Malawi National Export Strategy

## NES Presentation

With support from the United Nations Development Programme



# Objective

- To present Malawi's National Export Strategy 2013-2018

# Contents

- Part 1: Introduction
- Part 2: The Strategy
- Part 3: Implementation Mechanism

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# Purpose of the NES

1. To be a necessary & critical support mechanism to **MGDS II & the Economic Recovery Plan**

2. To develop Malawi's export capacity on the scale required...

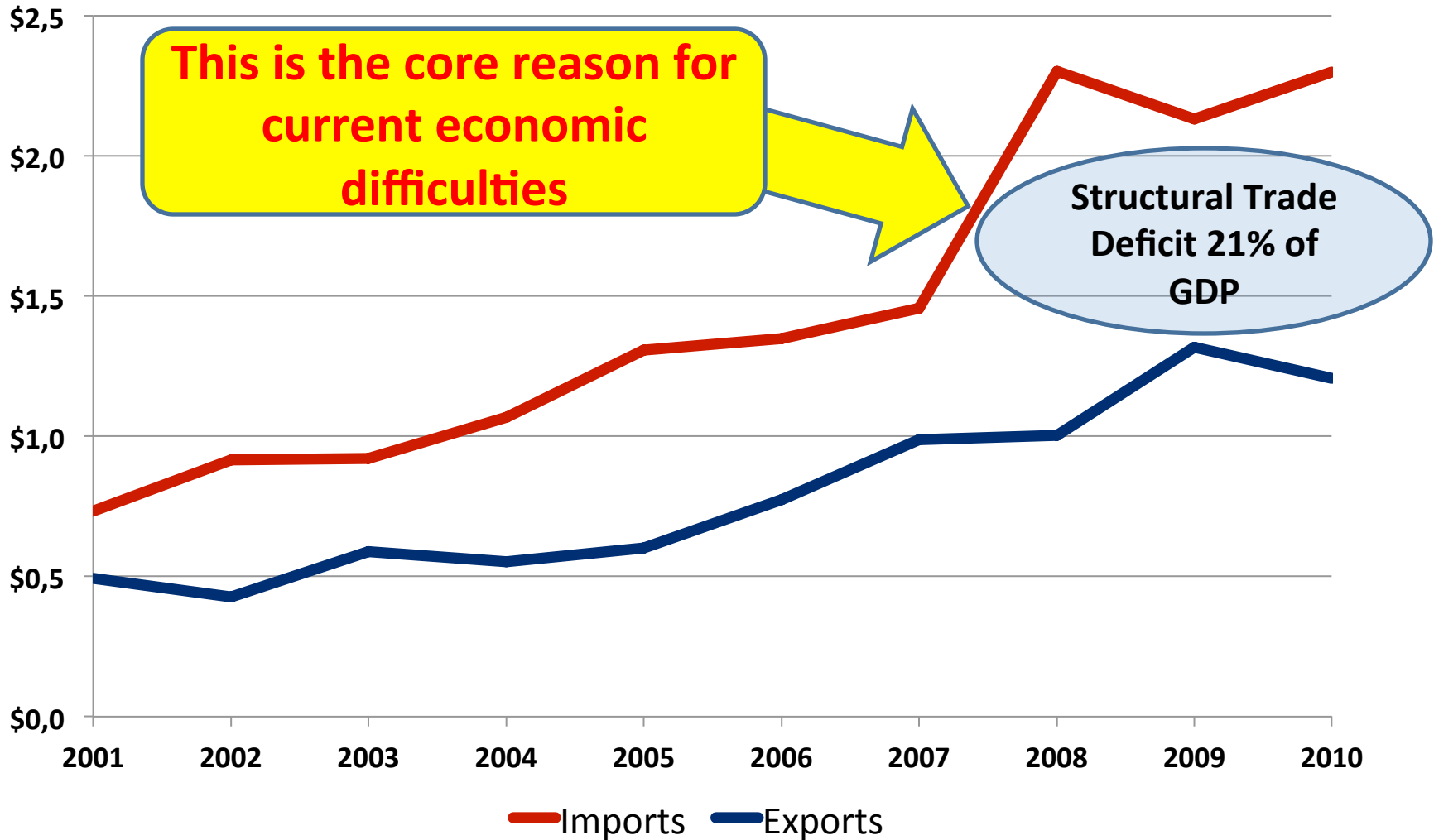
*...in a manner that is balanced with the economic empowerment of poor, smallholder farmers, youths, women & MSMEs, i.e. **inclusive growth***

3. To provide a **road map** to build Malawi's **productive economy**...

*...which is necessary to create enough exports to address structural trade deficit, despite ongoing pressures on imports*

# Growth by consumption & aid, not production

Imports & exports of goods & services, US\$ billion, current prices



# Goal of the NES

- For long-term export trend to match long-term import trend
- NES broader than just exporting nuts to UK or Toor Dhal to India
- NES provides strategic focus & plan to build economy through **inclusive growth**
- Complements the Economic Recovery Plan & MGDS II
- Plan for:
  - short-term cash cows
  - medium to long-term growth clusters & target markets
  - ensures **alignment** between short-term & long-term
  - **road map** to develop productive base in medium to long-term

# Underlying principles of NES

1. Competitiveness with economic empowerment
2. Providing direction & strategic focus to build productive base
3. Holistic, concerted & prioritised effort
4. Local stakeholder ownership
5. Permanent solutions via markets & institutions



# How does the NES support the ERP?

- **Energy:**
  - NES gives clear prioritised actions post MCC & post Interconnector particularly for New Energy Policy & financial planning based on the Dept of Energy's recent supply & demand studies
- **Agriculture:**
  - Based on thorough economics research & consultations, NES provides strategies for priority crops & clusters to diversify exports from tobacco (including short, medium & long term) ; &
  - indicates prioritised actions on how to address disconnect between farmers & processors/ markets
- **Transport:**
  - NES identifies how to reduce transport costs at low cost, via competition policy; and
  - gives guidelines on how rural feeder road infrastructure projects can be prioritised by tying to key areas for NES priority clusters
- **Mining**
  - NES Lends support to the Minerals Sector Review 2010 which already highlights everything that is needed in the sector
- **Tourism**
  - NES Lends support to the Strategic Tourism & Development Plan; and
  - Indicates where to start from to implement the recommendations of the Travel & Tourism Sector Review of 2010
- **In addition:**
  - NES Provides a strategy for Manufacturing, a strategy for financial sector development, a strategy for quality & standards, a strategy to develop institutions & a strategy to develop skills, competencies & knowledge to ensure inclusive growth & job creation. All these are prioritised across each other.

# How does the NES support the MGDS II

1. **MGDS II Priority 1 - Agriculture & Food Security:**
  - NES, based on the most thorough research & consultations, provides strategies for priority crops & clusters to diversify exports from tobacco ; and
  - indicates prioritised actions on how to address disconnect between farmers & processors/market
2. **MGDS II Priority 2 – Energy, Industrial Development; Mining & Tourism;**
  - NES provides clear prioritised plans for energy, mining, tourism & also a comprehensive manufacturing (industry) strategy
3. **MGDS II Priority 3 – Transport Infrastructure & Nsanje World Inland Port;**
  - NES provides guidance on matching rural feeder road infrastructure to key areas for priority cash crops to improve economic returns; and
  - NES also supports reducing cost of transport through competition policy, & provides direction for feasibility analysis of rail investment; support rail governance.
4. **MGDS II Priority 4 – Education, Science & Technology;**
  - NES provides clear prioritised plans for how to connect demand & supply for skills & competencies; and
  - Indicates how to improve access to technology in the productive economy
5. **MGDS II Priority 6 – Integrated Rural Development;**
  - NES provides strategies to integrate rural areas to city economies, via Manufacturing Strategy (so processors source inputs locally), & via the plan to address the Farmer/Processor disconnect
6. **MGDS II Priority 7 – Green Belt Irrigation & Water Development;**
  - NES provides guidance to irrigation projects through the priority crops & clusters, ensuring irrigation investments are market led & provide economic returns.
7. **MGDS II Priority 8 – Child Development, Youth Development & Empowerment; & Climate Change, Natural**
  - The NES is critical for youth development & empowerment, as it allows for sustainable value addition, which is essential for job creation. It also allows for the development of youth entrepreneurs through a favourable enabling environment to meet their aspirations.
8. **MGDS II Priority 9 – Resources & Environmental Management**
  - Through the Land Programme in the NES, the NES helps the MGDSII by promoting a holistic approach that balances economic & environmental needs.

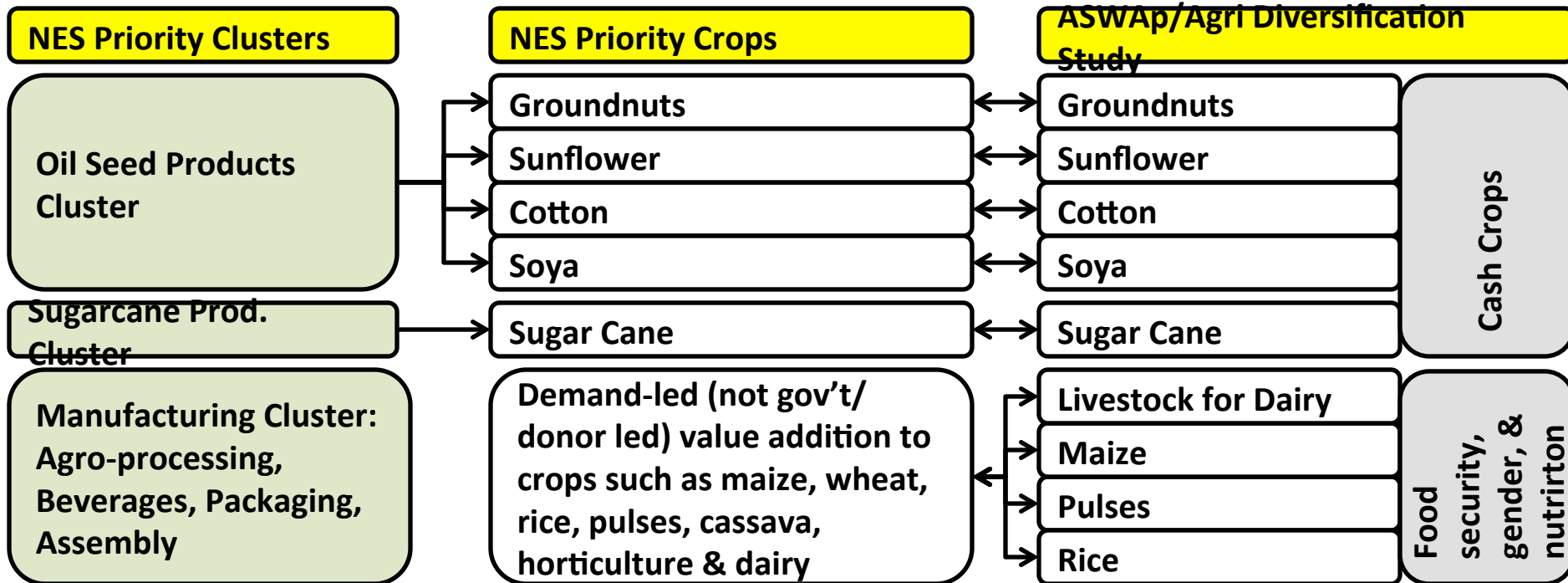
# How does the NES support the budget

1. First **holistic** plan since 1970s to widen tax base & raise revenues
2. First **comprehensive** prioritisation of government expenditure from based on the development of Malawi's productive economy.
  - For example, Priority Area 4 is Skills, Competencies and Knowledge. NES gives priorities:

Component	Action	Code in Action Matrix Annex 7	Resourced	Indicative Cost Government	Indicative Cost Dev. Partners
<b>1: Identification of Competencies &amp; Skills Required to build productive base of economy</b>					
	Apply ILO's STED to 3 priority NES clusters (oil seed products, sugar cane products, manufacturing). Cost of \$200,000 per cluster	1.1.1.1	No	\$0	\$600,000
	Apply ILO's STED to energy and finance enabling sectors.	1.1.1.2	No	\$0	\$400,000
	For Public Sector refer to section 3.2 of this document. Outcome of 3.2 to feed in to NCSP.	1.1.1.3	No	n/a	n/a
<b>2: Labour Market Information System</b>					
	Comprehensive capacity needs assessment of Ministry of Labour and TEVETA to maintain Labour Market Information System.	1.1.2.1 to 1.1.2.3	No	\$0	\$50,000
	Ministry of Labour and TEVETA dedicate 2 full-time staff each (secure new budget from central government for new positions) to Labour Market Information System.	1.1.2.4 & 1.1.2.5	No	\$15,000 p.a. year agency	\$0
	Develop comprehensive Labour Market Information System that can be effectively maintained by the Ministry of Labour and TEVETA, including staff development and staff retention plans.	1.1.2.6 to 1.1.2.9	No, only \$150,000 under HEST	\$0	\$1,000,000
	Conduct review of market-based information solutions, such as voucher schemes.	1.1.2.11	No	\$0	\$50,000
<b>3: Resource and policy implications</b>					
	Review resource and policy implications through a reconciliatory report that links the NES and the Trade, Industry, PSD Joint Sector Strategy competencies and skills requirements to education policy makers, the private sector and to development partner support from both the education sector and the Trade/PSD sector to filling the gaps between competency and skills required. Indicative cost \$100,000	1.1.2.16	No	\$0	\$100,000
	Develop and maintain a scare skills list to inform immigration policy for skills required in short-term to fill skills gaps that cannot be supplied domestically.	1.1.2.17	No	n/a	n/a

# How are the NES & ASWAp complementary?

- NES supports the ASWAp by:
  - Providing strategic focus on how to secure value addition in agriculture & develop commercial agriculture in a way that empowers smallholder farmers.
  - Supporting efforts to ensure cash crop development is market-led
  - Strategic focus for extension, research, irrigation, post-harvest handling, storage, warehouse receipts, access to finance for farmers, access to land etc.
- NES & ASWAp priority crops are coordinated:
  - ASWAp conducted Agriculture Diversification Study (ADS) in 2012. This work built on the rigorous economic analysis of the NES. ADS & NES prioritisation of crops:



# Cost vs Benefit of NES, over 5 years

		US\$, million
<b>Total Cost over 5 years</b>		
By Government		\$340
By Development Partners		\$226
<b>Total Government &amp; Dev. Partner Cost excluding Energy and Transport</b>		<b>\$566</b>
<b>Total Cost Including Energy but not Transport Infrastructure</b>		<b>\$1,088</b>
<b>Revenues Generated by NES per year, additional exports every year compared to Year 0:</b>		
Year 1		\$153
Year 2		\$325
Year 3		\$519
Year 4		\$738
Year 5		\$985
<b>Total new exports/revenues in 5 years, compared with 2010 and 2011 levels</b>		<b>\$2,719</b>

**The key is to spend Gov't money on policy coherence, coordination & management & staff of key agencies (which is relatively cheap) that can incentivise private investment**

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- **Part 2: The Strategy**
- Part 3: Implementation Mechanism

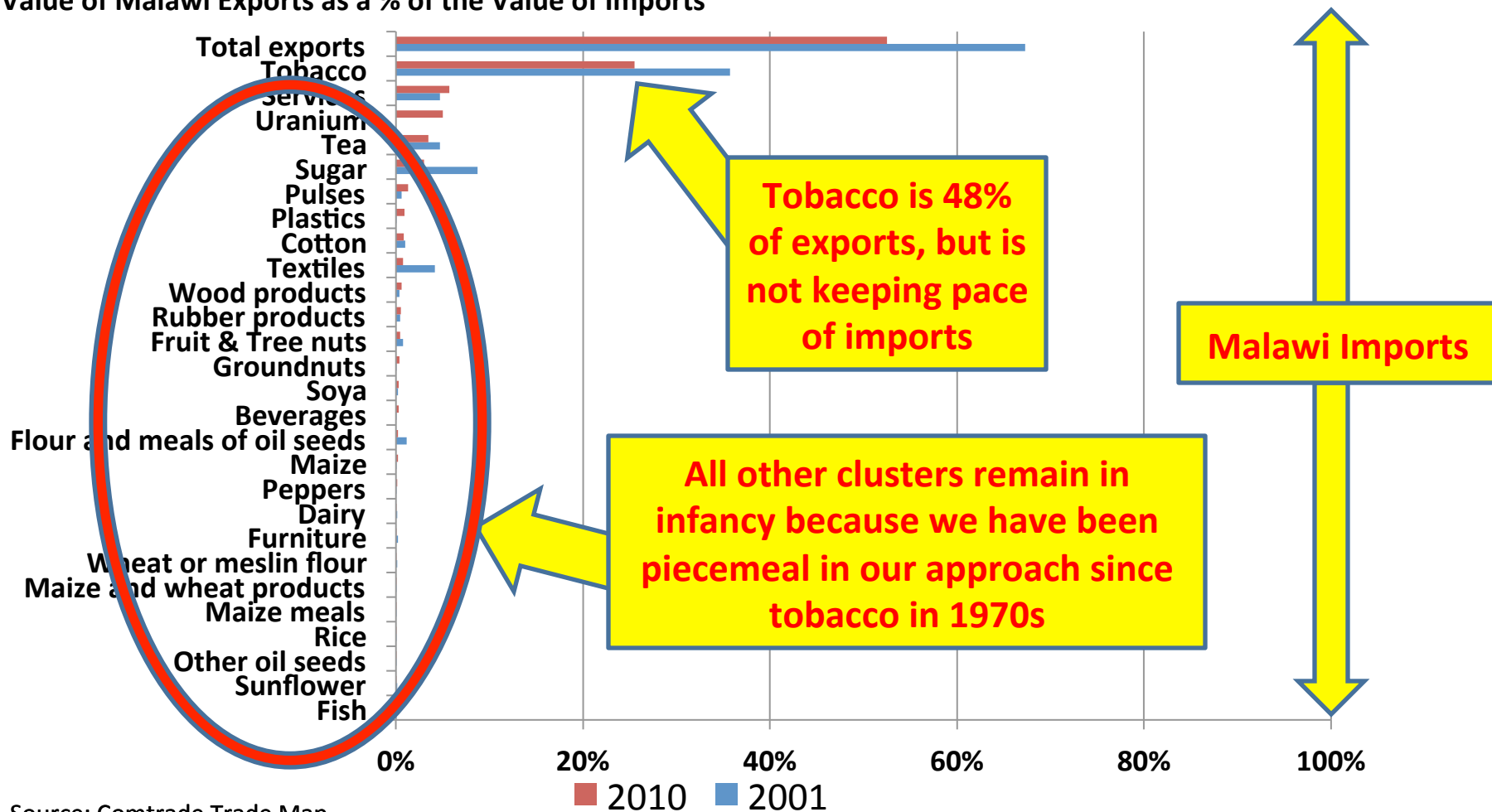
# 4 Priority Areas in NES

- Priority Area 1a: Priority Clusters for Diversification
  - Oil Seed Products
  - Sugar Cane Products
  - Manufacturing: Beverages, Agro-Processing, Plastics & Packaging, Assembly
- Priority Area 1b: Support Plans for Existing Clusters
- Priority Area 2: Enabling Environment for Productive Economy
- Priority Area 3: Supportive Economic Institutions
- Priority Area 4: Competencies, Skills & Knowledge

# Priority Area 1a: Priority Cluster Strategies

*Objective: To develop clusters that can complement tobacco & drive export growth to match imports*

Value of Malawi Exports as a % of the Value of Imports



Source: Comtrade Trade Map



# Which are the priority clusters?

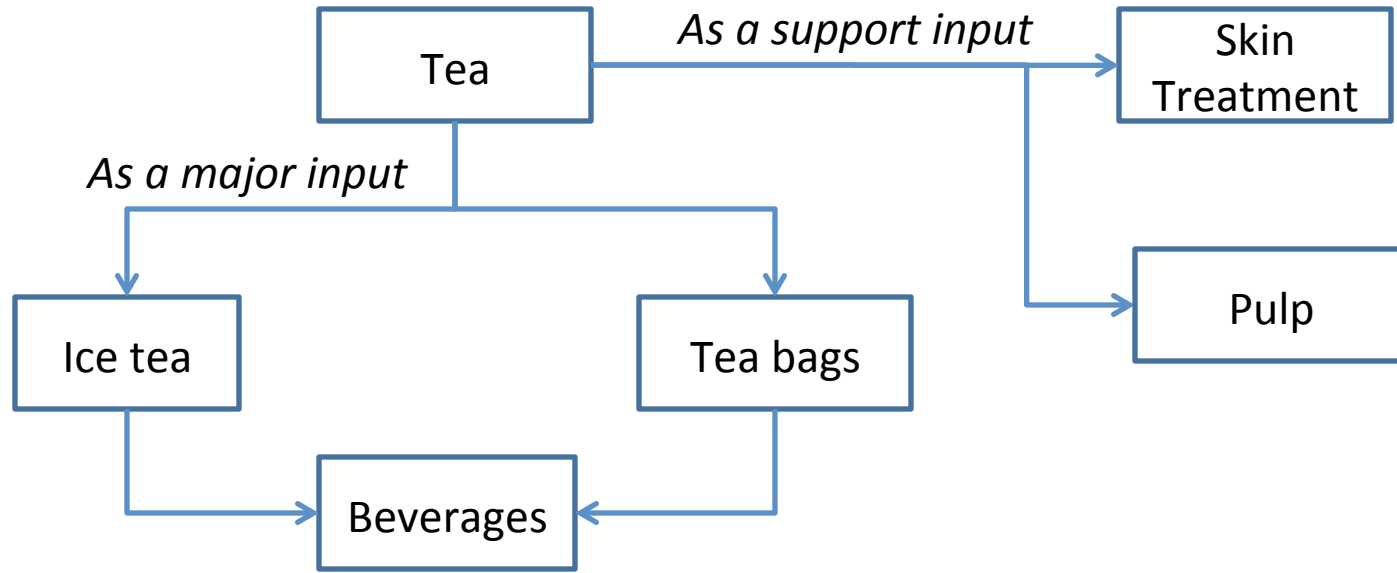
## Priority Clusters:

- Oil Seed Products (Annex 2 of NES)
- Sugar Cane Products (Annex 3 of NES)
- Manufacturing (Annex 4 of NES)

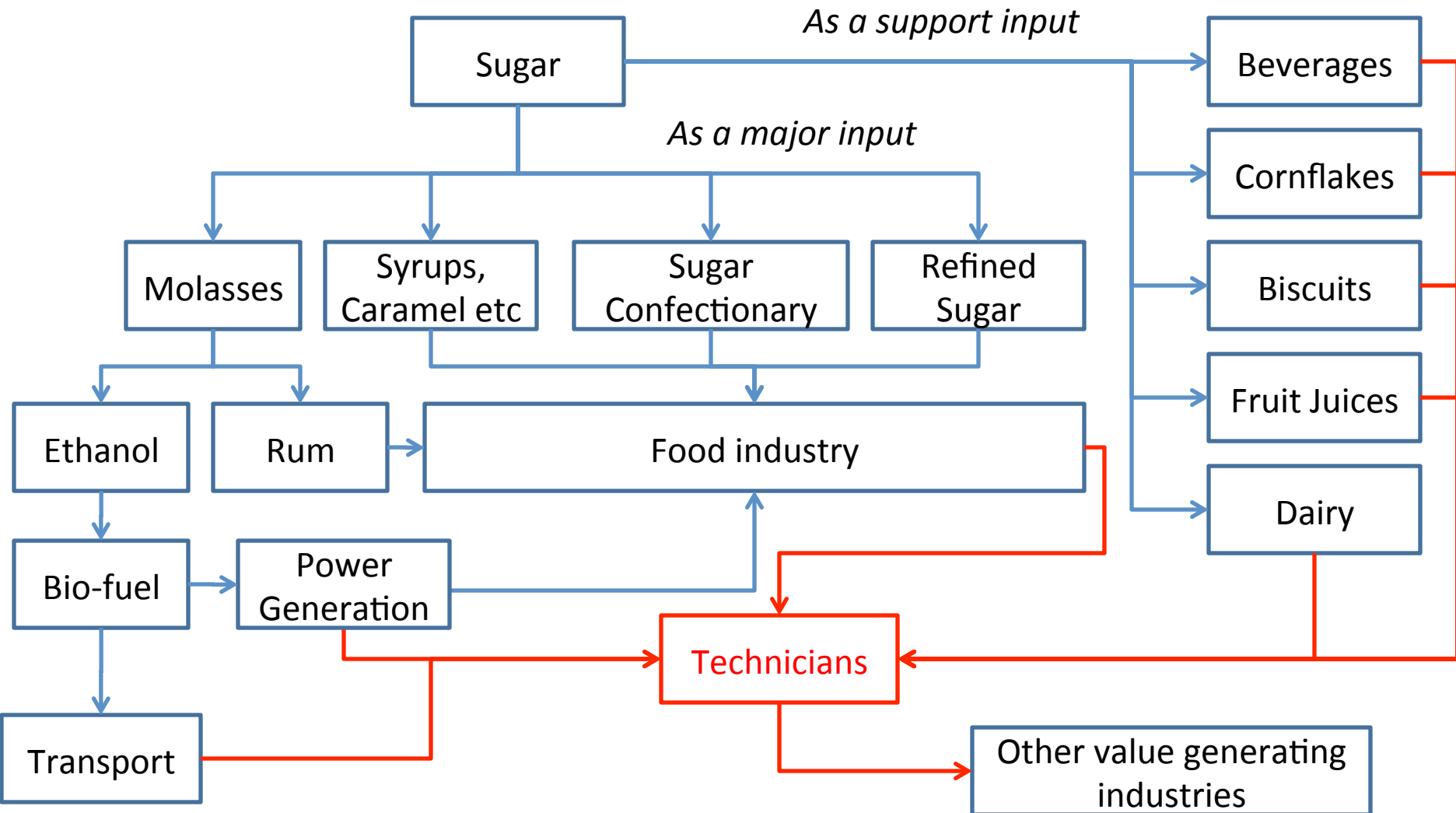
## Why prioritise these clusters?

- Malawi can compete in target markets
- Demand is strong & growing
- Allow Malawi to tap in to regional growth in medium term
- Allow value addition & can account for 15%-20% of imports
- Allow innovation & incentivise investment unlike tobacco, tea
  - numerous high value products from similar cost base
  - Based on Application of Hausmann & Rodrik Product Space model to Malawi through Cluster Prioritization Method, refer to Annex 9 of NES

# Economic Proximity: Tea



# Economic Proximity: Sugar

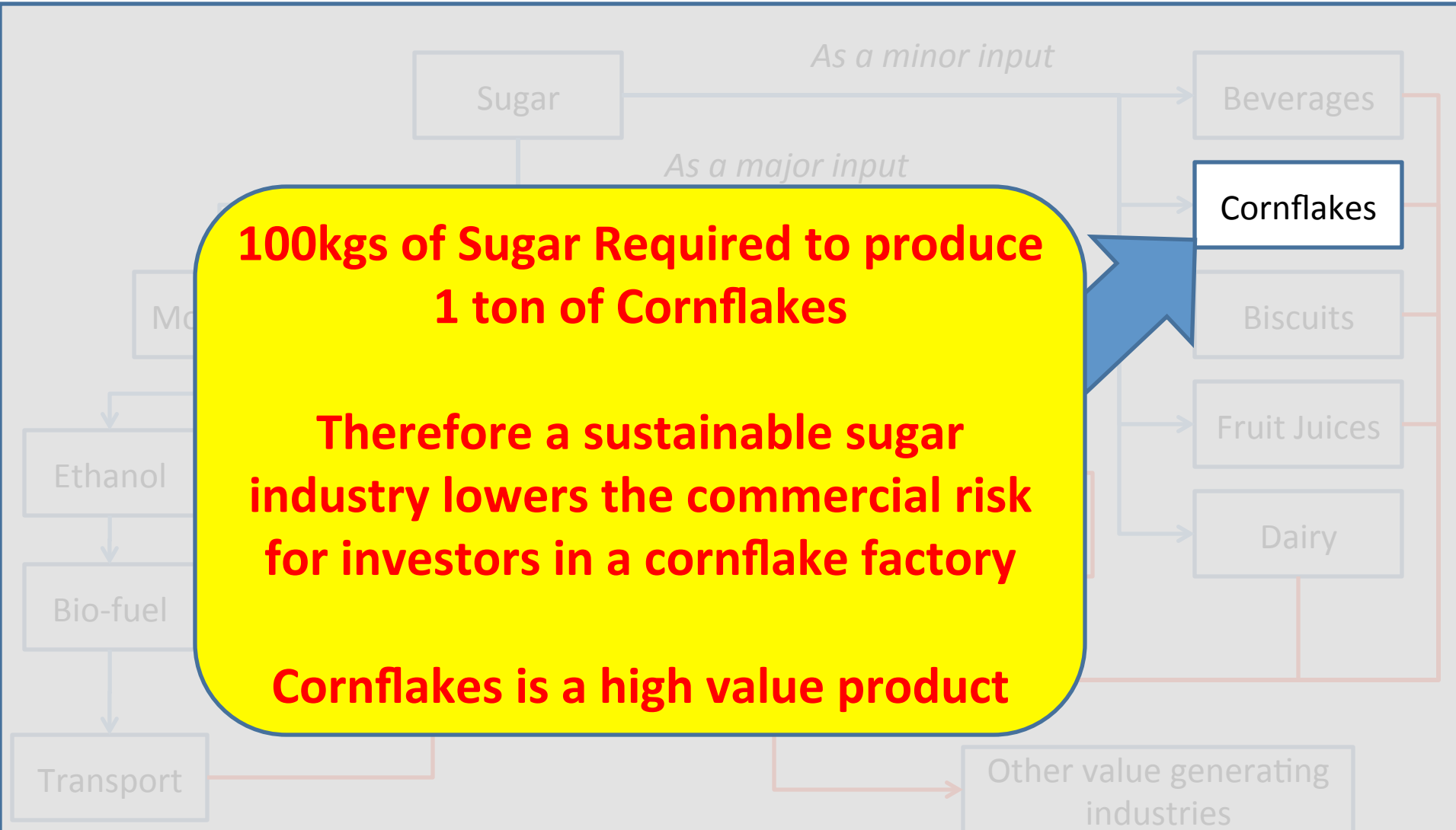


# Economic Proximity: Sugar

**100kgs of Sugar Required to produce  
1 ton of Cornflakes**

**Therefore a sustainable sugar  
industry lowers the commercial risk  
for investors in a cornflake factory**

**Cornflakes is a high value product**



# Products & Markets for Strategic Focus *(potential markets in italics)*

## **Oil Seed Products**

- Low Value
  - Groundnuts: Tanzania, South Africa, Zambia, *Zimbabwe, Kenya, Rwanda, US, China Japan*
  - Sunflower: *Egypt, Turkey, China*
  - Soya: Zimbabwe, Zambia, *Kenya, Mozambique, Tanzania, S.Africa, Egypt*
  - Cotton: South Africa, Zambia
- High Value
  - Cooking Oil: South Africa, Zambia, *Zimbabwe, Tanzania*
  - Soaps: Zambia, *Zimbabwe, South Africa, DRC, rest of COMESA*
  - Paints & varnishes: *Zambia, Zimbabwe, Sudan*

## **Sugar Cane Products**

- Sugar (speciality, brown, white): EU, Kenya, USA, *Uganda, Tanzania, Zambia, Zimbabwe, Rwanda*
- Improve packaging, branding, fair trade: as above + *EU*
- Ethanol: Uganda, *Tanzania, Zambia, Mozambique*
- Sugar Confectionary: *Zimbabwe, Mozambique, Uganda, Tanzania*
- Spirits: Mozambique, *Tanzania, Zimbabwe, Zambia*

# Products & Markets for Strategic Focus *(potential markets in italics)*

## **Manufacturing**

- Beverages: *Zambia, Mozambique, Zimbabwe, Tanzania, DRC, Sudan, Uganda*
- Agro-Processing:
  - Dairy: *Zambia, Mozambique, Zimbabwe*
  - Maize/wheat value added: *Zimbabwe, Mozambique, South Africa, Zambia*
- Plastics & Packaging
  - *Zimbabwe, Zambia, Mozambique, South Africa*
- Assembly
  - *Zimbabwe, Zambia, Tanzania, South Africa, Mozambique*

The domestic market is a target market for most products within these clusters

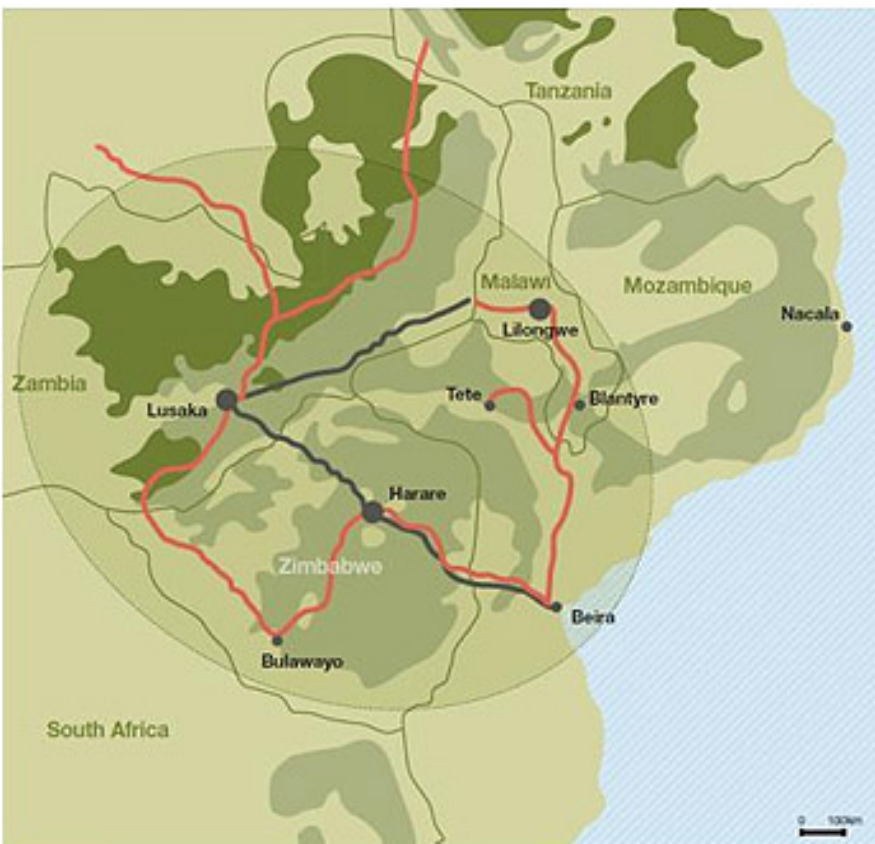
# Cluster development models from next door

## Southern Agricultural Growth Corridor of Tanzania

[www.sagcot.com](http://www.sagcot.com)



## Beira Agricultural Growth Corridor

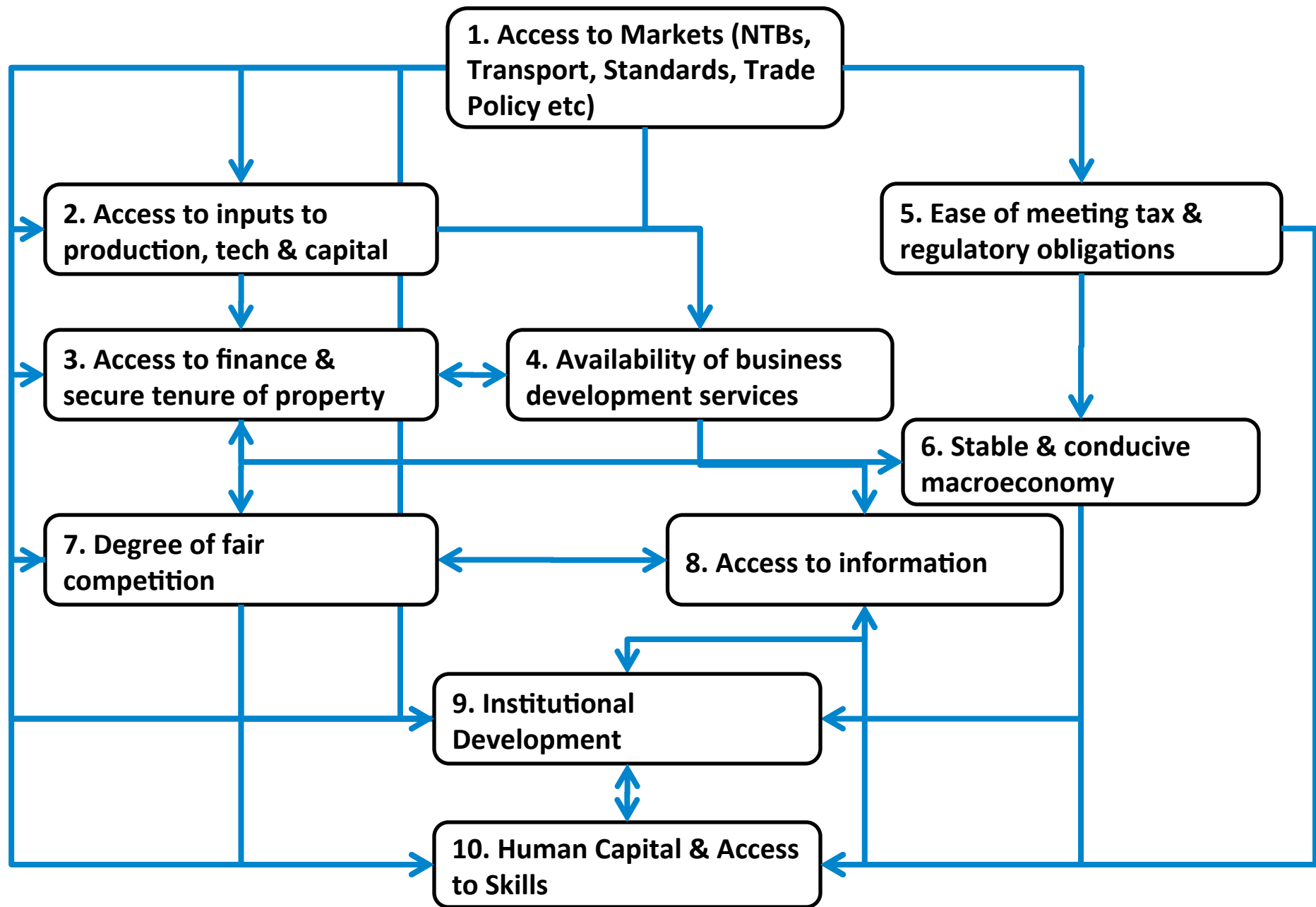


## KEY FEATURES

- Public Private Partnership
- Implementors, beneficiaries, investors & resources around one table
- Single, prioritised plan, vision & direction
- Focus on addressing main obstacles
- Holistic approach

**This approach is at basis of the NES**

# Value addition requires right cost 'incentives'





# Phased approach to develop clusters

Phase 1 – Stakeholder representation & driving mechanism

Phase 2 – Critical factors to allow cluster development

Phase 3 – Essential, first-level enablers

Phase 4 – Second-level enablers

Phase 5 – Third-level enablers

Phase	Guiding Date for Completion of Implementation
Phase 1	By December 2012
Phase 2	By June 2013
Phase 3	By December 2014
Phase 4	By June 2016
Phase 5	By June 2017

# Oil Seed Products Strategy

Phase 1: Cluster stakeholder representation & coordination mechanism: Oil Seed Products Technical Working Group

Phase 2: Access to Land Programme inc operationalisation of land reforms; Ending Export Bans; & explicit Oil Seed Prioritisation in key agencies

Phase 3:

- National Oil Seed Extension Programme including NGOs
- Investor Facilitation Programme
- Standards & Accreditation, inc. aflatoxin measures
- Operationalise MoUs Harmonisation of Seed Regulations SADC & COMESA
- Warehouse receipts & commodity exchanges
- Evaluate type of temporary government mechanism to maintain **farmer confidence until processing investment-inducing production levels reached**
- Financing for private operators
  - **Bank** favourable lending windows for Oil Seed Products TWG members
  - Micro-finance agencies to prioritise oil seed farmers on large scale
  - EDF guarantees for investors in cluster, supported by challenge funds/matching grant schemes
- Inclusion of packaging companies in Oil Seed Products TWG

Phases 4 & 5 – see Annex 2

# Sugar Cane Products Strategy

Phase 1: Establish stakeholder representation & coordination mechanism (Sugar Cane Products TWG); & regulatory framework for sugar cane production

Phase 2: Develop & implement an Access to Land Programme; Explicit Sugar Cane Prioritisation by Government agencies

Phase 3: Provision of kick-start enablers:

- National Sugar Cane Extension Programme
- Investor Facilitation Programme prioritising milling capacity in short-term, linked to Access to Land Programme & Sugar Cane Extension Programme
- Access to Energy Plan
- Standards & Accreditation Plan for targeted markets, eg Vitamin A
- Micro-finance agencies to prioritise sugar cane farmers on large scale
- EDF guarantees; supported by challenge funds grant schemes
- Transport Plan, including:
  - fair competition in domestic market,
  - Transport Sector Implementation Plan prioritisation of:
    - sugar cane cultivation area rural feeder roads
    - linking to target African markets (Lake Tanganyika, Lusaka, Tete, Harare) & ports (Nacala)

Phases 4 & 5 – see Annex 3

# Manufacturing Strategy

Phase 1: Establish an appropriate stakeholder & policy maker representation & driving body (Manufactures TWG); & adopt as base for Industrial Policy & Strategy

Phase 2: Access to Reliable Energy; Access to Local Inputs & Land for Commercial Farming linked to cluster; Set as explicit priority for key agencies

Phase 3: Provision of kick-start enablers

- Investor Facilitation Programme including:
  - Special Economic Zone for Agro-Processing, Beverages & Packaging geared to Tete
  - Special Economic Zone for Assembly
- Tax Efficiency & Support Plan
- Plan for meeting standards & accreditation in targeted markets
- Financing for private operators
  - Favourable windows (long-term credit) by banks for Manufactures TWG members.
  - Micro-finance & banks to target smallholders supplying cluster:
    - to offer long-term savings & lending plans
    - intricately involved in Extension Services & Sub-Committee, prioritisation for smallholders
  - EDF guarantees supported by challenge funds/matching grant schemes
- Transport Sector Implementation Plan focus on:
  - link to growth centres: Tete, Lusaka, Harare, Mbeya
  - prioritisation of dairy & wheat cultivation area rural feeder roads
- Warehouse receipts & commodity exchanges

Phases 4 & 5 – see Annex 4

# Implementation & resourcing for cluster strategies

## Implementation

- Implementation via 3 Dedicated Technical Working Groups
- Includes appropriate representation of each stakeholder group
- Requires champions & **effective secretariat** for
  - doing the “**behind the scenes work**” of implementation: follow up, structured meetings, lobbying, strategic focus, securing resources from Ministry of Finance & others, ensure sequenced approach, etc

## Resourcing

- Government management time & **prioritisation** by agencies/ Ministries
- Government funding, particularly recurrent allocations
- Development partner support, in the range of:
  - Oil Seed Products: \$13 million
  - Sugar Cane Products: \$40 million
  - Manufacturing: \$15 million
- Lead development partner per cluster

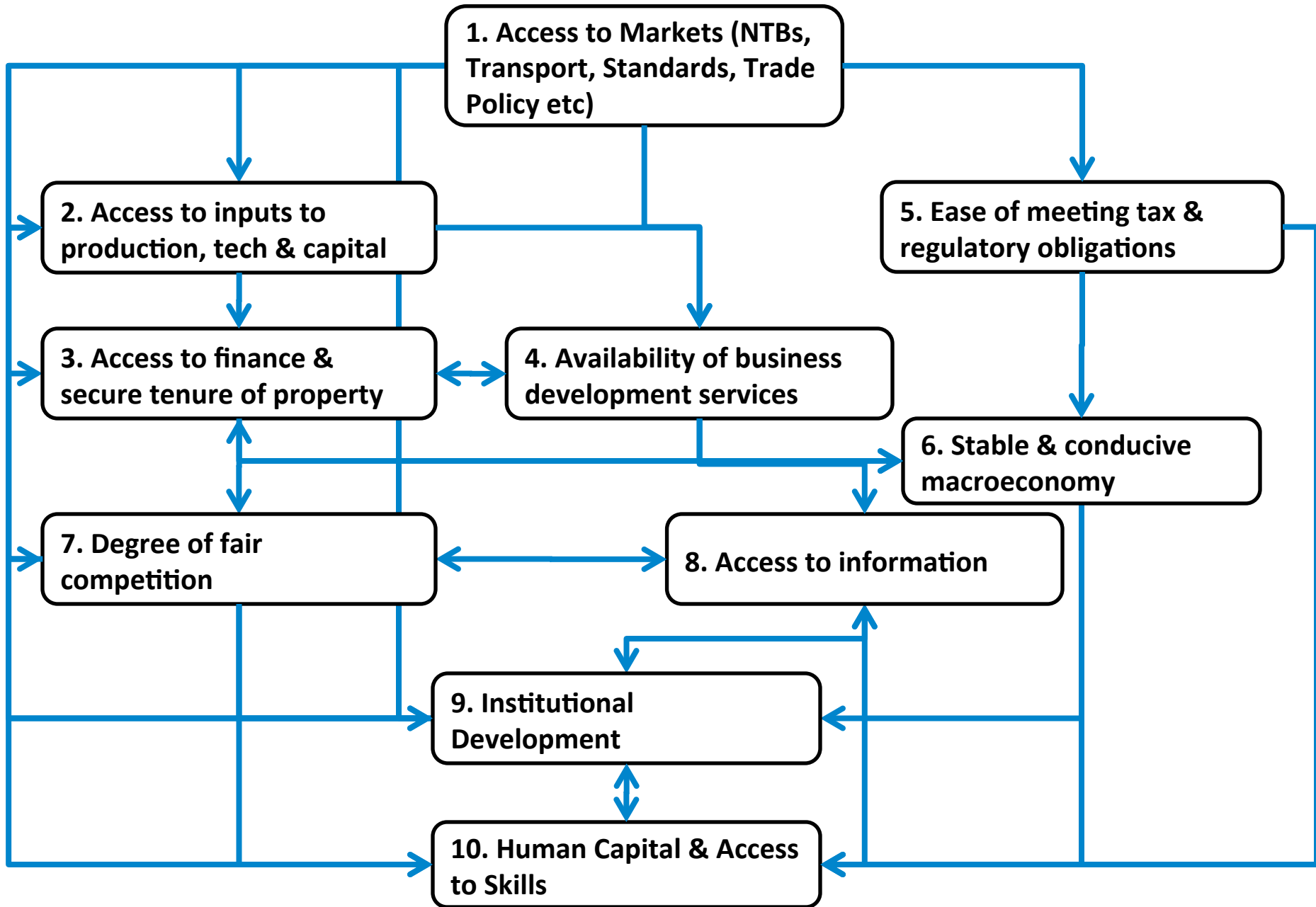
# Priority Area 1b: Support for Existing Clusters

*Objective: To support stakeholder plans within key existing clusters*

Refer to Annex 8 of NES

- **Tobacco:** via new 5-Year Tobacco Strategic Plan by TCC
- **Mining:** via new National Minerals Policy
- **Tourism:** via implementation mechanism for Tourism Strategic Plan of 2002
- **Tea:** supporting stakeholder collaboration to raise yields
- **Trade in Services:** inc. ICT; integrated in Focus Area 2

# Framework for building productive economy



# Priority Area 2: Enabling Environment

*Objective: To **prioritise** improvements to enabling environment to allow productive base to emerge (see Annexes 5 & 10 of NES)*

1. Proper **energy** planning for reliable access, inc. short-term
2. Cost-effective **transport** (not just about infrastructure!)
3. Facilitating meeting **standards** & accreditation
4. Affordable access to **finance** for smallholder farmers & MSMEs
5. Address disconnect between smallholder farmers & processors/  
markets: for **agriculture value addition**
  - land reform, seed, irrigation/GBI, extension/farmer orgs, w/house receipts
6. Policy coherence, comprehensiveness & strategic focus
  - *See Implementation Mechanism, Part 3*
7. Development of supportive economic institutions
8. Competencies, skills & knowledge

*Other cross-cutting issues, e.g. ICT, trade facilitation, covered in Annex 5 of NES*



# Priority Area 3: Supportive Economic Institutions

*Objective: Prioritise **development of organisations** on which productive base & exports depend (see Annexes 6 & 11 of NES)*

- Why? Because it is core to the enabling environment for exports:
  - It takes up to 4 years to get all commercial licenses in some sectors!
  - MEDI has 8 technical staff
  - Dept. of Cooperatives 9 technical staff
  - MITC cannot provide list of companies in Tete etc.
  - 1 extension worker per 1,500 farmers
  - Dept. of Irrigation only has 40% of staff requirement
  - Min. of Lands needs more capacity to implement land reforms
  - Min. of Labour needs capacity to run effective labour market info. system
- How?
  - Through dialogue & **feedback** via NES implementation mechanism
  - Prioritisation of key agencies by government
    - Requires strong **government commitment** (not donor led!)
    - 3 Levels of priority for institutions in NES
    - MITC, SMEDI, Ministry of Labour, Dept of Ag. Extension Services etc

# Resourcing: Supportive Economic Institutions

- Via SWAp: ongoing feedback mechanism for Ministries/agencies
- Effective management & support by central Gov't (Gov't role)
- Government commitment, securing budgets for staff, recurrent expenditure etc is fundamental
- Strategic Focus
- Targeted support tied to priority clusters
- Appropriateness of support by DPs: mentoring, shadowing etc

# Priority Area 4: Competencies, Skills & Knowledge

*Objective: To address **disconnect** between demand & supply for competencies, skills & knowledge (see Annex 7 & 10 of NES)*

- Help prioritise actions in Education Sector Implementation Plan II
- Develop a National Competencies & Skills Plan
  - Use ILO's Skills for Trade & Economic Diversification Toolkit
  - Link to prioritised clusters & key sectors (finance, energy etc)
  - Public Sector Assessment linked to Focus Area 3
  - Guide education policy inc TEVET, Higher Ed institutions etc
- Effective Labour Market Information System
  - Develop permanent institutional capacity
  - Explore private public partnership options eg voucher schemes
- Tie TEVETA levy more closely to priority clusters

# Resourcing: Competencies, Skills & Knowledge

Component	Action	Code in Action Matrix Annex 7	Resourced	Indicative Cost Governm ent	Indicative Cost Dev. Partners
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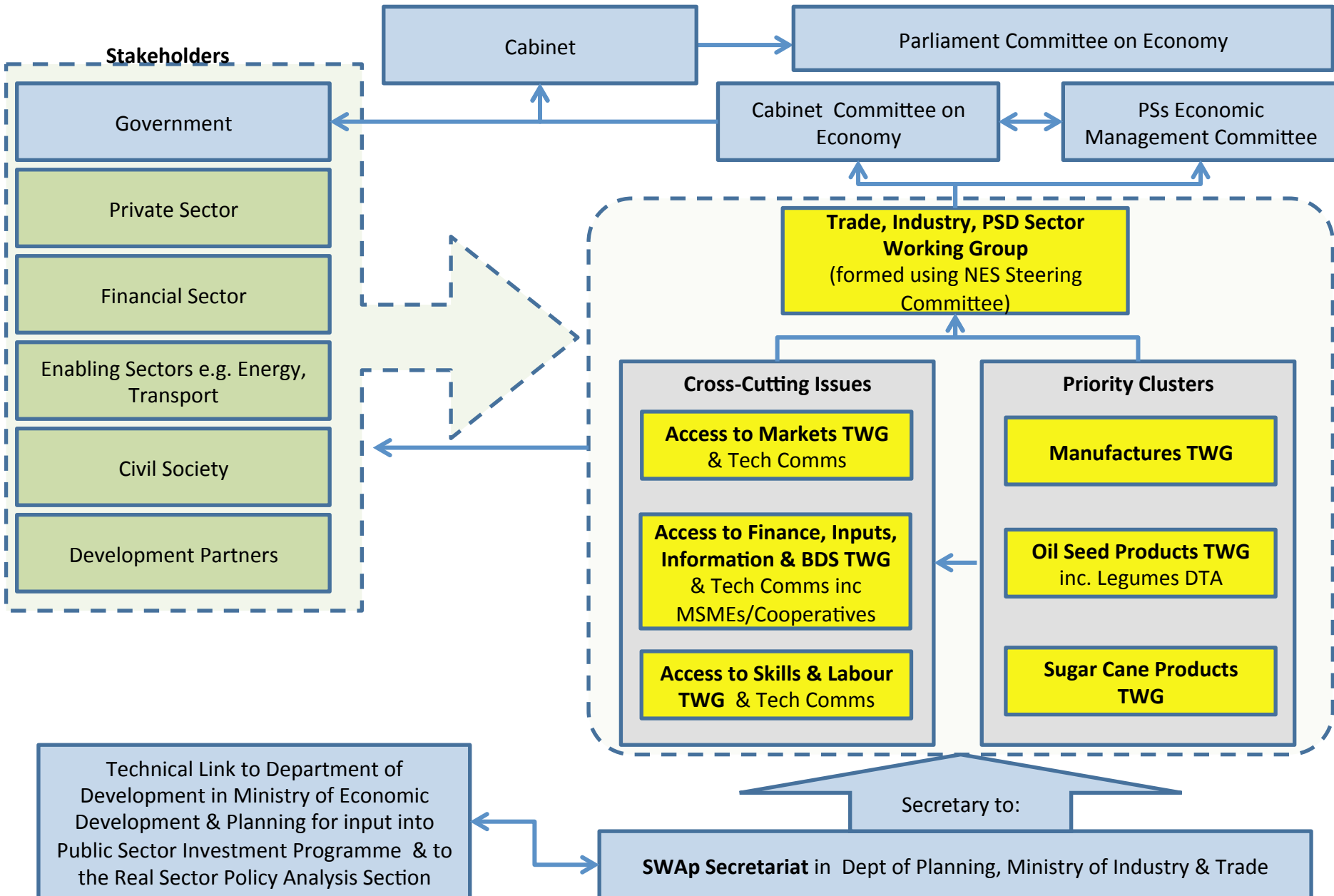
# Implementation Mechanism for NES

- NES Steering Committee & Sub-Comms to drive implementation...  
...& ensure policy coherence, comprehensiveness & strategic focus
- Ongoing, permanent link to Cabinet, MGDS II & Public Finances
- Best way is Trade, Industry, PSD Sector Wide Approach
- So NES Implementation Mechanism is Trade, Industry, PSD SWAp
- But need to maintain momentum of NES Steering Committee
- Interim arrangement (2012) & transition to SWAp (2013/4)
- See Annex 1 of NES

## **Critical success factors:**

- Dedicated secretariat with 2 full time staff who can carry out leg work/follow up
- Genuine stakeholder buy-in by **Government & Dev. Partners**
- Single, robust vision & direction will allow resources to follow, in coordinated strategic manner

# Trade, Industry & PSD SWAp



# Single Implementation Mechanism key to:

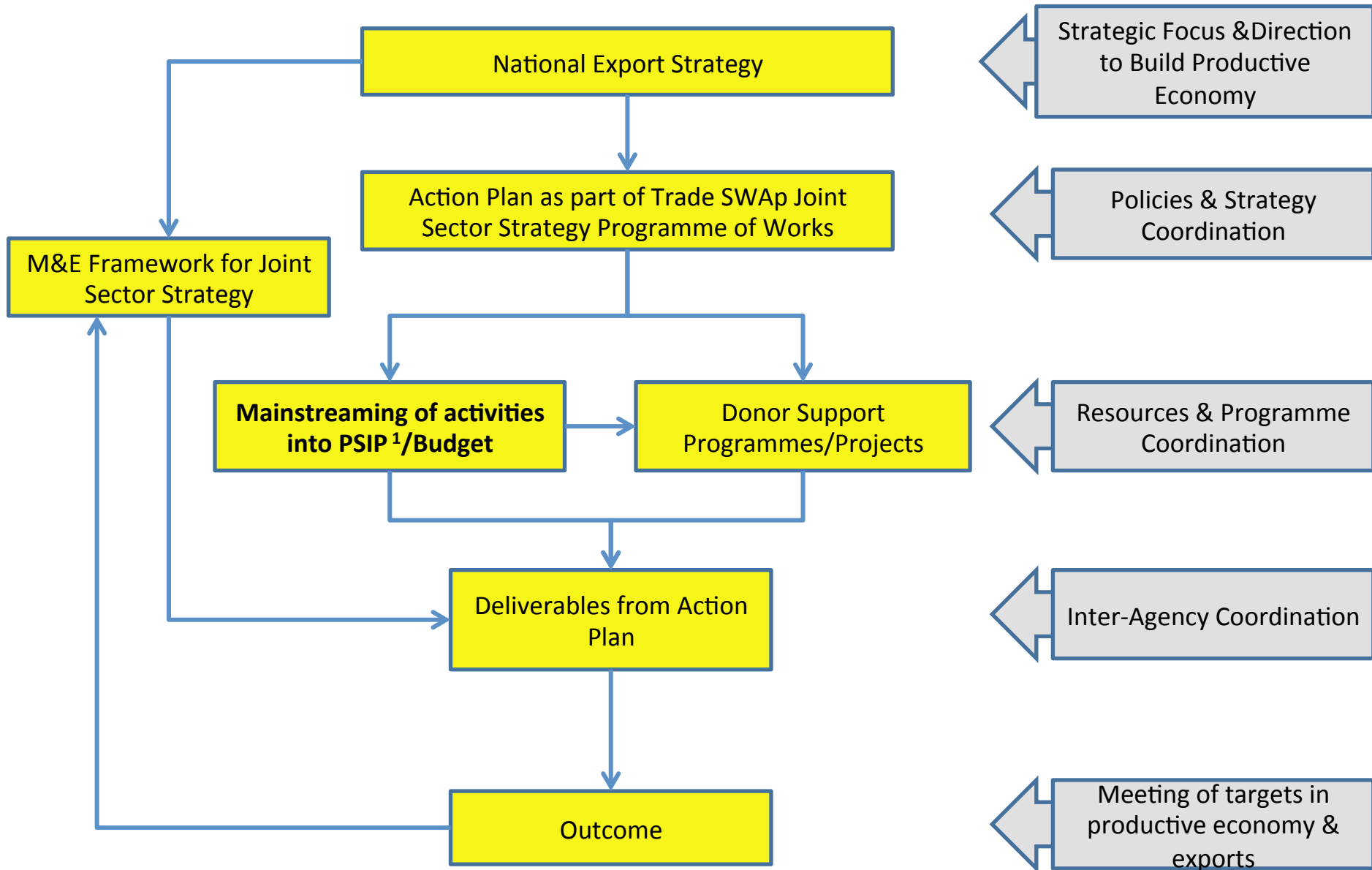
- Improve policy & programme alignment, coherence & coordination
- Aggregate resources in order to realise synergies between initiatives
- Avoid duplication of efforts
- Avoid overloading & confusing stakeholders
- Ensure sustainability of the initiatives
- Capture & capitalise on momentum & enthusiasm gained from NES stakeholders
- **Critically, to ensure long-term government focus to build productive base of economy, independently of political economy**

**SWAp is cheap (\$300,000 pa by donors, 2 staff by MoIT)  
& gives high value for money to Gov't & to donors**

**To be successful TIPSD SWAp has to be appropriately supported to main momentum & local stakeholder buy-in. NES Steering Committee serves as a model**



# Implementation Process



<sup>1</sup> PSIP stands for Public Sector Investment Programme

# Indicative Costs of NES

Priority Areas	Components	Govt Recurrent Expenditure Per Year (\$ million)	Govt Capital Investment (\$ million, over 5 years)	Dev Partner Costs (\$ million, over 5 years)
<b>Implementation Mechanism: TIPSD SWAp</b>		<b>0.04</b>	<b>0</b>	<b>1.1</b>
<b>Priority Area 1a: Priority Clusters</b>				
	Oil Seed Products	2.6	0.0	12.7
	Sugar Cane Products	0.8	10.5	39.5
	Manufacturing	1.2	5.0	14.7
	<b>Total for Priority Area 1a</b>	<b>4.5</b>	<b>15.5</b>	<b>66.9</b>
<b>Priority Area 2: Developing a Conducive Environment</b>				
	Farmer-Processor/Market Connection	1.47	5.4	66.4
	Access to Finance	0.25	1.1	24.1
	Access to Energy	To be estimated through TIPSD Swap		522.0
	Standards, Accreditation and Product Quality	0.1		5.4
	Transportation	To be estimated through TIPSD Swap		
	<b>Total for Priority Area 2</b>	<b>1.82</b>	<b>6.5</b>	<b>617.9</b>
<b>Priority Area 3: Supportive Economic Institutions (these are additional to current budget &amp; to allocations under other Priority Areas)</b>				
	MITC	1.0	1.0	1.0
	SMEDI	3.0	1.0	2.0
	MBS	0.5	2.0	5.0
	MoIT (planning & coordination capacity, staff development for increased strategic focus)	0.5	0.5	5.0
	Dept of Agricultural Extension Services	Covered in Farmer-Processor Connection		
	Dept of Irrigation	9.0	0.0	0.5
	Ministry of Labour	0.5	1.0	1.0
	TEVETA	1.0	1.0	1.0
	Ministry of Economic Planning and Development, & Planning Departments in key Ministries	0.5	0.5	0.5
	Ministry of Lands and Housing	Covered under Farmer-Processor Connection		
	Financial Sector Policy Unit	0.1	0.0	covered, Access to Finance
	Department of Cooperatives	0.4	0.0	covered, Farmer-Processor Connection
	Warehouse Receipts Department	0.2	0.3	0.5
	Micro-Finance Department	0.2	0.3	0.5
	Ministry of Agriculture and Food Security (SPS certification, planning, HR, research)	0.5	1.0	1.0
	Department of Energy	0.1	0.5	0.5
	Ministry of Justice	0.1	0.0	0.5
	National Statistics Office (for trade statistics)	0.2	0.3	0.5
	Competition and Fair Trading Commission	0.2	0.3	0.5
	MIRTDIC	covered under Manufacturing Cluster		
	Malawi Revenue Authority/Customs (Trade Facilitation)	0.5	4.0	10.0
	Directorate of Registrar General	covered under Access to Finance		
	Commercial Court	covered under Access to Finance		
	<b>Total for Priority Area 3</b>	<b>18.5</b>	<b>13.7</b>	<b>30.0</b>
<b>Priority Area 4: Competencies, Skills and Knowledge</b>				
	Prioritisation for National Education Sector Plan	n/a	n/a	n/a
	First Phase Estimate: National Competencies and Skills Plan and Labour Market Information System	To be estimated through TIPSD Swap		2.2
	Second Phase: Responding to National Competencies and Skills Plan. This will include primarily include Secondary (50%), TEVET (39%), Higher Education (10%), as well as Policy and Planning Capacity (1%)	30	30	30
	<b>Total for Priority Area 4</b>	<b>30</b>	<b>30</b>	<b>32.2</b>
<b>Total indicative costs. <i>This is not exhaustive as a number of actions cannot be assigned an indicative cost</i></b>		<b>54.8</b>	<b>65.7</b>	<b>748.0</b>
<b>Total excluding Energy, Transport and Education</b>		<b>24.8</b>	<b>35.7</b>	<b>193.9</b>
<b>Total excluding Energy and Transport</b>		<b>54.8</b>	<b>65.7</b>	<b>226.1</b>

# In conclusion, NES provides:

- Strategies for diversification clusters to collectively equal imports
- Support for existing clusters/products
- Road Map to develop productive base of economy. Prioritises:
  - Critical cross-cutting issues
  - Key institutions
  - Competencies, skills & knowledge
- Strong link between cluster strategies & productive base
- Effective implementation mechanism to ensure implementation

**Stakeholders will collectively determine success of NES through participation in implementation mechanism**

Thank you!

We look forward to your ideas on how we can ensure implementation

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## **Annex 1 – Resource Plans for top Enabling Environment Priorities**

# Resourcing: Energy

Component	Action	Code in Action Matrix Annex 5	Resourced	Indicative Cost Government	Indicative Cost Dev. Partners
<b>1: Inter-connector to Mozambique</b>					
	Build energy grid connection to Mozambique: from Matambo in Tete Province to Pombeya in Balaka	5.1.1	No		\$87,000,000
<b>2: New National Energy Policy</b>					
	Develop new National Energy Policy, based on IAEA reviews of supply and demand.	5.1.2 to 5.1.8	No		\$150,000
	Develop Implementation and Resource Plan	5.1.9, 5.1.10, 5.1.11	No		
	Conduct institutional capacity needs assessment and prioritise investment in institutional capacity to implement the new National Energy policy.	5.1.12			\$100,000
	Include an application of ILO STED to energy sector, <i>see section 3.3 of this document</i> . To include public and private sectors within the energy sector.	1.1.1.2	See section 3.3		
	Based on action 5.1.12, develop a programme for development of enough energy policy experts, power engineer/technicians etc. DPSM give 3 scholarships but more capacity is needed to match IAEA supply side study plans. Link to skills cross-cutting action 1.1.	5.1.13	No	Unknown, to be estimated through Implementation and Resource Plan	
	Develop a comprehensive energy support package to allow for the implementation of the new National Energy Policy, funded through government, public private partnerships and development partners targeting a) skills and institutional capacity b) infrastructure:	Composed of actions below:			
	i. Ensure constant access to energy via SADC Power Pool (SAP) for NES priority clusters and enabling sectors	5.1.15 & 5.1.16	n/a	\$0	\$0
	ii. The Millennium Challenge Account Energy Compact is part of this: Rehabilitation of Transmission and distribution substations to major cities; Rehabilitation of Nkula A Hydro Power Station; Upgrading of Nkhata Bay to Mzuzu line; Build new line from Lilongwe via Kasungu to Bwengu in Mzimba District and then ensure link to Wowwe Hydrop Station. <i>This is resourced by MCC.</i>	5.1.17	Yes		\$350,000,000
	iii. The World Bank Energy Support Project. It includes support to the electricity infrastructure system, funding for feasibility studies, demand and efficiency control measures and capacity building. <i>This is resourced by the World Bank.</i>	5.1.18	Yes		\$84,700,000
	iv. Gaps identified in new National Energy Policy and not funded by MCC or World Bank.	5.1.20	No	Unknown, to be estimated through Implementation and Resource Plan	

# Resourcing: Standards, Accreditation, Quality

Component	Action	Code in Action Matrix Annex 5	Resourced	Indicative Cost Government	Indicative Cost Dev. Partners
<b>1. Coordination and strategic focus</b>					
	Establish a multi-agency standards coordination platform, chaired by the private sector, under the TIPSD SWAp framework. Its mandate is coordination and strategic focus tied to NES priority clusters, including of SPS (Ministry of Agriculture & Food Security) and other certification agencies such as MERA, and also an investigation of private sector outsourcing of some MBS services	3.6.1	No	Within TIPSD SWAp framework	
	Amend MBS Strategic Plan to be in line with Prioritized NES Clusters and their target markets	3.6.3	No	MBS staff	\$0
	Secure resourcing for implementation of MBS Strategic Plan	3.6.4	No	to be estimated	
	Develop a human resource development plan and implement it to allow for implementation of MBS Strategic Plan, including a long-term training scheme based on trade facilitation, not over-regulation	3.6.5	No	to be estimated	\$50,000 for development phase
	Prioritise investments in MBS Strategic Plan to NES Prioritized Clusters	3.6.7	No	\$0	\$0
	Establish a programme to facilitate MSMEs in meeting standards for priority products and markets in NES, through SMEDI	3.6.8	No	\$100,000 pa	\$500,000
<b>2. International Accreditation and quality framework</b>					
	Ensure effectiveness of EU funded SQAM: must be linked to prioritised implementation of MBS strategic plan and to the NES Prioritized Clusters and Markets to ensure international accreditation	3.6.9	No	\$0	\$0
	Timely Implementation of SQAM/Infrastructure Development Project, based on its 6 components;	3.6.10			
	i. Review National Quality Infrastructure		Yes	to be estimated	\$260,000
	ii. Support to review/development of technical regulations		Yes	to be estimated	\$520,000
	iii. Enhancement of MBS' capacity		Yes	to be estimated	\$2,795,000
	iv. Enhance Capacity of National Enquiry Points		Yes	to be estimated	\$130,000
	v. Strengthening SPS infrastructure		Yes	to be estimated	\$325,000
	vi. Support to SMEs to meet Quality Standards		Yes	to be estimated	\$585,000
	Enactment of amended MBS Act	3.6.11	No	\$0	\$0
	Implementation of outcomes of MCDA: link standards infrastructure and capacity to NES	3.6.12	No	To be determined by USAID	
	Ensure National Quality Policy is appropriately balanced between domestic consumer protection and export limitation. In exports, its role is not to protect consumers, but to help Malawian firms meet importing country requirements	3.6.13	No	\$0	\$0
	Review totality of the NQI legislative framework and promulgate required legislation. Ensure clear roles and consistency with NES	3.6.14	No	\$0	\$20,000

# Resourcing Agricultural Value Addition

1. Warehouse receipts, storage, information
  - Reserve Bank supervision & regulation
2. Agriculture Credit Guarantee Scheme
  - Reserve Bank & commercial banks
3. Review of Govt role in micro-finance sector (*not funded, RBM role, development partner role*)
  - Develop & operationalise an enabling legal & regulatory framework for micro-finance
  - Conduct review of impact of public sector role in sector
  - Develop the capacity of RBM's directorate for micro-finance
  - Establish a competitive, transparent supply window for MFIs through an



# Resourcing Agricultural Value Addition

## 4. Operationalisation of Land Bill & Commercial Farming

- Preparatory project for the Land Development Support Programme (ASWAp, possibly not sufficient)
- Land Development Support Programme (Govt \$250,000pa, donors: \$25m), inc:
  - surveying for ownership & crop suitability
  - Expedited implementation of Land Information Management System
  - feed this information into the land programmes of the priority cluster strategies
  - complete procurement & installation of computerised land registration system, including payment system
  - expedite implementation of the Automated Lands Registry System (was under BESTAP)
  - register all customary land with the Land Registry through land titling
  - conduct a capacity needs assessment of the Departments of Lands, Physical Planning & Surveys & in Land Registry & determine requirements for staff numbers, skills & IT & equipment capacity
  - recruit staff in each of the Departments of Lands, Physical Planning & Surveys & Land Registry to levels call for in capacity needs assessment
  - provide staff development support as called for in the capacity needs assessment to all 4 departments
  - ensure appropriate land titling for commercial & industrial land, & for land acquisition
  - develop & implement a
  - Follow up on 2-year clause for undeveloped land. Include compensation fund

# Resourcing Agricultural Value Addition

## 5. Farmer Organisation & Extension

- Conduct an expert assessment of the way extension services & cooperative support services are delivered, the capacity of extension & cooperative support services & identify what capacity is required to deliver effective extension & cooperative support services in prioritised crops under the NES (groundnuts, sunflower, soya, cotton, sugar cane & dairy). \$200,000
- Develop & implement an NES Extension & Cooperatives Support Programme (Govt \$1,000,000 pa, donors \$20m)

## 6. Rural transportation costs (see Transport)

## 7. Ensure coordination between the Greenbelt Initiative & the National Export Strategy (via TIPSWAp, ASWAp)

## 8. Access to affordable quality seed by smallholders through an enabling seed policy; & 9: Farmer production support mechanism

- MoUs on the Harmonisation of Seed Policy in SADC & in Comesa
- Conduct a review of the incentive structure for seed companies & for smallholder farmers to invest in NES priority cash crops
- Based on review, develop mechanism to ensure right incentives for private sector & smallholder farmers, such that production levels rise to allow agro-processing

# Resourcing: Transport

Component	Action	Code in Action Matrix Annex 5	Resourced	Indicative Cost Government	Indicative Cost Dev. Partners
<b>1: Support emergence of market structure that ensures relatively fair competition, through the application of Competition Policy</b>					
	Review findings of 2007 Report on Competition Issues in the Transport Sector and evaluate impact of current market structure on the NES Priority Clusters, both for international trade and for domestic integrated supply chains in sugar cane products, oil seed products and the beverages and agro-processing sub-clusters of the manufacturing cluster.	3.7.1 to 3.7.7	No	\$0	\$100,000
	Development of capacity of Fair Trading and Competition Commission to implement recommendations. <i>Refer to section 3.2 of this document</i>	3.7.8	No	\$100,000 pa	\$1,000,000
<b>2: Explicit tying of Transport Sector Investment Programme to NES priority clusters (sugar cane products, oil seed products and manufacturing)</b>					
	Accessing target markets: rail and road access to key markets, particularly the growth centres in the region (Tete, Lusaka, Harare, Mbeya, Lake Tanganyika to access the Great Lakes region) and ports in the region (Nacala, Beira, Dar es-Salaam).	3.7.11	No	To be calculated through TIPSD SWAp	
	Integrating the domestic supply chain: rural feeder road improvements should be prioritised based on agricultural production centres for sugar cane and for oil seeds (sunflower, groundnuts, soya, cotton) through a close link with land and extension plans at the Ministry of Agriculture and Food Security under the NES cluster strategies.	3.7.11	No	To be calculated through TIPSD SWAp	
	Prioritise programmes to build capacity of contractors and policy implementators, as per Transport Sector Investment Programme, tied to NES priority clusters, particularly for feeder roads in areas where priority crops are designated.	3.7.10	No	To be calculated through TIPSD SWAp	
<b>3: Railway prioritisation</b>					
	Establish proper regulator for CEAR and other future operators to ensure proper funding, proper staff. The capacity to enforce contracts is fundamental. The regulator needs to be answerable to Parliament. There is also need to ensure that contracts are such to force concessionaire to not breach the contract. There are currently no penalties for lack of compliance to the contract. <i>There is a need to identify a lead agency.</i>	3.7.13	No	To be calculated through TIPSD SWAp	
	Strengthen implementation and policy capacity to allow effective rail connections as per NES priority cluster target markets. Include implementation of Public Private Partnership Act framework for infrastructure, operations and maintenance	3.7.12, 3.7.14 to 3.7.16	No	To be calculated through TIPSD SWAp	

# Resourcing: Access to Finance

- Most actions covered by FSTAP
- Others:
  - Implementation of a modern Secured Transactions law (*none*)
  - Strengthen Moveable Collateral Registry after new Secured Transactions law (*none*)
  - Improve access to commercial justice for creditors (*DFID*)
  - Develop the Registrar General's Department (*none*)
  - National Registration & Identification System (*none*)
  - Gazetting & implementation of amendments to Insolvency Act & Companies Act (*none*)
  - Review of measures to increase competition in the financial sector (*none*)