



Government of Malawi

United Nations Development Programme

**BUILDING CAPACITY TO GROW
SUSTAINABLE BUSINESS**

Summary

Poverty reduction through sustainable economic growth is a clear and continuing priority of the Government of Malawi. UNDP, through this project known as “Building Capacity to Grow Sustainable Business”, offers support to the government in its endeavours to attract investment, develop business and stimulate trade in Malawi.

Under this project, the Malawi Investment and Trade Centre (MITC) and Ministry of Industry, Trade and Private Sector Development will receive a customized programme of capacity building. In addition, they will have an established link to a local representative of the regional Growing Sustainable Business (GSB) initiative of UNDP, giving them access to resources, contacts and a globally recognized brand, with which to attract investors.

The project will coordinate with other Private Sector Development work to contribute to the achievement of MGDS Theme 1: sustainable economic development.

Signature Page

UNITED NATIONS DEVELOPMENT PROGRAMME

Programme of the Government of Malawi

Expected Multi Year Funding Framework Outcome:

Contribution to achievement of:

1. Achieving the MGDS and reducing human poverty

With focus on Service lines:

- 1.3 Local poverty initiatives, including microfinance
- 1.4 Globalization benefiting the poor
- 1.5 Private-sector development

Project goals:

1. Facilitate and establish business-led, enterprise solutions to poverty - solutions which accelerate and sustain access by the poor to needed goods & services, and/or employment
2. Ensure that MITC has the capacity to generate self-sustaining business in Malawi which will contribute to the economic and sector growth strategies of MGDS.

Expected Programme Outcome:

1. Enhanced capacity of MITC to promote and attract sustainable trade and investment
2. Contribution to MGDS of sustainable economic growth through brokerage of pro-poor business investments

Indicators:

1. Investment resources
 - 1.1. Range of information available to investors (expected information listed in outputs)
 - 1.2. Ongoing costs of investment resources within MITC budget/ HR capabilities
2. Communication/ Outreach
 - 2.1. Number of interested contacts receiving communication materials
 - 2.2. Existence of functioning and up-to-date website
 - 2.3. Ongoing costs of communication within MITC budget/ HR capabilities
3. Investment brokerage
 - 3.1 Number/ size of financial investors identified
 - 3.2 Amount of investment facilitated by MITC

4. Specific pro-poor investments
 - 4.1 Revised estimation, in under 3 months, of feasibility and size of potential pro-poor investments
 - 4.2 Number of pro-poor investment brokerage projects launched
 - 4.3 Estimated impact of pro-poor investment brokerage projects launched (number of jobs created; investment brought; increased access to services)

Expected Outputs:

1. Investment resources
 - 1.1. Up-to-date on-line and paper versions of investment guides
 - 1.2. Market information database available on-line
 - 1.3. Partner/ contact database developed
 - 1.4. SME financing information/ contacts database developed
 - 1.5. Organisational system to update and maintain investment resources
2. Communication/ Outreach
 - 2.1. Quarterly magazine
 - 2.2. Contact database of donors, investors, private sector players
 - 2.3. Sector-wide communication established with other key public sector institutions
 - 2.4. Updated and functioning website
 - 2.5. Organisational system to update and maintain communication/ outreach program
3. Investment Brokerage
 - 3.1. On-line publication of all investment opportunities
 - 3.2. Database of interested financial investors
 - 3.3. Investment created through marketing opportunities/ investor conference participation
4. Specific pro-poor investments
 - 4.1. Revised estimation of feasibility of identified pro-poor business investments
 - 4.2. 2-3 projects launched in order to establish specific pro-poor investments

Executing Agency: UNDP Malawi Country Office
 Implementing Partner: MITC (effectively MIPA until full administrative merger completed)
 Other Partner:

Project Period: 2006/7
 Programme Component:
 Project Title: Capacity Building to Grow Sustainable Business
 Project Code: To be determined by Atlas
 Project Duration: Stage 1 – 16 months

Total budget: \$ 486, 600
Source of Funding: UNDP Trac Funds

Agreed by Ministry of Finance

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1. Situation Analysis

1.1. Background

The private sector in Malawi has historically faced a number of barriers to growth. A poor macro-economic environment, and in particular high interest rates, has led to low investment levels and declining competitiveness. The high transactions costs of doing business contribute to making Malawi a difficult place for the private sector to flourish. As a consequence, Malawi has not reached the potential reached by other nations in Sub Saharan Africa. Almost 40%¹ of GDP is generated by agriculture, agriculture is relatively undiversified with focus in a few major crops and manufacturing contribution to GDP is relatively low (about 11% of GDP versus an average of 31% for Sub Saharan Africa²). Recent years have seen improved performance on economic growth, but growth still falls below the 5-6% required to impact on poverty, given a population growth of over 2%³.

The Government of Malawi has taken a number of actions to ameliorate this situation. The Government has established dialogue with the private sector, for example through the National Action Group (NAG) which discusses issues affecting private sector development and agrees on possible solutions. The Government has also put several agencies in place to address constraints on private sector development, for example, the Government established the Malawi Investment Promotion Agency (MIPA) to support and facilitate private sector investment, providing investment information to private companies and acting as a link between investors and public institutions in obtaining licenses, approval permits etc for business set-up. MIPA has had some notable successes, identifying a series of potential projects.

Recently, the Government of Malawi has demonstrated strong political commitment to improve the growth prospects for Malawians by tackling the basic determinants of the investment climate. The new president elected in May 2004 has committed the government to financial discipline and put forward the development of the private sector as the center of its government plan for economic growth. The Government recognizes the role the private sector must play in growth, stating *"For Malawi to achieve economic growth of at least 6 % per year... there must be a concerted effort by private sector, Government, and all Malawians to accelerate growth and diversify its sources"*.⁴

The private sector could be supported to play strong role in reaching the government's growth targets. There remain a number of areas of untapped potential in the Malawian economy. The MGDS identifies sectors with growth potential in manufacturing, agriculture, agro-processing, mining and tourism and a number of concrete opportunities are apparent. For example, local milk

¹ World Bank, 2005 (Citing figures for 2004: 'In Malawi Country Brief')

² African Regional Program on Enterprise Development, 2005

³ National Statistical Office, 2005

⁴ Malawi Growth Development Strategy (Draft version dated March 2006)

processors run at below half of their capacity, while milk is imported to Malawi. As such, private sector development is not only a weakness, but an opportunity for considerable impact. It should be possible to achieve tangible results and yield clear benefits to the Malawian economy as a whole. However, support and co-ordination is required to allow the private sector to take advantage of these opportunities. MIPA has gone some way to achieving this, but states that they lack the appropriate capacity and resources to achieve their goals.

The UNDP acknowledges the role that the private sector can play in combating poverty through economic growth. The UNDP Growing Sustainable Business Initiative (GSB) has worked successfully with the governments of neighbouring countries, such as Tanzania and Zambia, in order to aid the promotion of economic growth through business. The initiative has facilitated a large number of investments, ranging from rural telecommunications to agricultural supply chains to provision of finance for small and medium enterprises (SMEs); investments range from US\$200,000 to US\$23M in size.

1.2. Intervention Justification

The justification for intervention is based on three premises. Firstly, that economic growth can play a vital role in combating poverty and that the creation of sustainable business can contribute to economic growth. Secondly, that there are a number of barriers to the growth of sustainable pro-poor businesses currently, which cannot be overcome without intervention. Finally, a MITC agency, supported by a local UNDP Growing Sustainable Business representative, can remove some of the barriers to this growth to enable specific investments. In coordination with wider efforts to transform the investment climate of Malawi⁵, the Growing Capacity to Grow Sustainable Business program can contribute to sustainable pro-poor economic growth.

Sustained economic growth can be an effective way to combat poverty. Higher private investment produces higher economic growth; leading to higher employment and productivity which can contribute to the reduction of poverty through the provision of income or cheaper goods/ services to the populace. As such, the growth of pro-poor sustainable business can contribute to the general goal of Theme 1 of the Malawi Growth and Development Strategy (strong and sustainable economic growth of at least 6 per cent and enabling the people of Malawi to create their own wealth through social-economic transformation), as well as the specific goals of MGDS cited in Table 4.1, and the first Millennium Development Goal (eradicating poverty),

Current and new businesses face a number of barriers to investing in Malawi. In addition to the regulatory environment, it can be difficult for foreign investors to find local partners, find the appropriate local knowledge, conduct market research to allow them to adapt their business model to the market and develop the capacity of local parties required for implementation. For local investors, it can be difficult to raise required capital and to co-ordinate all the

⁵ For example, World Bank Development Strategy and Reform Program (in development)

parties required to create a functioning value chain. Intervention can create the local knowledge and coordination between parties that remove some of these barriers.

A MITC agency, supported by a GSB representative, can remove barriers through providing local expertise, access to finance and information, technical expertise and organizational support. The GSB presence in Malawi will provide MITC with a link to the regional UNDP Growing Sustainable Business program, which benefits from established relationships with a number of regional and multi-national companies, as well as a globally recognized brand.

2. Strategy

2.1. Project Objectives

- 2.1.1. Facilitate and establish business-led, enterprise solutions to poverty - solutions which accelerate and sustain access by the poor to needed goods & services, and/or employment
- 2.1.2. Ensure that MITC has the capacity to generate self-sustaining business in Malawi which will contribute to the economic and sector growth strategies of MGDS.

2.2. Project Approach

The project will contribute to the capacity of government to take ownership for attracting sustainable business to Malawi, through two complementary activities:

- 2.2.1. Building capacity of MITC through provision of:
 - Human resources – staff and on-the-job training
 - Physical infrastructure – meeting basic transport, IT and communications requirements
 - Outreach materials – updating website and allowing publication and marketing of outreach materials
- 2.2.2. Establishing a local representative of the global UNDP Growing Sustainable Business (GSB) programme to support MITC in attracting investment. GSB programme will facilitate investment in Malawi by:
 - Attracting and working with investing companies
 - Developing business models that are commercially viable, financially sustainable and pro-poor
 - Conducting feasibility studies and/ or co-funding technical assistance
 - Brokering and facilitating needed partnerships with local partners e.g. local companies and NGOs.

The project will be divided into management stages and evaluated at the end of each stage. This document describes stage 1 of the project. If, at the end of stage 1, the agreed outputs are determined to not have been met within the agreed tolerance limits, UNDP will not provide support for further stages. If the agreed outputs are met, continued funding will be provided.

2.3. Main activities

2.2.3. Enhanced capacity of MITC to promote and attract sustainable trade and investment (with capacity support as outlined in budget) will involve MITC fulfilling a number of activities:

- 2.2.3.1. Investment resources: Develop a one-stop shop for investment resources:
- 2.2.3.1.1. Develop up-to-date on-line and paper versions of guide to setting up a business in Malawi, guide to investing in Malawi, information on tax and business regulations.
 - 2.2.3.1.2. Develop market information database, available on-line, including breakdown of economy and natural resources; database of existing market studies by sector; links to further information.
 - 2.2.3.1.3. Develop partner/ contact information database, available on request, including database of experts (e.g. lawyers, technicians, engineers); database of local entrepreneurs by sector; database of donor private sector projects by sector.
 - 2.2.3.1.4. Collate financing information for local entrepreneurs, for example a list of micro-finance/ banking contacts and an understanding of their requirements.
 - 2.2.3.1.5. Establish process to continually maintain and update these resources within permanent MITC staff and budget.
- 2.2.3.2. Communication/ Outreach: Act as a communication and coordination point for all actors interested in private sector development
- 2.2.3.2.1. Develop communication and out-reach materials, for example, a Quarterly newsletter outlining MITC priorities, services and data.
 - 2.2.3.2.2. Develop updated contact database of donors, investors, private sector players for communication materials.
 - 2.2.3.2.3. Coordinate with activities of other key public sector institutions involved in supporting private sector development, including the MITPSD Department of Private Sector Development, the Malawi Confederation of Chambers of Commerce and Industry (MCCCI), the National Action Group Secretariat, the Trade Policy National Working Group, the Malawi Bureau of

Standards (MBS) and other national enquiry points under the Joint Integrated Technical Assistance Programme (JITAP).

2.2.3.2.4. Establish process to maintain and replicate this communication within permanent MITC staff and budget.

2.2.3.3. Investment brokerage: Facilitate investment in Malawi

2.2.3.3.1. Service current and interested investors.

2.2.3.3.2. Collate new investment opportunities and up-date existing set of identified opportunities, leveraging work from other institutions (e.g. rural taskforce, MCCCCI, prior UNIDO work)

2.2.3.3.3. Collate database of interested financial investors (commercial, philanthropic individuals and donor organisations).

2.2.3.3.4. Market those investment opportunities through appropriate channels (e.g. presentation at Millennium Cities Investment Roundtable).

2.2.3.3.5. Describe and communicate barriers to investment encountered or successful cases of investment achieved to Ministry of Trade and projects reviewing investment climate (e.g. World Bank; MIPA's own analysis).

2.2.4. Establishment of local representative of regional UNDP Growing Sustainable Business Unit will support MITC's objectives by brokering specific pro-poor business investments (as outlined in attached appendix Terms of Reference). The GSB broker will facilitate investment in Malawi by:

- Attracting and working with investing companies
- Developing business models that are commercially viable, financially sustainable and pro-poor
- Conducting feasibility studies and/ or co-funding technical assistance
- Brokering and facilitating needed partnerships with local partners e.g. local companies and NGOs.

3. Management arrangements

3.1. Steering Committee

3.1.1. A project steering committee shall be formed to guide implementation of the project:

3.1.1.1. The membership of the committee shall be as follows:

- Ministry of Industry, Trade and Private Sector Development – Chairperson
- UNDP – Secretary
- Malawi Investment and Trade Centre
- Ministry of Finance
- Ministry of Economic Planning and Development
- MCCI
- NAG
- Growing Sustainable Business Initiative representative

3.1.2. The committee will perform the following roles and duties:

- Provide leadership on the overall implementation of the project
- Approve the project action plans
- Decide on implementation of specific projects
- Responsible for recruitment of project experts.

3.1.1.2. The steering committee shall conduct its meetings every quarter.

3.1.1.3. UNDP will serve as the secretariat for the Committee, organizing meetings, following-up on recommendations and facilitating information flow among the partners. UNDP coordinating officer will make certain that the relevant documentation necessary for the meetings is made available in advance e.g. agenda, report on report progress towards achievement of outputs etc

3.2. Roles and responsibilities

- 3.2.1. MITC will be responsible for provision of project staff responsible for activities as outlined below:
- 3.2.1.1. IT Database specialist responsible for managing the server, network and website.
 - 3.2.1.2. Public Relations specialist responsible for Magazine and Brochure production
 - 3.2.1.3. Business Information Specialist responsible for data collection and management.
 - 3.2.1.4. Investment promotion specialist responsible for investment facilitation and market promotion.
 - 3.2.1.5. Project coordinator responsible for coordination all project activities.
- 3.2.2. UNDP will be responsible for the provision of resources outlined in the budget in accordance with the following principles:
- 3.2.2.1. The procurement and recruitment process (e.g. advertising, collecting CVs, etc.) will be managed by the UNDP support in consultation with the Office of the Director of Public Procurement following UNDP rules and regulations.
 - 3.2.2.2. UNDP finance department is responsible for making payments to vendors, third party consultants and other suppliers approved by the Project Management Steering Committee. All travel arrangements for MITC staff will be paid for by UNDP after a payment request from MITC.
 - 3.2.2.3. The physical infrastructure (vehicle, computers) provided will remain the property of UNDP. They will be given to MITC for the life of the project and will be returned to UNDP should the project not continue.
- 3.2.3. The GSB Broker will be responsible for targets and activities outlined in the TOR (attached appendix). He/ she will be responsible for a dedicated budget that can be used to facilitate the implementation of pro-poor business investments (e.g. through co-funding of market research or feasibility studies). Use of this budget will be signed-off by the Steering Committee.

3.3. Implementation Modality

- 3.3.1. The project will be implemented under National Execution (NEX) modalities. The procurement of goods and services for the project will be supported by the Implementation and Support Centre (ISC) using UNDP's Procurement Procedures and Policies. Milestones for the project will be monitored by an external quality assurance officer and the UNDP project

manager. Disbursement of funds depends on the achievement of the milestones according to the project plan.

4. Monitoring and Evaluation

4.1. Monitoring, Evaluation and Reporting

4.1.1. UNDP will be responsible for monitoring and evaluation as well as the reporting. Outcome monitoring will be done through a continuous and systematic process of collecting and analyzing data to measure the performance of project interventions. The members of the Project Committee shall meet once every month to review the progress made on the implementation of the project, the constraints being encountered and how they could be addressed and to agree on the detailed implementation plan for the subsequent month, with possible issues that may slow down the attainment of the subsequent milestones attended to.

4.1.2. UNDP shall report to the steering committee on a monthly basis. UNDP shall also develop a final project report for the steering committee and the stakeholders of the project. The reports shall provide accurate and analytical information on the project results, identify major constraints and propose future directions. There shall also be an outcome evaluation at the end of the project using evaluation criteria such as relevance, efficiency, effectiveness, impact and sustainability, with emphasis on the results realized by the project.

4.2. Auditing

4.2.1. The project will be audited once at the end of the project. The audit will be done in accordance with the UNDP Audit Guidelines, which among others, focus on:

- The rate of delivery;
- Financial accounting, monitoring and reporting;
- Systems for recording and reporting on resources;
- Equipment use and management; and
- Management structure, including the adequacy of internal control and record keeping.

5. Legal Context

- 5.1.1. This Project Document is the instrument referred to in Article 1 of the Standard Basic Agreement between the Government of the Republic of Malawi (herein called the Government) and the United Nations Development Programme (herein called UNDP) signed on 15th July 1977. The project shall be implemented in accordance with the provisions of this Agreement and in conformity with the general terms and conditions applicable to UNDP assistance. Based on an agreement between the signatories, revisions may be made to the project document to cater for increases in costs due to inflation or as a result of the need for expenditure flexibility.

6. Work plan and Budget

6.1. Timing

- 6.1.1. The outputs outlined should be completed at the end of 12 months.

6.2. Results Framework	Outcome*	Output	Indicator	Activities	Time-frame	Responsibility						
1.Enhanced capacity of MITC to promote and attract sustainable trade and investment		1. Investment resources:	1. Range of information available to investors (expected information listed in outputs) 2. Ongoing costs of information resources within MITC budget/ HR capabilities	<i>Project set-up**:</i> <ul style="list-style-type: none"> • Recruit additional staff required • Provide basic physical infrastructure: <ul style="list-style-type: none"> ◦ Transport ◦ IT equipment • Provide required IT support. Access to: <ul style="list-style-type: none"> ◦ Network support ◦ Web-developer 	Pre-project	UNDP						
							1.1 Up-to-date on-line and paper versions of guide to setting up a business in Malawi, guide to investing in Malawi, information on tax and business regulations.			<ul style="list-style-type: none"> • Develop and update investment guides to Malawi • Develop and establish databases of: <ul style="list-style-type: none"> ◦ Market information ◦ Partner/ contact information ◦ Financing links/ information for SMEs • Ensure databases are available on-line where applicable • Ensure databases/ guides can be maintained/ updated within ongoing resources of MITC 	Q1 Q2/ Q3	MITC
							1.2 Market information database, available on-line, including breakdown of economy and natural resources; database of existing market studies by sector; links to further information.				Q1-Q4	
1.3 Partner/ contact information database, available on request, including database of experts (e.g. lawyers, technicians, engineers); database of local entrepreneurs by sector; database of donor private sector projects by sector.												
1.4. Financing information for local entrepreneurs, for example list of micro-finance/ banking contacts and an understanding of their requirements.												
1.5 Organisational process in place to continually maintain and update these resources within permanent MITC staff and budget												

<p>2. Communication/ Outreach:</p> <p>2.1. Quarterly magazine outlining MITC priorities, services and data.</p> <p>2.2. Contact database of donors, investors, private sector players for communication materials.</p> <p>2.3. Coordination (e.g. sector-wide meetings/ communication) with other key public sector institutions involved in supporting private sector development (listed in Main activities).</p> <p>2.4. Updated and functioning website.</p> <p>2.5 Organisational process in place to continually maintain and update these communications within permanent MITC staff and budget</p>	<p>3. Number of interested contacts receiving communication materials</p> <p>4. Existence of functioning and up-to-date website</p> <p>5. Ongoing costs of communication within MITC budget/ HR capabilities</p>	<ul style="list-style-type: none"> Develop quarterly magazine and distribute to contact database Increase contact database through proactive targeting of interested parties <ul style="list-style-type: none"> Donors/ NGOs Investors Private sector Establish sector-wide meeting or communication to ensure communication with existing parties Ensure communication materials can be maintained/ updated within ongoing resources of MITC Develop website 	<p>By end Q1</p> <p>By end Q2</p> <p>Q1-Q2</p>	<p>MITC</p>
<p>3. Investment brokerage</p> <p>3.1. Publication (on-line) of new and existing investment opportunities</p> <p>3.2. Database of interested financial investors.</p> <p>3.3. Investment created through marketing opportunities/ investor conference participation.</p>	<p>6. Number/ size of financial investors identified</p> <p>7. Amount of investment facilitated by MITC</p>	<ul style="list-style-type: none"> Collate, publish and update existing investment opportunities Develop database of interested financial investors through proactive targeting of: <ul style="list-style-type: none"> Banks/MFIs Donors/ NGOs Private individuals Commercial companies Develop marketing presentation of current opportunities, with contacts and next steps identified Participate in and present at investment conferences e.g. Millennium Cities Round Table Feed experience of difficulties with investment/ successful cases into wider policy work 	<p>Q1</p> <p>By end Q2</p> <p>Q1/ Q2</p> <p>Q1-Q4</p> <p>Q1-Q4</p>	<p>MITC</p>

2. Contribution to MGDS of sustainable economic growth through brokerage of pro-poor business investments

<p>1. Revised estimation of feasibility of identified pro-poor investments.</p>		<p><i>Project set-up**</i></p> <ul style="list-style-type: none"> Recruit staff required (GSB broker, 20% of time of existing fund manager or project coordinator) Provide needed operations: <ul style="list-style-type: none"> IT equipment Office space 	Pre-project	UNDP
<p>2. 2-3 projects launched, in conjunction with interested partners (business, NGO), in order to establish specific pro-poor investments</p>	<p>8. Revised estimation, in under 3 months, of feasibility and size of potential pro-poor investments</p>	<ul style="list-style-type: none"> Review already identified pro-poor opportunities and contacts (existing UNDP work) Conduct additional business analysis to assess feasibility Approach business/ NGO/ donor partners to assess interest in implementing 	Q1	GSB Broker
	<p>9. Number of pro-poor investment BROKERAGE projects launched</p>	<ul style="list-style-type: none"> Launch GSB program in country Establish project-specific working teams to guide implementation of projects Work with company partners to facilitate and remove blockages to investment <ul style="list-style-type: none"> Develop new business models Remove blockages to investment e.g. co-funding of market research and/ or technical assistance if necessary 	Q2 Q2/ Q3 Q2/Q3/ Q4	GSB Broker
	<p>10. Estimated impact of pro-poor investment brokerage projects launched (number of jobs created; investment brought; increased access to services)</p>			

Notes: *Inputs required for outcomes 1 and 2 outlined in 6.3 Budget. **Exact project set-up inputs required outlined in 6.3 Budget.

6.3 Budget

Outcome	Requirements	(US \$)
1.Enhanced capacity of MITC to promote and attract sustainable trade and investment	Staff	
	2 x Business Analysts	100,000
	Infrastructure	
	Computers (5)/ Digital camera (1)	8,000
	Printer/ Copier (1)	2,500
	Desk and chairs (6)	3,600
	Vehicle (1)	25,000
	Network, Server and Software (plus support)	23,000
	Outreach	
	Web-site development	5,000
	Printing for publications/ brochures	
	Promotion Brochures (~8,000 A4)	4,000
	Magazine (~3,000 copies x 20 pages x 3 quarters)	18,000
	CDs (~2,000)	2,000
	Marketing	8,000
	Distribution	5,000
	Operations	
	Travel	
	Fuel allowance (av. of 100 litres per week)	5,000
	Vehicle insurance	500
	Other (3 overnight trips/ month for 3 people)	10,000
Meetings and meeting participant travel	5,000	
Telephone	5,000	
Website maintenance	1,000	
Office consumables	5,000	
Miscellaneous	1,000	
Training Material	1,000	
2.Contribution to MGDS of sustainable economic growth through brokerage of pro-poor business investments	Staff	
	GSB broker salary	110,000
	Broker training	5,000
	Infrastructure	
	IT/ office equipment	2,000
	Operations	
	Travel	5,000
	Telephone allowance	2,000
	Co-ordination and Steering	5,000
	Communications/ Awareness	5,000
Budget for removing blockages to investment (Co-funding of Feasibility studies/ Technical Assistance)	100,000	
	20% of time of existing fund manager or project coordinator	10,000
	Monitoring and evaluation	5,000
		486,600
Total cost		

7. Appendices

Terms of Reference: GSB Broker

Background

The Growing Sustainable Business (GSB) aims to broker public-private partnerships that enable the private sector to engage in specific pro-poor investment projects that are both, commercially attractive and address the local development needs. Brokers are already established in Tanzania, Kenya, Zambia, Madagascar and Ethiopia and the current project seeks to establish a broker in Malawi.

The initiative implements the recommendations of the *UN Commission of the Private Sector and Development*⁶, recognizing the critical contribution of the private sector, large and small, foreign and domestic, to poverty reduction. A core finding of the Commission is that the value of engaging the private sector is maximized where it is grounded in market-based incentives. Sustainable social impact is greatest when there is a convergence of commercial and development interests.

The overall goal of the project is to broker and facilitate linkages between large businesses, potential investors and local partners, to strengthen and expand the local SME sector and facilitate the development of new products and services which address the needs of the poor. 'Leading investors' will be approached individually and, jointly with networks of local partners to discuss and find innovative and efficient solutions to investment projects that align financial viability and promote equitable local economic development. UNDP will play the role of a broker and facilitator, linking large companies, local entrepreneurs, government representatives, civil society organizations and other donors. The multi-stakeholder nature of the initiative will reduce the risks and transaction costs of specific investment projects. UNDP is well positioned to perform this role because of its convening power, development track record in the participating countries, impartiality, reputation, brand, political reach and access to regional and global development networks.

Therefore, UNDP seeks a consultant to initiate, establish and coordinate the GSB programme in Malawi.

⁶ Report by the UN Commission on the Private Sector and Development: *Unleashing Entrepreneurships, Making business work for the poor*, UNDP, March 2004; <http://www.undp.org/cpsd/>

Duty Station & Reporting

- *Duty Station:* Lilongwe, Malawi
- *Reporting:* The broker will have a dual reporting relationship with:
 - 1) The UNDP Cluster Manager
 - 2) The global GSB Program team: Direct reporting line on a weekly basis to the Regional GSB Coordinator in the UNDP Regional Bureau; and through the Regional GSB Coordinator, the broker is accountable to the GSB Global Program Manager who has overall responsibility for the program.

Preferred skills, qualifications, experience, and language requirements

- Degree in business, economics, international development or international relations, with strong academic performance
- Ability to broker and convene productive coalitions between business, government and development partners
- Minimum 5 years relevant business, government or international development experience preferably gained in Sub-Saharan Africa.
- Excellent relationship management, communication and analytic skills
- The ability to understand and provide critical analysis of business models
- Sound understanding of economic and business development situation in Sub-Saharan Africa.
- Interest in understanding the roles and values of UNDP
- Fluency in written and spoken English is required
- The following would be strong assets:
 - Distinctive experience in working in the private sector on issues of business strategy, operations or new business development
 - On-the-ground experience related to issues of economic development and entrepreneurship
 - Previous working experience in the country, and knowledge of the local business environment

Duration, Contract & Remuneration

- 12 months with possibility of extension.
- Start: immediate
- Remuneration will depend on the experience and previous salary history of the candidate. Salary expectations to be preferably indicated in the application.

Duties and Responsibilities

In close cooperation with the relevant staff in the UNDP Country Office and the MITC (Malawi Investment and Trade Centre), the consultant is expected to:

1) Broker new GSB investments:

- Engage prioritized potential companies in discussions and negotiations; present to targets and intermediary organizations – this will likely include some research and customizing of materials for key meetings.

- Follow up, monitoring, supplementary research and other actions required to pursue negotiations and bring companies into the GSB process (e.g. accepted by GSB steering committee)

2) Ongoing Operational Support for GSB

- Engage and sensitize all major stakeholders while establishing and maintaining close relationships with relevant companies, NGOs, business associations, donors, and UN agencies.
- Establish and maintain the GSB programme in the country of assignment, including organisation of relevant meetings and a launch workshop, setting up project alliances, and provision of secretariat support.
- Provide continuous support to GSB project alliances in terms of facilitation and provision of needed knowledge and administrative support.

3) Ongoing work and skills-sharing with Malawi Government's Investment and Trade Agency

- Work with MITC to carry out a complete update of the existing database of relevant stakeholders from Government, civil society, the private sector, and the donor community.
- Work with MITC to screen, research and prioritise business opportunities.
- Provide both hands-on training and structured training to MITC staff. Schedule and content of the training will be determined by the steering committee.

4) Support UNDP Country Office efforts around the GSB

- Support the UNDP Country Office efforts in mobilizing resources for the GSB programme.
- Help the UNDP Country Office to define a business model to support the medium-term sustainability of the GSB operation.

5) Reporting and Communications

- Regularly liaise with the Regional GSB Coordinator, the Global Program Manager, RBEC's regional private sector team, and other national GSB coordinators in order to share lessons and resolve common challenges – it is expected that the broker will contribute to the intellectual development of the GSB program with new ideas/suggestions based on field experience.
- Report on a regular basis on progress vis-à-vis a clear outline of duties and expected results on annual basis as well as work plans to the Resident Representative, the global GSB team, and other relevant staff.
- Preparation of various communication initiatives, including a regular GSB newsletter and input to the GSB website.

Targets

- Within the first 2-3 months: an assessment of the investment opportunities with goal of up to 3 solid projects identified for GSB brokerage support.
- Within the first 6 months: prepare and carry out official launch of the GSB programme in the country of assignment and launch 1-3 investment brokerage alliances.