



**UNITED NATIONS DEVELOPMENT PROGRAMME  
BACK TO OFFICE REPORT**

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<b>Reference Number (if available):</b>		
<b>Place(s) visited:</b> Blantyre & Thyolo	<b>Inclusive travel dates:</b> 4 <sup>th</sup> October to 5 <sup>th</sup> October 2018	<b>Co-travellers, if any:</b> Andrew Spezowka

**Background:**

The Malawi Innovation Challenge Fund (MICF) is a US\$ 22 million competitive, transparent mechanism that provides grant finance for innovative projects proposed by the private sector active in Malawi's agricultural, manufacturing and logistics sectors. Supported by the United Nations Development Programme, UK Aid, IFAD through the PRIDE programme, and the Federal Republic of Germany through KfW, the MICF is designed to be a quick, responsive mechanism that is not overly bureaucratic and understands the needs of the private sector. While contracting is in progress for the Irrigation window, projects are being implemented under the following windows:

1. Agriculture & Manufacturing Window
2. Agribusiness, Manufacturing & Logistics Window.

On 5<sup>th</sup> October 2018, the MICF launched a new window called the Manufacturing Window. Through this Window, the MICF aims to enable manufacturers in the agriculture and non-agriculture sectors in Malawi to backward integrate processes to incorporate locally produced products and services that would enable them to compete in international markets or allow for import substitution in the domestic market, while at the same time delivering large social and environmental impact. The launch took place at Ryalls Hotel in Blantyre.

In their remarks, Germany Ambassador and the UNDP RSG Portfolio Manager challenged the private sector that they are the engine of change and economic growth in Malawi and encouraged them to take advantage of the new window to bring about innovations and business models which will result in real social, economic and environment impact in terms of changing market systems and bringing increased employment and incomes to the poor. They reiterated the great value that MICF windows bring to the Malawi Growth and Development Strategies.

After the launch, we visited the milk cooling facility set up in Thyolo by Lilongwe Dairy Ltd, through their MICF supported project. The cooling storage facility was set up to address milk wastage, a key issue for dairy bulking groups due to an unpredictable power supply, and poor maintenance.

Through the MICF supported project, the company has managed to reduce wastage in the dairy supply chain by less than 5% and increased the productivity of milk supply among smallholder dairy farmers. As was testified by one of the smallholder dairy farmers, this is increasing their incomes significantly because offering farmers the opportunity to hand over the warm milk to be stored in a new cool storage facility, the project is reducing milk wastage at the producer level. In addition to providing technical support to increase productivity, a new cow pass-on scheme was introduced, where locally bred impregnated Heifers are provided to selected farmers.

The company has also set up a UHT processing plant where milk is being packed in family packs for the domestic market with the aim of reducing reliance on imports. This has resulted in job creation, while increasing annual smallholder dairy farmer's income.

**Take away:**

- The launch was well patronised as more than 60 companies were represented. This signifies the great appetite for MICF funds from the private sector.
- Companies were challenged and encouraged to take advantage of the new window and bring about innovations and new business models.
- Through the MICF projects, there are both financial and social returns.
- Well-grounded partnerships around the MICF will ensure the desired success.

**Next Steps and Timeline:**

- Companies to now apply by submitting their project concepts for consideration in the newly launched window before receipt of applications close by 16 November 2018.
- Fund Managers to diligently manage the whole process.